Offering Memorandum

TeamSystem®

TeamSystem Holding S.p.A.

€130,000,000 7.375% Senior Secured Notes due 2020

Issue price for the Notes: 105.75% plus accrued interest from 15 November 2013 to the Issue Date.

Interest payable 15 May and 15 November.

TeamSystem Holding S.p.A, a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy (the "Issuer"), is offering (the "Offering") €130,000,000 aggregate principal amount of its 7.375% Senior Secured Notes due 2020 (the "Notes"). The proceeds from the Notes will primarily be used to fund the purchase price of 24 Ore Software (as defined herein) and to prepay in full outstanding borrowings under the Revolving Credit Facility (as defined herein). The Notes will be issued as additional notes under the indenture entered into by the Issuer, among others, dated 7 May 2013 (the "Indenture") and will be part of the same series as the Issuer's currently outstanding €300,000,000 aggregate principal amount of 7.375% Senior Secured Notes due 2020 issued thereunder (the "Initial Notes"). The Notes will initially be issued bearing temporary ISINs (as defined herein) and common codes. See "*Description of the Notes*". The Notes offered hereby will have substantially the same terms as those of the Initial Notes. The Notes will be treated as a single class together with the Initial Notes for all purposes of the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise specified with respect to the Notes and will become fully fungible with the Initial Notes following termination of certain U.S. selling restrictions.

Interest on the Notes will be paid semi-annually in arrears on 15 May and 15 November of each year, beginning on 15 May 2014. The Notes will mature on 15 May 2020. The Issuer may redeem the Notes in whole or in part at any time on or after 15 May 2016 at the redemption prices specified herein. Prior to 15 May 2016, the Issuer may redeem all or part of the Notes at a redemption price equal to 100% of the principal amount of such Notes, plus a "make-whole" premium as of, and accrued and unpaid interest and additional amounts to, if any, the redemption date. Prior to 15 May 2016, the Issuer may redeem up to 40% of the aggregate principal amount of the Notes and the Initial Notes with the net proceeds from certain equity offerings at the redemption prices set forth in this offering memorandum. Additionally, the Issuer may redeem all, but not less than all, of the Notes and the Initial Notes upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a "change of control", the Issuer may be required to make an offer to repurchase the Initial Notes and the Notes.

Pending the consummation of the 24 Ore Software Acquisition (as defined herein), the Initial Purchasers (as defined herein) will deposit (i) gross proceeds in an amount of €95 million from the Offering of the Notes, plus (ii) an amount in cash from the proceeds of the Offering, which shall be used to fund in part the special mandatory redemption price payable upon a special mandatory redemption (the "Shortfall Amount"), plus (iii) an amount in cash from the proceeds of the Offering that represents a portion of the commission payable to the Initial Purchasers (as defined herein) pursuant to the Purchase Agreement (as defined herein) (the "Retained Fee"), into a segregated escrow account (the "Escrow Account"). The escrowed proceeds in the Escrow Account will be pledged on a first-ranking basis in favour of the Trustee (as defined herein), and the holders of the Notes, pursuant to a pledge agreement dated the Issue Date among the Issuer, the Escrow Agent (as defined herein) and the Trustee (the "Escrow Charge"). The release of the escrowed proceeds to the Issuer is subject to the satisfaction of certain conditions, including the closing of the 24 Ore Software Acquisition. If the 24 Ore Software Acquisition is not consummated on or prior to 31 May 2014 and upon the occurrence of certain other events, €90 million in aggregate principal amount of the Notes will be subject to a special mandatory redemption. The special mandatory redemption price will be a price equal to the issue price of the Notes redeemed plus accrued and unpaid interest and additional amounts, if any, from 15 November 2013, or from the most recent date on which interest on the Notes is paid, to the date of special mandatory redemption. See "*Description of the Notes—Escrow of proceeds; special mandatory redemption*".

The Notes will be the Issuer's senior obligations and will be guaranteed (the "Guarantee") by TeamSystem S.p.A. (the "Company" or the "Guarantor"). The Guarantee will rank *pari passu* in right of payment with all of the Guarantor's existing and future indebtedness that is not subordinated to the Guarantee. The Guarantee will be subject to contractual and legal limitations, and may be released under certain circumstances. The Notes will be secured on a first-ranking basis by a pledge over: (i) the entire issued share capital of the Issuer and the Company; (ii) the Issuer's rights under the Funding Loan (as defined herein); and (iii) the Issuer's rights under the Company Shareholder Loan (as defined herein) (collectively, the "Notes Collateral"). The Funding Loan (as amended pursuant to the Transactions (as defined herein)) is currently secured by a pledge over: (i) 91.66% of the issued share capital of Gruppo Euroconference S.p.A.; (ii) certain intellectual property rights of the Company; and (iii) certain intercompany receivables of the Company (collectively, the "Funding Loan Collateral" and, together with the Notes Collateral, the "Collateral").

The Notes Collateral also secures, on a first-ranking basis, the Initial Notes and the Revolving Credit Facility. The Funding Loan Collateral also secures on a first-ranking basis the Revolving Credit Facility. Under the terms of the Intercreditor Agreement (as defined herein), lenders under the Revolving Credit Facility and counterparties to certain hedging obligations will receive proceeds from the enforcement of the Notes Collateral and the Funding Loan Collateral in priority to the holders of the Notes. See "*Summary—The Offering—Security*". The Collateral will be subject to the Agreed Security Principles (as defined herein), any Permitted Collateral Liens (as defined herein), certain prefection requirements and limitations under applicable laws, and may be released under certain circumstances, as more fully described in this offering memorandum.

Subject to and as set forth in "*Description of the Notes—Withholding Taxes*", the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (as the same may be amended or supplemented from time to time) where the Notes are held by a person resident in a country that does not allow for satisfactory exchange of information with Italy (as per article 168-*bis*, Italian Presidential Decree No. 917 of 22 December 1986) and otherwise in the circumstances as described in "*Description of the Notes—Withholding Taxes*".

This offering memorandum constitutes a prospectus for the purpose of the Luxembourg law dated 10 July 2005 on Prospectuses for Securities, as amended. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF market and application will be made to list the Notes on the ExtraMot, Professional Segment of Borsa Italiana S.p.A.

The Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented by one or more global notes, which will be delivered through Euroclear SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream"), on or about 30 April 2014. See "*Book-entry, delivery and form*".

Investing in the Notes involves a high degree of risk. See "*Risk factors*" beginning on page 31.

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. In the United States, the Offering is being made only to "qualified institutional buyers" (as defined in Rule 144A of the U.S. Securities Act) in compliance with Rule 144A under the U.S. Securities Act ("Rule 144A"). You are hereby notified that the initial purchasers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. Outside of the United States, the Offering is being made in reliance on Regulation S under the U.S. Securities Act. For further details about eligible offerees and resale restrictions, see "*Plan of distribution*" and "*Transfer restrictions*".

Global Coordinator and Sole Physical Bookrunner

J.P. Morgan

Joint Bookrunners

HSBC **UBS Investment Bank** **UniCredit Bank**

The date of this offering memorandum is 30 April 2014.

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You should base your decision to invest in the Notes solely on information contained in this offering memorandum. We have not, and J.P. Morgan Securities plc, HSBC Bank plc, UBS Limited and UniCredit Bank AG (collectively, the "Initial Purchasers") have not, authorised any dealer, salesperson or any other person to give any information or represent anything to you other than the information contained in this offering memorandum. We are not, and the Initial Purchasers are not, making an offer of the Notes in any jurisdiction where the Offering is not permitted. You must not rely on unauthorised information or representations. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum.

TeamSystem Holding S.p.A, is a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy. It is a holding company which directly holds all of the outstanding issued share capital of TeamSystem S.p.A., a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy. In this offering memorandum, the terms "we", "us", "our" and the "Group" each refer to the Issuer and its consolidated subsidiaries, unless the context otherwise requires or is clear from context. The registered office of the Issuer is located at Via Vittor Pisani 20, 20124, Milan, Italy and our website is www.teamsystem.com. The information contained on our website is not part of this offering memorandum.

Important information

This offering memorandum has been prepared by us solely for use in connection with the Offering. This offering memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, nor may this offering memorandum be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell any Notes or possess or distribute this offering memorandum, and you must obtain all applicable consents and approvals. Neither we nor the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements. See "*Transfer restrictions*".

Neither we, the Initial Purchasers, any of our or their respective representatives nor The Law Debenture Trust Corporation p.l.c. (the "Trustee") are making any representation to you regarding the legality of an investment in the Notes, nor should you construe anything in this offering memorandum as legal, business, tax or other advice. You should consult your own advisors as to the legal, tax, business, financial and related aspects of an investment in the Notes. In making an investment decision regarding any of the Notes, you must rely on your own examination of our business and the terms of the Offering, including the merits and risks involved.

By accepting delivery of this offering memorandum, you agree not to use any information herein for any purpose other than considering an investment in the Notes.

This offering memorandum is based on information provided by us and other sources that we believe to be reliable. No representation or warranty, express or implied, is made by the Initial Purchasers or their respective directors, affiliates, advisors and agents as to the accuracy or completeness of any of the information set out in this offering memorandum, and nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers or their respective directors, affiliates, advisors and agents, whether as to the past or the future. Each prospective investor, by receiving this offering memorandum, acknowledges that they have not relied on the Initial Purchasers or the Initial Purchasers' respective directors, affiliates, advisors and agents in connection with their investigation of the accuracy of this information or their decision whether to invest in the Notes.

We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge and belief, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is in accordance with the facts and does not omit anything material that is likely to affect the import of such information. However, this offering memorandum, including as set forth under the sections entitled "*Exchange rate and currency information*", "*Summary*", and "*Management's discussion and analysis of financial condition and results of operation*", includes extracts from information and data, including industry and market data, released by publicly available sources in Europe and elsewhere. While we accept responsibility for the accurate extraction and summarisation of such third party information and data, we have not independently verified the accuracy of such third party information and data and accept no further responsibility in respect thereof. In addition, this offering memorandum contains summaries, believed to be accurate, of some terms of specific documents, but reference is made to the actual documents, copies of which will be made available upon request for a more complete understanding. All such summaries are qualified in their entirety by such reference. However, as far as we are aware, no information or data has been omitted which would render reproduced information inaccurate or misleading. See "*Where to find additional information*".

The information contained in this offering memorandum is correct as of the date hereof. Neither the delivery of this offering memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set forth in this offering memorandum or in our business since the date of this offering memorandum. References to any website contained herein do not form part of this offering memorandum.

The information set out in those sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled "*Book-entry, delivery and form*", is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While we accept responsibility for accurately summarising the information concerning Euroclear and Clearstream, we accept no further responsibility in respect of such information.

The Notes will be available initially only in book-entry form. We expect that the Notes offered hereby will be issued in the form of one or more global notes, which will be deposited with, or on behalf of, a common depositary for the accounts of Euroclear and Clearstream. Beneficial interests in the global notes will be shown on, and transfers of beneficial interests in the global notes will be effected only through, records maintained by Euroclear, Clearstream, and their respective participants, as applicable. See "*Book-entry, delivery and form*".

The Notes are subject to restrictions on purchase, transferability and resale, which are described under the section entitled "*Transfer restrictions*". By possessing this offering memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this offering memorandum. You should be aware that you may be required to bear the financial risks of your investment for a long period of time.

The Issuer and the Initial Purchasers reserve the right to withdraw the Offering at any time. The Issuer and the Initial Purchasers also reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason or no reason and to allot to any prospective investor less than the full amount of the Notes sought by such investor. The Initial Purchasers and certain of their related entities may acquire, for their own accounts, a portion of the Notes.

The Issuer intends to list the Notes on the Official List of the Luxembourg Stock Exchange and to have the Notes admitted for trading on the Euro MTF Market thereof. In addition, the Issuer intends to list the Notes upon their settlement date on the ExtraMOT, Professional Segment, and will make an application for such listing to the Borsa Italiana S.p.A. The Issuer will submit this offering memorandum to the relevant competent authorities in connection with the foregoing listing applications. The Issuer cannot guarantee that its application for admission of the Notes to trading on the Euro MTF Market of the Luxembourg Stock Exchange and to the listing of the Notes on the Official List of the Luxembourg Stock Exchange and that its application to the Borsa Italiana S.p.A. for the listing of the Notes on the ExtraMOT, Professional Segment will be approved as of the settlement date for the Notes or any date thereafter.

Stabilisation

IN CONNECTION WITH THE OFFERING, J.P. MORGAN SECURITIES PLC (THE "STABILISATION MANAGER") (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCES THAT THE STABILISATION MANAGER (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE ANY SUCH STABILISATION ACTION. SUCH STABILISATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE OF ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFERING IS MADE AND MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE

EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR ANY PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Notice to investors in the United States

This Offering is being made in the United States in reliance upon an exemption from registration under the U.S. Securities Act for an offer and sale of the Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "*Transfer restrictions*".

This offering memorandum is being provided (1) to a limited number of United States investors that the Issuer reasonably believes to be "qualified institutional buyers" under Rule 144A for informational use solely in connection with their consideration of the purchase of the Notes and (2) to investors outside the United States who are not "U.S. persons" in connection with offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act ("Regulation S").

The Notes and the Guarantee have not been registered with, recommended by or approved by the U.S. Securities and Exchange Commission ("SEC"), any state securities commission in the United States or any other securities commission or regulatory authority in the United States, nor has the SEC or any such securities commission or regulatory authority received or passed upon the accuracy or adequacy of this offering memorandum.

Any representation to the contrary is a criminal offense in the United States. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "*Transfer restrictions*".

Notice to New Hampshire residents only

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENCED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF OR RECOMMENDED OR GIVEN APPROVAL TO ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Notice to certain European investors

European Economic Area

This offering memorandum is not a prospectus and is being distributed to a limited number of recipients for the sole purpose of assisting such recipients in determining whether to proceed with a further investigation of the purchase of, or subscription for, the Notes. This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under the Prospectus Directive, as implemented in Member States of the European Economic Area (the "EEA"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes, which are the subject of the placement contemplated in this offering memorandum, should only do so in circumstances in which no obligation arises for us or any of the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorised, nor do they authorise, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a "Relevant Member State"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes that are the subject of this offering memorandum to the public in that Relevant Member State prior to the publication of a prospectus in relation to Notes that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes in the Relevant Member State at any time:

(a) to any legal entity that is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall result in a requirement for the publication by the Issuer or the Initial Purchasers of a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

This offering memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (iii) are persons falling within Articles 49(2)(a) to (d) of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment banking activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

Republic of Italy

The Offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this offering memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except: (a) to qualified investors (*investitori qualificati*) as defined in Article 26, first paragraph, letter d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended (the "Regulation No. 16190"), pursuant to Article 34-*ter*, first paragraph letter b) of CONSOB Regulation No. 11971, 14 May 1999, as amended (the "Issuers Regulation"), implementing Article 100 of Legislative Decree No. 58, 24 February 1998, as amended (the "Financial Services Act"); and (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and the Issuers Regulation. In any event, any offer, sale or delivery of the Notes or distribution of copies of this offering memorandum or any other document relating to the Notes in Italy under clauses (a) or (b) above must be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993, as amended and Regulation No. 16190; and (ii) in compliance with any other applicable laws and regulations, including any requirement or limitation which may be imposed, from time to time, by CONSOB or the Bank of Italy or other competent authority.

Grand Duchy of Luxembourg

This offering memorandum has not been approved by and will not be submitted for approval to the Luxembourg Financial Services Authority (*Commission de Surveillance du Secteur Financier*) for purposes of a public offering of the Notes in the Grand Duchy of Luxembourg ("Luxembourg"). Accordingly, the Notes may not be offered or sold to the public in Luxembourg, directly or indirectly, and neither this offering memorandum nor any other memorandum, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in or from, or published in, Luxembourg except for the sole purpose of the admission to trading of the Notes on the Euro MTF Market of the Luxembourg Stock Exchange and to the listing of the Notes on the Official List of the Luxembourg Stock Exchange and except in circumstances which do not constitute a public offer of securities to the public, subject to prospectus requirements, in accordance with the Luxembourg Act of 10 July 2005 on prospectuses for securities, as amended.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION, WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

Forward-looking statements

The information presented in this offering memorandum contains "forward-looking statements" within the meaning of the securities laws of certain jurisdictions, including statements under the captions "*Summary*", "*Risk factors*", "*Management's discussion and analysis of financial condition and results of operations*", and in other sections. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "continue", "ongoing", "potential", "predict", "project", "target", "seek" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this offering memorandum and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industries in which we operate.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward looking statements are not guarantees of future performance and that our actual financial condition, results of operations and cash flows, and the development of the industries in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this offering memorandum. In addition, even if our financial condition, results of operations and cash flows, and the development of the industries in which we operate, are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important risks, uncertainties and other factors that could cause these differences include, but are not limited to those relating to:

- unfavourable economic conditions worldwide and in Italy;
- keeping pace with technological, regulatory and market developments and customer expectations;
- our ability to develop new products and maintain product offerings which are compatible with new system platforms and operating environments;
- our ability to maintain or further develop our core Software and Services business line;
- our customers and end-users not renewing or terminating technical assistance and maintenance services agreements;
- the cyclical and non-recurring nature of revenues generated by our Education business line;
- our ability to realise the full value of our goodwill;
- the seasonal nature of our business;
- the sales cycles of our Software and Services products;
- the impact of competitive products and pricing;
- changes in the terms on which we licence products and technologies from third party vendors;
- third party claims that we are infringing on their intellectual property;
- infringement by third parties of our intellectual property rights;
- the discovery of undetected software errors and the timely availability of new software products and upgrades;
- our exposure to risks associated with data security;
- system interruption and the lack of redundancy of our information technology systems and applications;
- our ability to successfully implement our business and strategies;

- our ability to integrate and manage future acquisitions and joint ventures and the obstacles or costs associated thereto;
- market perceptions concerning the instability of the euro;
- labour disputes or work stoppages;
- higher employment costs;
- reliance on our senior management team;
- our ability to recruit and retain key management and other highly skilled personnel;
- the possibility that interests of our principal shareholders may be inconsistent with interests of holders of the Notes;
- the possibility that the interests of the minority shareholders of our subsidiaries may be inconsistent with the interests of our other shareholders;
- litigation or legal proceedings;
- our strategy of selectively pursuing acquisitions of businesses, including the ACG Acquisition and the 24 Ore Software Acquisition;
- the satisfaction of the conditions to the escrow of the proceeds of the Notes;
- risks associated with the Acquisitions;
- factors affecting our leverage and our ability to service debt;
- the effect of operating and financial restrictions in our debt instruments; and
- other factors discussed under "Risk factors".

The foregoing risk factors and others described under "*Risk factors*" should not be construed as exhaustive. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. We urge you to read this offering memorandum including the sections entitled "*Risk factors*" and "*Management's discussion and analysis of financial condition and results of operations*" for a more complete discussion of the factors that could affect our future performance and the industries in which we operate.

Any forward-looking statements are only made as of the date of this offering memorandum and, except as required by law or the rules and regulations of any stock exchange on which the Notes are listed, we undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this offering memorandum, including those set forth under "*Risk factors*".

Industry and market data

In this offering memorandum, information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to our business contained in this offering memorandum was, unless otherwise noted, estimated or derived based on three reports prepared at our request by industry consultant IDC Consulting in 2007, 2010 and 2012. When not otherwise specified, information provided is based on the 2012 report, which uses data through 2011 and this remains the most recently available market data as of the date of this offering memorandum. Industry publications and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. While we believe that each of these studies and publications is reliable, neither we nor the Initial Purchasers have independently verified such data and cannot guarantee their accuracy or completeness. When we refer to the "SMEs software market", "Professional software market" or other similar market in which we operate, we refer specifically to the markets for enterprise resource planning ("ERP") and business management software for small to medium sized enterprises ("SMEs") as well as accountants, lawyers and labour advisors ("Professionals"), respectively. Market share is estimated based on the number of seats, that is, the number of users within each customer.

Information regarding Italian GDP is derived or based on data from the European Commission.

In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring us to rely on our own internally developed estimates regarding the industries in which we operate, our position in the relevant industry, our market share and the market shares of various industry participants based on our experience, our own investigation of market conditions and our review of industry publications, including information made available to the public by our competitors. Neither we nor any of the Initial Purchasers can assure you of the accuracy and completeness of, or take any responsibility for, such data. Similarly, while we believe our internal estimates to be reasonable, these estimates have not been verified by any independent sources and neither we nor the Initial Purchasers can assure you as to their accuracy or the accuracy of the underlying assumptions used to estimate such data. Unless otherwise indicated, data on our market position and market share is based on revenue for the financial year ended 31 December 2011. Our estimates involve risks and uncertainties and are subject to change based on various factors. See "*Risk Factors*", "*Industry*" and "*Business*" for further discussion regarding our industry and market data and the risks related thereto.

Customers and churn rates

The statements regarding the number of our customers and churn rates contained in this offering memorandum are derived from internal company surveys and management estimates. We assemble customer data through internal data, our direct sales centres and value added resellers, or VARs. Our direct sales centres compile information on our customers for the purpose of invoicing them. Our VARs compile information on their customers for their own records and furnish it to us for the purpose of negotiating our contractual arrangements, which provide for fees payable to us based also on the size of their customer base. We believe that our estimates are fair and adequate. However, they are not part of our financial statements and have not been audited or otherwise have not been verified by an outside auditor, consultant or independent expert.

Sales related to direct and indirect channels

The statements regarding the amounts of sales related to direct and indirect channels are derived from internal company surveys and management estimates. We believe that our estimates are fair and adequate. However, such estimates are not part of our financial statements and have not been audited or verified by an outside auditor, consultant or independent expert.

Certain definitions

In this offering memorandum, the following words and expressions have the following meanings, unless the context otherwise requires or unless otherwise so defined. In particular, capitalised terms set forth and used in the section entitled "*Description of the Notes*" may have different meanings from the meanings given to such terms and used elsewhere in this offering memorandum.

- "*24 Ore Seller*" means Il Sole 24 Ore S.p.A.
- "*24 Ore Software*" refers to 24 Ore Software S.p.A. and its subsidiary Diamante S.p.A., including certain contracts currently entered into by the 24 Ore Seller (acting as the distributor of the software products of 24 Ore Software).
- "*24 Ore Software Acquisition*" refers to the acquisition by the Company of 24 Ore Software to be made as part of Transactions as further described under "*Summary—The Acquisitions*".
- "*24 Ore Software Acquisition Agreement*" means the sale and purchase agreement, dated as of 15 April 2014, by and among the 24 Ore Seller and the Company, as it may be amended from time to time.
- "*ACG*" refers to ACG S.r.l., a special purpose vehicle in which the ACG Seller contributed, effective as of 31 December 2013, its ERP business line.
- "*ACG Acquisition*" refers to the acquisition by the Company of 100% of the share capital of ACG pursuant to the ACG Acquisition Agreement.
- "*ACG Acquisition Agreement*" means the sale and purchase agreement, dated 2 December 2013, by and among the ACG Seller and the Company, pursuant to which the Company agreed to acquire 100% of the share capital of ACG.
- "*ACG Seller*" means IBM Italia S.p.A.
- *"Acquisitions"* refers to, collectively, the 24 Ore Software Acquisition and the ACG Acquisition.
- "*Agreed Security Principles*" refers to the "Agreed Security Principles" as set out in the schedule to the Revolving Credit Facility Agreement as applied *mutatis mutandis* with respect the Notes in good faith by the Issuer.
- "*Bain Capital*" refers to Bain Capital, Ltd., Bain Capital Partners LLC, Bain Capital Europe LLP and any funds, partnerships, limited partners or other entities owned, managed, advised or controlled by any of them or their respective affiliates.
- "*CAD/CAM*" refers to computer aided design and computer aided manufacturing.
- "*CAGR*" means the year over year growth rate of an investment over a specified period of time.
- "*Collateral*" refers to (i) the Notes Collateral and (ii) the Funding Loan Collateral.
- "*Company*" refers to TeamSystem S.p.A., a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy, formerly known as TeamSystem S.r.l., a limited liability company (*società a responsabilità limitata*) organized under the laws of the Republic of Italy.
- "*Company Shareholder Loan*" refers to the subordinated shareholder loan agreement in an original aggregate principal amount of €70,000,000 dated 30 September 2010, as amended and restated on 7 May 2013, by and among, the Company, as borrower and the Issuer, as lender.
- "*Completion Date*" refers to the date on which a portion of the proceeds of the Offering are released from the Escrow Account substantially concurrently with the consummation of the 24 Ore Software Acquisition.
- "*E.U.*" refers to the European Union.

- “*euro” or “€”* or “*EUR*” means the lawful currency of the Participating Member States.
- “*Escrow Account*” refers to the segregated escrow account into which a portion of the proceeds from the Offering will be deposited pursuant to the Escrow Agreement, including the Retained Fee and the Shortfall Amount.
- “*Escrow Agent*” refers to Deutsche Bank S.p.A., as escrow agent pursuant to the Escrow Agreement.
- “*Escrow Agreement*” refers to the escrow agreement to be dated the Issue Date by and among, the Issuer, the Escrow Agent, the Trustee and J.P. Morgan Securities plc, as representative of the Initial Purchasers.
- “*Escrow Charge*” refers to the pledge over the escrowed property in the Escrow Account to be granted in favour of the Trustee and the holders of the Notes on the Issue Date.
- “*Funding Loan*” refers to the loan in an original aggregate principal amount of €180.0 million made pursuant to the funding loan agreement originally dated 7 May 2013 by the Issuer, as lender, and the Company, as borrower, in connection with the issuance of the Initial Notes, as will be amended on or about the Issue Date in connection with the Transactions, to provide for (i) an additional loan of €29.5 million, to be made available by the Issuer, as lender, to the Company, as borrower, on or about the Issue Date from a portion of the proceeds of the Offering, to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment and for general corporate purposes and (ii) an additional loan of €95 million, to be made available by the Issuer, as lender to the Company, as borrower, on the Completion Date from a portion of the proceeds of the Offering, to fund the purchase price of the 24 Ore Software Acquisition.
- “*Funding Loan Collateral*” refers to the pledge over the following assets to secure the Issuer’s obligations under the Funding Loan: (i) 91.66% of the issued share capital of Gruppo Euroconference S.p.A.; (ii) certain intellectual property rights of the Company; and (iii) certain intercompany receivables of the Company.
- “*Guarantee*” refers to the guarantee issued by the Company guaranteeing the Notes.
- “*Guarantor*” refers to the Company.
- “*HgCapital*” refers to Hg Capital LLP or to the limited partnerships comprising HgCapital 6, acting through their manager Hg Capital LLP.
- “*HgCapital Acquisition*” refers to the acquisition by HgCapital of a majority ownership interest in the Company and its subsidiaries on 29 September 2010; the HgCapital Acquisition was consummated through a special purpose vehicle, Titan Bidco S.r.l., a company indirectly controlled by HgCapital (and which company was subsequently merged into the Company).
- “*Indenture*” refers to the indenture dated 7 May 2013, by and among, *inter alios,* the Issuer, the Guarantor and the Trustee.
- “*Initial Issue Date*” refers to 7 May 2013, the date of the issuance of the Initial Notes.
- “*Initial Notes*” refers to the €300,000,000 aggregate principal amount of 7.375% Senior Secured Notes due 2020, issued on 7 May 2013 pursuant to the Indenture.
- “*IFRS*” refers to International Financial Reporting Standards as adopted by the European Union.
- “*Initial Purchasers*” refers to, collectively, J.P. Morgan Securities plc, HSBC Bank plc, UBS Limited and UniCredit Bank AG, and “*Initial Purchaser*” refers to each of them.

- "*Intercreditor Agreement*" refers to the intercreditor agreement dated 7 May 2013 between, among others, the Issuer, the Guarantor, the Trustee, the Security Agent and the agent under the Revolving Credit Facility Agreement on behalf of the lenders thereunder.
- "*Issue Date*" refers to the date of issuance of the Notes offered hereby.
- "*Issuer*" refers to TeamSystem Holding S.p.A, a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy.
- "*Italian Civil Code*" means the Italian civil code (*codice civile*), enacted by Royal Decree No. 262 of 16 March 1942, as subsequently amended and supplemented.
- "*Notes*" refers to the €130 million in aggregate principal amount of 7.375% Senior Secured Notes due 2020 offered hereby, which will constitute a further issuance of and form a single series with the Initial Notes, unless the context otherwise requires or is clear from context.
- "*Notes Collateral*" refers to a first-ranking pledge over the following assets to secure the Issuer's obligations under the Notes: (i) the entire issued share capital of the Issuer and the Company; (ii) the Issuer's rights under the Funding Loan; and (iii) the Issuer's rights under the Company Shareholder Loan.
- "*Offering*" refers to this offering of the Notes.
- "*Participating Member State*" means any member state of the E.U. that adopts or has adopted, and in each case continues to adopt, the euro as its lawful currency in accordance with legislation of the E.U. relating to Economic and Monetary Union.
- "*Permitted Collateral Liens*" has the meaning ascribed to it under "*Description of the Notes—Certain definitions*".
- "*Pounds Sterling*", "*sterling*", "*British Pounds*", "*GBP*" and "*£*" refers to the lawful currency of the United Kingdom.
- "*Purchase Agreement*" refers to the purchase agreement to be entered into on or about the date of this offering memorandum, by and among, the Issuer, the Guarantor and the Initial Purchasers, in connection with the sale of the Notes by the Issuer to the Initial Purchasers.
- "*Restricted Subsidiary*" has the meaning ascribed to it under "*Description of the Notes—Certain definitions*".
- "*Retained Fee*" refers to an amount in cash from the proceeds of the Offering that represents a portion of the commission payable to the Initial Purchasers pursuant to the Purchase Agreement to be deposited into the Escrow Account.
- "*Revolving Credit Facility*" refers to the super senior €45,000,000 multicurrency revolving credit facility entered into on 7 May 2013.
- "*Revolving Credit Facility Agreement*" refers to the agreement governing the Revolving Credit Facility dated 7 May 2013, among, *inter alios*, the Issuer, the financial institutions named therein as original lenders, UniCredit Bank AG, Milan Branch, as agent and security agent, as amended, restated or modified from time to time.
- "*SaaS*" means software as a service, a software delivery model in which software and associated data are centrally hosted by a service over a network.
- "*Security Agent*" refers to UniCredit Bank AG, Milan Branch.
- "*Security Documents*" has the meaning ascribed to the term "Senior Secured Notes Security Documents" under "*Description of the Notes—Certain definitions*".

- "*Shortfall Amount*" refers to an amount in cash from the proceeds of the Offering to be deposited into the Escrow Account which shall be used to fund in part the special mandatory redemption price payable upon a special mandatory redemption.
- "*Titan 1*" refers to TeamSystem HoldCo S.à r.l., a private limited company (*société à responsabilité limitée*) organised under the laws of the Grand Duchy of Luxembourg, registered with the Luxembourg Register of Commerce and Companies under number B 154.473.
- "*Transactions*" has the meaning ascribed to it under "*Summary—The Transactions*".
- "*Trustee*" refers to The Law Debenture Trust Corporation p.l.c., in its capacity as trustee under the Indenture and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code.
- "*United States*" or "*U.S.*" refers to the United States of America, its territories and possessions, and any state of the United States of America and the District of Columbia.
- "*U.S. dollars*", "*USD*" and "*$*" refers to the lawful currency of the United States of America.
- "*Vendor Loan*" refers to a vendor loan to be entered into on or about the Completion Date by the 24 Ore Seller, as lender, to the Company, as borrower, in an aggregate principal amount of €22.5 million in connection with the 24 Ore Software Acquisition. Substantially concurrently with entering into the Vendor Loan, the Company will novate its rights and obligations under the Vendor Loan to the Issuer and the Issuer will, in turn, novate its rights and obligations under the Vendor Loan to TeamSystem HoldCo S.à r.l.

In addition to the terms defined above, the terms "*we*", "*us*", "*our*" and the "*Group*" and other similar terms refer to the Issuer and its consolidated subsidiaries, unless the context otherwise requires or is clear from context.

Presentation of financial and other information

Financial data

The Issuer was incorporated on 23 July 2010 but it did not prepare consolidated financial statements in accordance with IFRS prior to the issuance of the Initial Notes on 7 May 2013. Prior to the issuance of the Initial Notes, Group consolidated financial statements were prepared by the Company. The material differences between the Issuer's historical consolidated financial information and the Company's historical consolidated financial information relate to the financial liabilities of the Issuer under the Initial Notes and related fees and expenses, which constitute financing fees in our financial statements. As a result, the Issuer's consolidated financial information is not directly comparable to the consolidated financial information of the Company for any prior periods.

The historical and other financial data presented in this offering memorandum for the year ended 31 December 2013 have been derived from the historical consolidated financial information for the Issuer, included elsewhere in this offering memorandum. Our consolidated statement of financial position as of 31 December 2013 includes the statement of financial position of ACG, which was acquired on 31 December 2013. However, our consolidated income statement data, consolidated statement of comprehensive income and consolidated cash flows data do not reflect the results of operations of ACG for the year ended 31 December 2013. We have presented in this offering memorandum the historical consolidated financial information for the Issuer, comprising the consolidated financial statements of the Issuer as of and for the year ended 31 December 2013, audited by Deloitte & Touche S.p.A., and the auditor's report thereto.

The historical and other financial data presented in this offering memorandum for the years ended 31 December 2011 and 2012 have been derived from the historical consolidated financial information for the Company, included elsewhere in this offering memorandum. We have presented in this offering memorandum the historical consolidated financial information for the Company, comprising:

- the consolidated financial statements of the Company as of and for the year ended 31 December 2012, audited by Deloitte & Touche S.p.A., and the auditor's report thereto; and
- the consolidated financial statements of the Company as of and for the year ended 31 December 2011, audited by Deloitte & Touche S.p.A., and the auditor's report thereto.

The audited consolidated financial statements of the Company, and the Issuer, as applicable, are prepared on the basis of a financial period ending on 31 December of each year.

The audited consolidated financial statements of the Company, and the Issuer, as applicable, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and are presented in Euro. These consolidated financial statements are included elsewhere in this offering memorandum.

Unaudited pro forma combined financial information

The unaudited *pro forma* combined income statement, including unaudited *pro forma* total revenue and unaudited *pro forma* Adjusted EBITDA, unaudited *pro forma* ACG Adjusted EBITDA and unaudited *pro forma* 24 Ore Software Adjusted EBITDA for the year ended 31 December 2013, presents the effect of the Transactions as if the Acquisitions had occurred on 1 January 2013. The unaudited *pro forma* combined financial information have been prepared based on the following financial elements:

- the consolidated financial statements of Issuer as of 31 December 2013, approved by the Board of Directors on 11 April 2014 and audited by Deloitte & Touche S.p.A., who issued its auditor's report on 12 April 2014;
- the unaudited *pro forma* financial information of 24 Ore Software as of 31 December 2013 that include (i) the audited financial statements of 24 Ore Software (auditor's report issued by KPMG S.p.A. on 24 March 2014), (ii) the audited financial statements of its subsidiary Diamante S.p.A. (auditor's report issued by KPMG S.p.A. on 1 April 2014) and (iii) the unaudited carve-out income statement of the professional and software division of the 24 Ore Seller, which division will be contributed to 24 Ore Software prior to the completion of the 24 Ore Software Acquisition;
- the unaudited income statement for the year ended 31 December 2013 of ACG based on carved-out information provided by the ACG Seller; and
- *pro forma* adjustments related to the Acquisitions and the Offering.

The *pro forma* adjustments are based upon preliminary available information and certain assumptions that are described in the accompanying notes to the unaudited *pro forma* combined financial information that the Group's management believes are reasonable under the circumstances. These adjustments and assumptions have been made on the basis of preliminary information, and are therefore difficult to make with any certainty. As a result, the Issuer's actual financial condition and results of operations following the Acquisitions and the Offering may not be consistent with, or may deviate from, this unaudited *pro forma* combined financial information.

The *pro forma* combined financial information included in this offering memorandum has not been prepared in accordance with the requirements of Regulation S-X of the SEC or U.S. GAAP. As described in "Unaudited *pro forma* combined financial information", on 15 April 2014, Deloitte & Touche S.p.A issued a report on the compilation of the consolidated *pro forma* financial information of the Issuer in accordance with the International Standards on Assurance Engagements (ISAE) 3420 "Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information included in a Prospectus." Likewise, on 14 April 2014, KPMG S.p.A. issued a report on the compilation of *pro forma* financial information of 24 Ore Software in accordance with the International Standard on Assurance Engagements (ISAE) 3420 "Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information included in a Prospectus." See "Unaudited *pro forma* combined financial information." Otherwise, neither the adjustments nor the resulting *pro forma* combined financial information have been audited or reviewed in accordance with IFRS or U.S. GAAP. In evaluating the *pro forma* combined financial information, you should carefully consider the audited financial statements of the Issuer and the notes thereto.

Certain non-IFRS financial measures

In this offering memorandum, we present certain non-IFRS measures, including EBITDA, Adjusted EBITDA, *pro forma* Adjusted EBITDA including synergies, EBITDA margin, non-recurring expenses, working capital, gross financial debt towards third parties, total financial net debt towards third parties, Adjusted EBITDA margin and similar measures (each, a "Non-IFRS Metric"), which are not required by, or presented in accordance with, IFRS. We define "EBITDA" as operating income (loss) reported in the income statement, plus (i) impairment of non-current assets, (ii) other provisions, (iii) depreciation and amortisation of non-current assets and (iv) non-recurring expenses. "Adjusted EBITDA" refers to EBITDA plus allowance for bad debt. *Pro forma* Adjusted EBITDA including synergies refers to Adjusted EBITDA as adjusted to give effect to the Transactions, including anticipated synergies as a result of the 24 Ore Acquisition. "EBITDA margin" refers to EBITDA divided by total revenues. "Adjusted EBITDA margin" refers to Adjusted EBITDA divided by total revenues. "Non-recurring expenses" represent tax and legal advice and other sundry expenses, the nature of which is deemed to be non-recurring with respect to the business' normal operations. We define "working capital" as the total amount of (i) trade receivables, (ii) inventory and (iii) other receivables net of the total amount of trade payables and other current liabilities. "Gross financial debt towards third parties" equals (i) non-current and current overdrafts and loans from banks and other financial institutions net of (ii) current and non-current financing fees plus (iii) current and non-current liabilities due to shareholders plus (iv) current and non-current other financial liabilities. "Total financial net debt towards third parties" equals gross financial debt towards third parties less (i) cash and bank balances and less (ii) non-current and current other financial assets.

We use EBITDA-based measures as internal measures of performance of operations in planning, budgeting, and reviewing the performance of our business. We believe that EBITDA-based measures are useful indicators and commonly used measures in addition to net result, operating profit and other profitability measures under IFRS because they facilitate operating performance assessment and give useful information about our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us.

The Non-IFRS Metrics presented in this offering memorandum are used by different companies for differing purposes and are often calculated in ways that reflect the particular circumstances of those companies. You should exercise caution in comparing the Non-IFRS Metrics as reported by us to such metrics or other similar metrics as reported by other companies because the criteria used by us for the definition of these metrics may not be consistent with that adopted by other companies, and therefore they may not be entirely comparable. "EBITDA" as presented here differs from the definition of "Consolidated EBITDA" contained in the Indenture as described under the caption "*Description of the Notes*" or for the purposes of any of our other indebtedness.

None of our Non-IFRS Metrics are a measurement of performance under IFRS and you should not consider those measures as an alternative to net income or operating profit determined in accordance with IFRS, as the case may be. The Non-IFRS Metrics have limitations as analytical tools and you should not consider them in isolation or as a substitute for analysis of our results or any performance measures under IFRS as set forth in our consolidated financial statements. Some of these limitations in particular related to EBITDA-based measures are:

- they do not reflect our cash expenditures or future requirements for capital commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on our debt;
- they do not reflect any cash income taxes that we may be required to pay;
- they are not adjusted for all non-cash income or expense items that are reflected in our consolidated income statements;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;
- assets are depreciated or amortised over differing estimated useful lives and often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, the EBITDA-based measures should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations.

The Non-IFRS Metrics do not necessarily indicate whether cash flow will be sufficient or available to meet our cash requirements and may not be indicative of our historical operating results, nor are such measures meant to be predictive of our future results.

Other data

Certain numerical figures contained in this offering memorandum, including financial information and certain operating data, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

Exchange rate and currency information

The following tables set forth, for the periods set forth below, the high, low, average and period end Bloomberg Generic Rate expressed as U.S. dollars per €1.00. The Bloomberg Generic Rate is a “best market” calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Generic Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum. We make no representation that the U.S. dollar amounts referred to below could have been or could, in the future, be converted into euro at any particular rate, if at all.

The average rate for a year means the average of the Bloomberg Generic Rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Generic Rates during that month, or shorter period, as the case may be.

The Bloomberg Generic Rate of the Euro on 16 April 2014 was $1.3815 per €1.00.

U.S. dollars per €1.00	High	Low	Average(1)(2)	Period end
2009	1.5134	1.2530	1.3948	1.4321
2010	1.4513	1.1923	1.3266	1.3384
2011	1.4830	1.2907	1.3926	1.2961
2012	1.3458	1.2061	1.2860	1.3193
2013	1.3302	1.2781	1.3095	1.3302
October 2013	1.3802	1.3520	1.3639	1.3584
November 2013	1.3606	1.3367	1.3498	1.3591
December 2013	1.3801	1.3542	1.3703	1.3743
January 2014	1.3763	1.3486	1.3623	1.3486
February 2014	1.3802	1.3519	1.3670	1.3802
March 2014	1.3934	1.3933	1.3826	1.3769
April 2014 (through 16 April 2014)	1.3886	1.3705	1.3800	1.3815

(1) The average of the exchange rates on the last business day of each month during the relevant period.

(2) The average of the exchange rates on each business day during the relevant period.

Summary

This summary highlights information contained in this offering memorandum. The summary below does not contain all the information that you should consider before investing in the Notes. You should read the entire offering memorandum carefully, including our financial statements and the notes thereto, before making an investment decision. See “Risk factors” for factors that you should consider before investing in the Notes.

Business

We are the leading designer and distributor of mission critical ERP and business management software and related value-added services for “SMEs” and professional advisors in Italy as of 2011 (the most recent period for which data is available to us). In total, we have a large and diverse customer base with approximately 126,000 unique end customers. Based on the most recently available data, we had a 17% share in the Italian SME software market and a 31% share in the Italian professional advisor software market. When combining our SME and Professional business lines, we had more than twice the market share of our nearest competitor. From 2006 to 2011, we grew our market share in the SME market by approximately 9.9 percentage points and in the professional advisors market by approximately 4.7 percentage points. We have consistently grown our revenues and EBITDA since 2001, despite various economic cycles in the Italian economy. Our total revenue and Adjusted EBITDA for year ended 31 December 2013 were €157.2 million and €55.9 million, respectively, representing an Adjusted EBITDA margin of 35.6%.

For the year ended 31 December 2013, after giving effect to the Acquisitions as if they had occurred on 1 January 2013, our *pro forma* total revenues and *pro forma* Adjusted EBITDA including synergies would have been €240.1 million and €78.1 million, respectively. Moreover, based on the most recently available data, in 2011, as adjusted to give effect to the Acquisitions, we would have had a market share of approximately 36% in the Professionals market and a market share of approximately 25% in the SME software market, representing an increase of 5 percentage points and 7 percentage points, respectively, compared to our market share in these segments prior to the Acquisitions.

Our software solutions help our customers manage and develop their business and operations by automating and integrating business processes. These solutions are mission critical for the day-to-day operations of our customers. Together with this, the breadth of our product range, our high quality customer service and regular software updates result in a historically stable and low churn level among our Software and Services customers (excluding microbusiness) of approximately 4% to 5% per year over the past three years.

We have developed an extensive distribution and service network throughout Italy comprised both of a direct channel and an indirect channel (consisting of value added resellers, or “VARs”). We have strong cash flow visibility underpinned by multi-year contracts with our VARs and maintenance and assistance fees from our direct channel clients. This results in approximately 63% of recurring revenues.

Our core business line is Software and Services, which represents approximately 93% of our Adjusted EBITDA, and is complemented by two other lines that complete our product offer: Education and CAD/CAM. Our client base is highly fragmented with our single largest direct channel end customer in 2013 representing approximately 0.1% of our total revenues. Our SME customer base includes micro, small and medium businesses with up to 500 employees and our Professional customer base includes accountants, labour advisors, and lawyers. The following table presents our total revenues, EBITDA, and customer numbers for each business line as of and for the year ended 31 December 2013:

Software and Services *(93% of Adjusted EBITDA'13)*

2013 Revenues	€124.5 million
2013 Adjusted EBITDA	€52.1 million
Customers[1]	c.104,000

SMEs		Professionals	
Customers	c.80,000	Customers	c.24,000

CAD/CAM *(4% of Adjusted EBITDA'13)*

2013 Revenues	€20.2mm
2013 Adj. EBITDA	€2mm
Customers[1]	c.6,000

Education *(3% of Adjusted EBITDA'13)*

2013 Revenues	€13.2mm
2013 Adj. EBITDA	€1.9mm
Customers[1]	c.21,000

(1) Number of customers including approximately 5,400 overlapping customers.

Software and Services (€124.5 million of total revenues and €52.1 million of Adjusted EBITDA for the year ended 31 December 2013). Our Software and Services core business line designs, develops, markets, installs and services modular, highly scalable and flexible software applications targeting primarily SMEs and Professionals. Our core business is the provision of software, which we keep continuously updated for our clients in response to the regular flow of legislative, tax and accounting changes in Italy.

We believe the breadth and quality of our product offering, along with our responsiveness, which allows us to update our software based on legislative, tax and accounting changes, provides us with a significant competitive advantage over our competitors.

We support and sell our software products indirectly through a distribution and service network of over 600 VARs and directly through 20 direct commercial branches and offices employing a staff of over 500 employees, including approximately 90 employees who are dedicated to sales and about 400 employees dedicated to maintenance, customer support and delivery. We believe that our direct and indirect distribution and service network complement each other and have enabled us to build a unique and effective support and sales network. Our direct and indirect channels represented approximately 52% and 48% of our Software and Services business line revenues in 2013, respectively.

Our direct distribution and service network enables us to maintain a direct relationship with end customers and to identify customers' needs promptly and accurately. We charge our direct customers through a combination of an initial licence fee and additional fees for maintenance and assistance services as well as customisation and personalisation. Our maintenance and support services are provided under annual automatically renewable contracts, which are typically directly invoiced to our direct channel customers in January of each year.

Our indirect distribution and service network, through our VARs, allows us to increase our territorial reach and coverage while optimising the use of our resources. VARs help us service the initial phase of the value chain by having these VARs sell, install and maintain our products to end customers and receive payments from their customers for these activities. VARs typically pay us a fixed annual amount with predetermined yearly increases. Generally, VARs are prohibited from selling competing products. Exceptions to this are driven by specific business needs. We believe that these multiyear contract arrangements (typically of a three-year term) have strengthened our relationship with our VAR network. Although our VARs exclusively manage the relationship with their end customers, we are able to track the end users of our software as we hold the licences.

We believe that our extensive distribution network comprised of our dedicated direct sales force and our network of highly motivated VARs allows us to provide the high level of customisation, localisation and commitment to service and support that our clients require in Italy.

As of 31 December 2013, our Software and Services segment had approximately 104,000 customers, representing 93% of our Adjusted EBITDA.

Education (€13.2 million of total revenue and €1.9 million of Adjusted EBITDA for the year ended 31 December 2013). We entered into our Education business line with the objectives of increasing our range of services offered to our core customer segments, and creating cross-selling opportunities with our core business line. Our Education business line operations started in 2004 with the acquisition of Euroconference and we enhanced our offer substantially in 2012 with the acquisitions of Paradigma and Optime. Euroconference is a leading provider of educational services and products in Italy, offering training to chartered accountants, labour consultants, lawyers and notaries. Paradigma and Optime provide training to members of the senior management of large businesses, financial institutions, public administrators and professional firms. As of 31 December 2013, Euroconference had approximately 18,700 customers and Paradigma and Optime combined had approximately 2,700 customers, for a total of more than 21,400 customers within our Education business line, representing 3% of our Adjusted EBITDA.

CAD/CAM (€20.2 million of total revenue and €2.0 million of Adjusted EBITDA for the year ended 31 December 2013). We operate our CAD/CAM business line through NuovaMacut, which we acquired in 2008. NuovaMacut is a provider and distributor of manufacturing software solutions to SMEs. We believe the manufacturing software industry has a high degree of customer loyalty and we expanded our business into this industry in order to reach this specific customer segment. Our CAD/CAM business offers the opportunity to cross-sell our Software and Service products to our CAD/CAM customers and we have been able to cross-sell our SME products to an increasing number of our CAD/CAM clients. We estimate that revenues derived from such cross-selling were approximately €0.8 million for the year ended 31 December 2013 and we believe there is significant room for further cross-selling and penetration of the CAD/CAM market in the coming years. As of 31 December 2013, our CAD/CAM business line had approximately 6,000 customers, representing 4% of our Adjusted EBITDA.

Industry

The Italian ERP and business management software market is characterised by the following:

- an estimated total market size of €1.1 billion, consisting of approximately 4.4 million SMEs in 2011;
- a continuous demand for software updates reflecting recurrent regulatory changes and fiscal interventions in Italy;
- the key role of scale in determining the availability of resources to consistently invest in R&D to ensure that the underlying legal, tax and accounting content of software is up to date. Technological updates are required less regularly and typically take place every five to ten years;

- the importance of building strong distribution networks to maximise market penetration and proximity to customers;
- stability in comparison with the general software and IT market due to mission critical nature of services. ERP and business Software and Services are fundamental to the day-to-day activities of the business;
- limited price sensitivity. Customers in this market are primarily concerned with quality of services and the availability of product support: system maintenance and regular product updates are paramount. This limited price sensitivity is also driven by customers' need for suitable training to be made available by suppliers to ensure that employees are able to use software both efficiently and effectively;
- high fragmentation with regard to SMEs, with the top 10 market players in Italy accounting for 34% of the market in 2011. Large players are best positioned to take advantage of this fragmented market. This is due to several factors. Firms with wider resources are suited to conducting operations on a larger scale, can offer a wider range of services, support greater geographical reach and deliver a higher quality of customer service. Finally, customers are likely to be less concerned about the risk that their services will be discontinued when dealing with larger providers. As a result, top 10 market players have increased their SME market share from 25% in 2006 to 34% in 2011; and
- high switching costs of existing customers stemming from the training required to familiarise employees with new software. The transition to an alternative supplier also exposes customers to significant data migration risk.

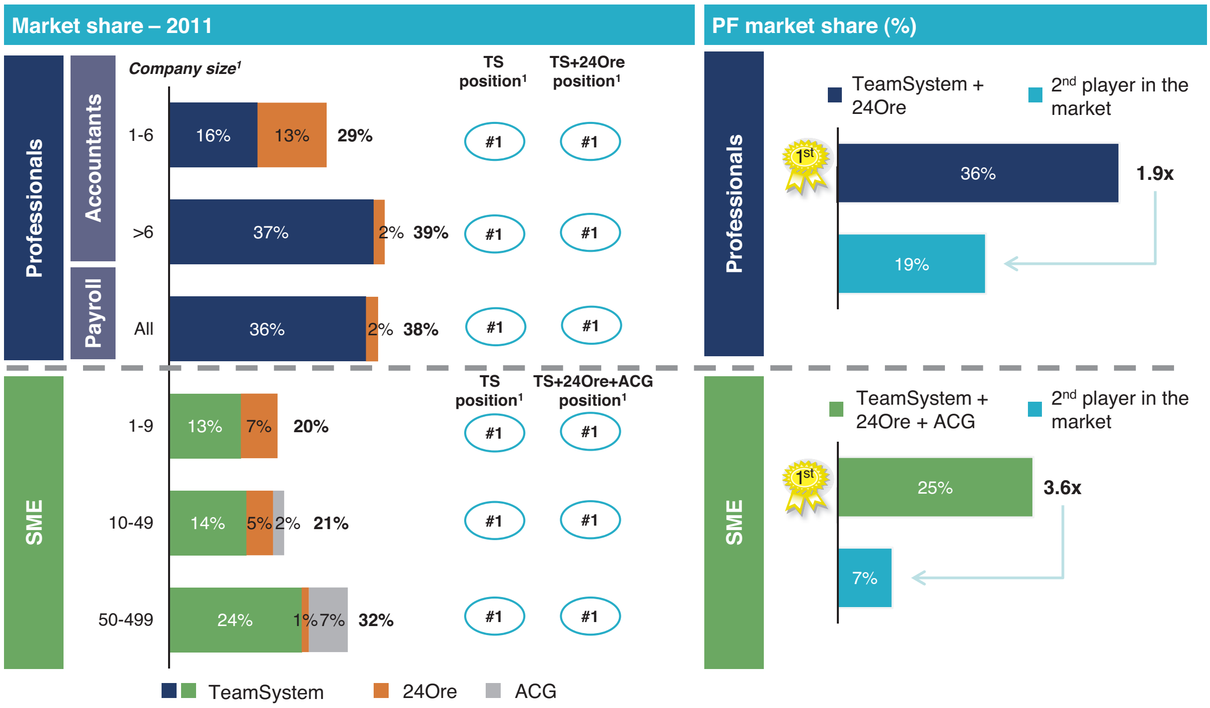
Strengths

We believe we have the following key strengths:

Market leader in a stable and fragmented market with key competitive advantages

We are the leading Italian business management software provider for SMEs and Professionals based on number of users. For the year ended 31 December 2011, we had a 17% share in the Italian SME software market and a 31% share in the Italian professional advisor software market. When combining our SME and Professional business lines, we had more than twice the market share of our nearest competitor. For the year ended 31 December 2011, within the SME market, we held the leading market shares of 13%, 14% and 24% of the market for micro, small and medium businesses, respectively. Within the Professionals market, based on the number of users, we held a leading market share with 30% of the accounting software market and 36% of the payroll software market. From 2006 to 2011, we grew our SME market share by approximately 9.9 percentage points and our Professional market share by approximately 4.7 percentage points.

Furthermore, the Acquisitions will contribute to consolidating our leading position in each market segment in which we operate. For example, based on the most recently available data, in 2011, as adjusted to give effect to the Acquisitions, we would have had a market share of approximately 36% in the Professionals market and a market share of approximately 25% in the SME software market, representing an increase of 5 percentage points and 7 percentage points, respectively, compared to our market share in these segments prior to the Acquisitions. In particular, the 24 Ore Software Acquisition will strengthen our market position in the microbusiness segment, in which we have a relatively lower market share. The chart below shows our market share position prior to and following the Acquisitions for each sub-segment:



[1] Based on number of seats

Furthermore, the 24 Ore Software Acquisition will allow us to enter into two complementary segments: the engineering and construction segment and the fiscal support segment ("CAF"). We believe there is still significant room for growth across all of our business lines, for which we are well positioned to capture as a result of the breadth and quality of our product offering, along with our ability to timely and quickly update our software based on legislative, tax and accounting changes.

We believe we have significant competitive advantages that make it difficult for competitors to expand their business in, or enter into, the Italian business management software market. The size of our operations allows us to benefit from extensive economies of scale in key areas such as research and development, distribution and customer service. By leveraging our scale, we achieve high returns, which, in turn, enable us to constantly invest in broadening and improving our product offer, our standards of service, our R&D capabilities and our distribution network. For this reason, we believe that most of our smaller competitors are increasingly unable to compete with us in these areas and therefore in the market. In addition, we believe that our localised sales, delivery and maintenance presence is essential to servicing the SME market and that larger competitors struggle to provide specialised products on a local level.

Our significant investment in research and development and our ability to respond with rapid and accurate updates of our software based on legislative, tax and accounting changes are difficult for new market entrants to replicate. We also believe that the depth, quality and reliability of our comprehensive product range, the scale and reach of our distribution network (which covers the entire nation) and our focus on customer service constitute a business model that is difficult to replicate. Furthermore, we believe our customers would experience high switching costs if they decided to use another software provider because they would need to purchase new software, train employees and migrate data, which each come with related risks. As a result, we believe our customers and end-users are unlikely to switch software providers. This is evidenced by our low direct customer churn rate, which historically has been in the range of 4 to 5% (of which only 1% resulted from customers switching to a competitor offering a similar product).

We also believe we have a high degree of VAR loyalty because of our multi-year agreements with fixed fee pricing models, which encourage VARs to build expertise in our products and create high switching costs for our VARs. Historically, we have managed to maintain a VAR churn rate measured by revenues of approximately 1%.

Proven resilience despite the economic downturn

Despite the negative 1.3% CAGR from 2010 to 2013 in Italy's real GDP, our total *pro forma* revenues grew at a CAGR of 7% over the same period, which we believe demonstrates the resiliency of our business model. We believe our customers continue spending on our products during lean economic times because we provide business management software critical to the continuation of their businesses.

Recurring revenues with high visibility of EBITDA and cash flow visibility

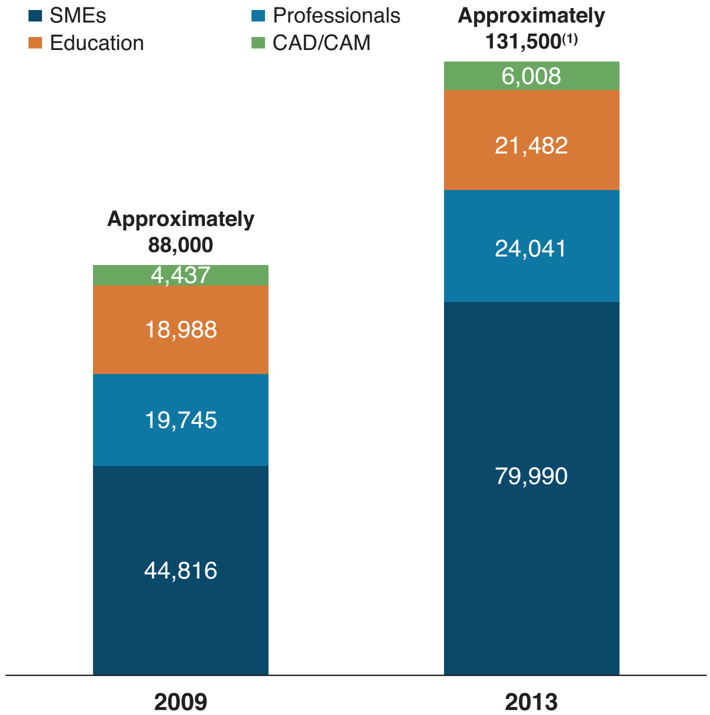
We consider approximately 63% of the revenues generated by our business in 2013 to be recurring. In particular, within our Software and Services business line, which represented 93% of our 2013 Adjusted EBITDA, 66% of our revenues were recurring. As part of our business model, when we sell software products to our direct end-customers, the initial software licence sale is typically linked to the sale of contracts covering maintenance and assistance. Contract renewal usually takes place at the beginning of the year, thus providing a high level of visibility on maintenance revenue. Most of our contracts are automatically renewed unless cancelled with three to six months prior written notice (depending on the particular contract); historically, we have renewed between 95% and 96% of our Software and Services contracts.

As a result of renewing contracts at the beginning of the year, the majority of our Software and Services revenue is invoiced at the beginning of the year and paid within the first half of the year, resulting in strong cash flow visibility during the first months of each year (during our annual budgeting process). Therefore, we are able to confidently predict and monitor our EBITDA and cash flow levels throughout the business cycle. In addition, most of our contracts with VARs have a term of three years, with yearly fixed fees and predetermined yearly increases.

Furthermore, we expect that the Acquisitions will optimize our stable and highly predictable revenue stream. For example, 24 Ore Software derives a significant proportion of its revenues from recurring revenues relating to annual fees and repeating sales activities, which derive from ongoing, regular software licences and services revenues.

Large, growing and diverse customer base with no revenue concentration

As of 31 December 2013, we had approximately 131,500 end customers (including approximately 5,400 customers overlapping across business lines), representing an increase of approximately 43,500 customers since 2009. Excluding our microbusiness line, which is relatively small and operates with a different service model, we achieved a Software and Services customer retention rate of approximately 95% to 96%, thereby demonstrating the resilience of our business model. We have grown our number of VARs from 320 in 2005 to 612 in 2013, resulting in a CAGR of 8.4%. The chart below shows the distribution of our clients across our business lines and types of Software and Services customers.



(1) Number of customers including approximately 5,400 overlapping customers.

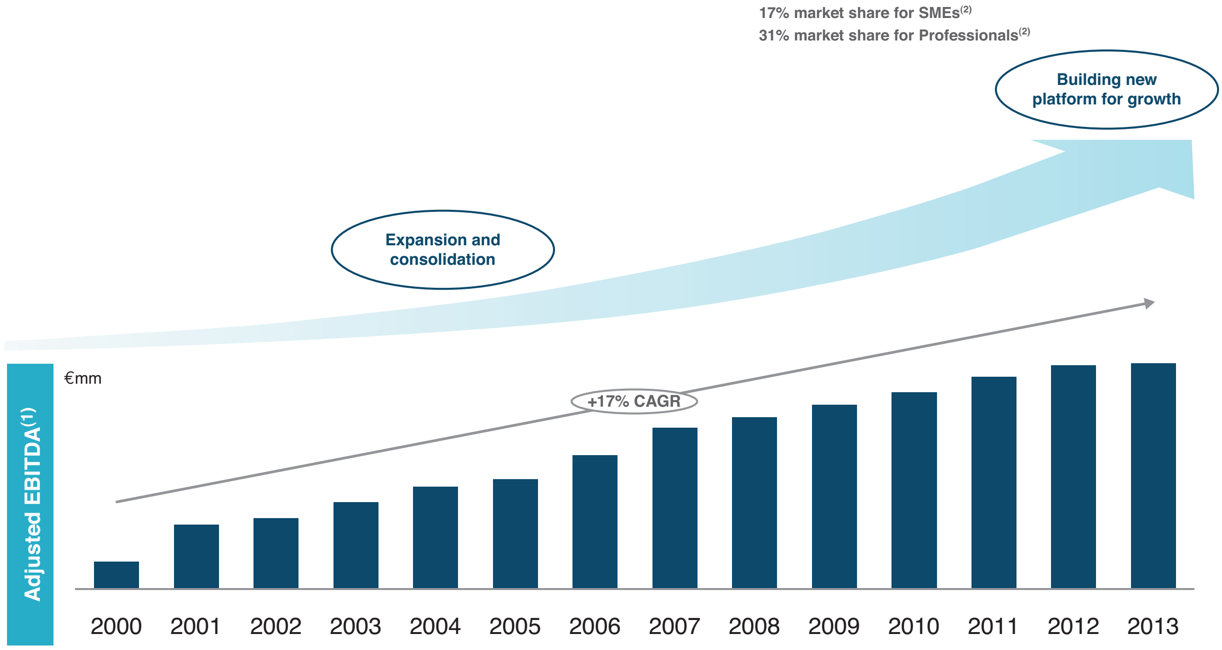
Moreover, the Acquisitions will further increase our customer base. In 2013, ACG had approximately 6,000 users, and of these approximately 3,500 regularly use its applications. In addition, in 2013, 24 Ore Software had approximately 49,000 users.

Our customers are also diverse across industries, resulting in a low customer concentration and diverse revenue base by product. In our Software and Services business line, our top 10 direct channel end customers represented approximately 1% of our revenue for the year ended 31 December 2013, with the largest customer representing approximately 0.1%.

While our growing customer base supports the growth of our business and allows us to benefit from economies of scale related to product development and updates, we believe the diverse nature of our clients and product base helps to insulate our business against declines in product demand in one particular industry and reliance on revenues from a small number of key customers.

Experienced and proven management team

We benefit from the significant experience of our senior management team, which has contributed to the success of the company throughout its history. The majority of the management team have more than 10 years of experience within the company. Our management team has demonstrated its ability to grow our business and improve operating performance as evidenced by the increase in our revenues and EBITDA over a long period, including in the face of a global economic downturn and recent economic instability.



(1) Adjusted EBITDA refers to EBITDA plus allowance for bad debt.

(2) Software and Service market share for 2011.

Our strategy

We aim to increasingly utilise our current market leadership to consolidate our position and better serve our customers, by continuing to provide them with resources for achieving and preserving competitive advantages in their businesses. In order to achieve this goal, we will pursue a growth strategy based on three key pillars:

- Organic growth: we plan to utilise our current resources and strengths to sustain our core business. This pillar will constitute the main driver of our future growth, through new customer addition, obtaining additional value from our existing customers (through, for example, cross-selling), reinforcement of our VARs and direct networks and improvement of our product offering to generate cash flow;
- New business: we will evaluate further growth opportunities, aiming both at complementing our offering to our core customer segments by making additional services available (e.g., payslips processing outsourcing) and at expanding into new, attractive, adjacent software markets;
- Acquisitions: from time to time, we may make selective opportunistic acquisitions, such as the ACG Acquisition and 24 Ore Software Acquisition. We make such acquisitions with the aim of strengthening our leading position and market share in our existing segments, diversifying our customer base and achieving operational and cost efficiencies. After making such acquisitions, we are focused on integrating our recently acquired businesses and implementing strategic measures in order to realise expected synergies. For further information regarding the Acquisitions, see "—*The Acquisitions*" and "*The Acquisitions*". In addition to identifying businesses that bolster our leading position and market share in our existing segments, from time to time we may undertake acquisitions that allow us to expand our core offering (either through specific vertical acquisitions or through products we can cross-sell to our customers), given that such acquisitions can be easily integrated into our operations.

Our plan for achieving this strategy includes a number of initiatives, the majority of which are already in progress. The most important of these initiatives are briefly described below.

Enhance our direct sales network and implement a uniform pricing model

We are in the process of further improving the effectiveness of our direct network, to enhance its delivery quality and efficiency. This is being achieved through a significant review and improvement of our business processes (including specialisation and incentive schemes) and tools (including customer relationship management, or "CRM") and through a centralisation of our service delivery activities and of our customer support activities in regional hubs.

In addition, we have also improved our direct distribution and service networks' pricing and discount policies by setting up a structured discount control process and implementing automatic inflation-linked price increases. As a result of our direct channel discount controls implemented in 2013, we estimate that we added €1.7 million to our EBITDA.

Improve our indirect sales channel and provide new incentives to VARs

We intend to increase the level of support provided to our indirect distribution and service network.

For example, in March 2014, we commenced work on our Channel Strategy Programme (the "Channel Strategy Programme"), which we intend to launch in the third quarter of 2014. The Channel Strategy Programme will be implemented over a period of 18 to 24 months and aims to evaluate our current distribution strategy and improve the structure of our indirect channel, by organising VARs by types of customer and segment. In addition, we intend to implement measures to increase support and services provided to our VARs. As part of the integration activities related to the Acquisitions, this programme will seek to achieve the integration and centralization of our indirect sales channel into one single structure.

In 2012 we launched the VAR support programme (the "VAR support programme"), aimed at improving the commercial, managerial and technical capabilities of our VARs. Under this programme, we increased the number of programme participants from nine VARs in 2012 to twelve VARs in 2013. As part of the VAR support programme, we introduced an incentive programme that awards VARs for incremental year-on-year growth. VARs achieving a pre-set growth goal receive specific benefits aimed at improving performance, such as free training and marketing support.

Invest in product development to drive product innovation

In 2012 we initiated a five year programme (our "Product Renewal Project") to evolve our product range and implement the latest available technologies across our entire product offering. As part of our Product Renewal Project, we are in the process of renewing our software development tools in order to increase the efficiency of our development phase, and to standardise our technology across product lines and research and development teams. As a result of these initiatives, we believe we will be able to continue to offer modular, highly scalable and flexible software in light of recent technological advances, simplify our software management, implement common components across our product line and reduce application development time, thereby decreasing the time it takes to bring a product or upgrade to market and lower development costs.

The Product Renewal Project aims to renovate our entire line of products through a gradual evolution of existing products, providing our customers with a smooth transition from the current to the new generation product suite. We have been releasing product updates and innovations as they are available, with the goal of providing clients with the immediate benefits of new technology that we have integrated into our products.

As part of our Product Renewal Project, we expect to launch a range of new advanced products for SMEs and Professionals in 2014. Such new range of products will be based on

POLYEDRO, our new technology platform, including: (i) ALYANTE Enterprise and ALYANTE Start, which are ERP solutions especially designed for small Italian companies, (ii) LYNFA Azienda, an accounting, tax and payroll solution that allows businesses and professionals to share data in real time, and (iii) LYNFA Studio, which consists of an integrated management system for Professionals, including accounting, tax and payroll management, covering both small professional studios and those with more than 100 employees. Furthermore, in 2013 we developed certain mobile and tablet applications, cloud solutions and an innovative platform for application development.

Continue to exploit the cross-selling potential of our active customer base and synergies among our product offering with an aim toward further increasing customer loyalty

We believe there is potential for revenue growth and margin improvement through increased cross-selling of our products. Our goal is to further increase the penetration of our existing client base by expanding the range of products and services offered through our traditional distribution and service network and by increasing the use of new sales channels, such as telephone and internet sales, to increase penetration of specific add-on modules for our professional software. We are planning up to six dedicated sales campaigns each year to capture the potential of increasing customer penetration in these new sales channels. Furthermore, we believe that the expansion of our range of products and services as a result of the Acquisitions will optimize our ability to cross-sell a wider range of products and services to a diversified pool of customers. We intend to leverage our expanded product offering to improve our cross-selling opportunities and to use agents to cross-sell modules and services to the migrated customer base.

Further expand into the microbusiness market

We aim to capture significant further value from our microbusiness segment, leveraging on the high growth potential of the market and improving our leading market share position. Based on the most recently available data, in 2011, the microbusiness segment had a low management software penetration as compared to the larger SMEs segments, with a penetration rate of approximately 13% in Italy as compared to a penetration rate of 97% and 61% in the medium and small enterprises, respectively, for the same period. Based on these figures, we believe there is potential for growth which can be captured in this market, especially when compared with other Western European countries. Over the next five years, we intend to implement a comprehensive microbusiness growth plan with the goal of (i) continuously improving our microbusiness offer by increasingly providing value-added services, such as e-payments and by completing and launching our SaaS solution, (ii) strengthening our various distribution channels, both on the internet and through new physical channels, such as stores and resellers, and (iii) helping to expand the wider market for microbusiness software through marketing and communication activities. We intend to implement a comprehensive growth plan for our microbusiness segment, with the aim of (i) improving our microbusiness offer by providing value-added services, such as e-payments, mobile solutions and by the launch of our SaaS solution, (ii) strengthening our distribution channels, both through the internet and through new physical channels, such as stores, resellers and bank branches and (iii) expanding the market for microbusiness software through the use of marketing and communication activities as well as social media.

In addition, as a result of the 24 Ore Software Acquisition, we expect to significantly increase our market share in the microbusiness line of the Professional and SME markets. Based on the most recently available data, in 2011, 24 Ore Software had a market share of approximately 13% and approximately 7% of the Professional accountant microbusiness market and SME microbusiness market, respectively.

Continue our current successful strategy based on opportunistic bolt-on acquisitions in our core business areas

Given our recent opportunistic acquisition of ACG and our planned acquisition of 24 Ore Software, our main aim is to focus on our organic growth and integrate these businesses. However, from time to time we may consider bolt-on acquisitions that allow us to expand our core offering (either through specific vertical acquisitions or through products we can cross-sell to our customers), given that such acquisitions can be easily integrated into our operations. We intend to continue our successful track record of bolt-on acquisitions in our core business, based on our well-defined and disciplined approach. We plan to selectively seek attractive partnerships with, or acquisitions of, companies that complement our business and offer significant operational and commercial synergies, with the key strategic goal of expanding our core offer either in selected vertical products, serving specific customer segments, or cross-segment products, thereby enabling us to better serve our current customer base. Accordingly, our typical targets will be small companies featuring excellent quality products, technologies, know-how and people with the potential to be easily integrated in our business model. This approach will continue to be the core pillar of our acquisition strategy. We actively consider potential acquisition opportunities aligned to this strategy, which we evaluate on a continuous basis.

The Acquisitions

The ACG Acquisition

In December 2013, we acquired ACG for an initial purchase price of €24.0 million. ACG was formerly a business line of Global Business Services of IBM Italia S.p.A. and is a leading ERP provider for SMEs. In 2011, based on the most recently available data, ACG was the second largest ERP provider for SMEs with between 50 and 500 employees, while also serving, on a smaller scale, companies with more than 500 employees and SMEs of 10 to 49 employees. ACG's product range includes ACG v 3.8 and ACG Vision 4. In 2013, ACG had approximately 6,000 users, and of these approximately 3,500 regularly use its applications.

With the ACG Acquisition, we aim to reinforce our position in the SME market, particularly with respect to SMEs with between 50 and 500 employees. We plan to capitalise on ACG's distribution network of business partners, and its capability to generate new customers.

ACG employs a highly skilled team of analysts and developers in the SME market and has a developed distribution network. For year ended 31 December 2013, ACG's *pro forma* revenue and *pro forma* Adjusted EBITDA was €20.5 million and €3.2 million, respectively.

Revenues for ACG primarily comprise licence and maintenance fees, with Vision 4 licenced customers accounting for 52% of ACG's gross revenues in the year ended 31 December 2013. Additional revenue sources include licence and maintenance income from V3 and V2, accounting for 44% and 4% of gross revenues for the year ended 31 December 2013.

The 24 Ore Software Acquisition

On 15 April 2014, we entered into an agreement to acquire 24 Ore Software for an initial enterprise consideration amounting to €117.5 million, consisting of €95 million (which consists of cash consideration to be paid to the 24 Ore Seller and an amount to be paid to the 24 Ore Seller for the Company to assume certain outstanding intercompany indebtedness) and €22.5 million through the Vendor Loan. 24 Ore Software's software solutions enable its customers to manage and develop their business and operations by automating and integrating business processes. 24 Ore Software generates substantially all of its revenues from the sale of accounting software for professionals (through its main product Il Sole 24 Ore), ERP systems for SMEs (through its main product ESA), engineering and construction software solutions (through its product STR), tax software solutions for tax advice centers ("CAFs") (through its product Data Ufficio) and professional services to its customers.

We believe that the acquisition of 24 Ore Software, in line with our acquisition strategy, will strengthen our leadership position and increase our customer base in the Professional and SME segments, as well as in the engineering and construction software and CAF segments, which are complementary to our main segments. 24 Ore Software was amongst the top ten largest players in the Professional market and amongst the top five largest players in the SME market in 2011. We also plan to capitalise on 24 Ore Software's distribution network of business partners, and its capability to generate new customers. We also believe that the expansion of our range of products and services as a result of the 24 Ore Software Acquisition will optimize our ability to cross-sell a wider range of products and services to a diversified pool of customers.

For year ended 31 December 2013, 24 Ore Software's *pro forma* revenue and *pro forma* Adjusted EBITDA was €61.2 million and €11.9 million, respectively.

Revenues for 24 Ore Software are primarily comprised of licence and maintenance income. For the year ended 31 December 2013, unaudited *pro forma* revenues for the ESA, tax and labour, STR and Data Ufficio product lines accounted for 38%, 33%, 16% and 8% of its total revenues for the year ended 31 December 2013. In 2013, 94% of 24 Ore Software's total revenues related to the sale of software, while 6% of *pro forma* revenues were generated from the sale of other products and services.

24 Ore Software is currently a subsidiary of the 24 Ore Seller. The 24 Ore Software Acquisition is expected to close at the end of May 2014. We intend to fund the 24 Ore Software Acquisition with a portion of the proceeds of this Offering and through the Vendor Loan. Substantially concurrently with entering into the Vendor Loan, the Company will novate its rights and obligations under the Vendor Loan to the Issuer and the Issuer will, in turn, novate its rights and obligations under the Vendor Loan to TeamSystem HoldCo S.à r.l. The Vendor Loan will bear non-cash interest at a rate of 8% per annum. All capitalised interest and principal will be due and payable upon maturity of the Vendor Loan on 15 November 2020.

In connection with the 24 Ore Software Acquisition, 24 Ore Software, the Company, the 24 Ore Seller and a special purpose vehicle incorporated by 24 Ore Seller will enter into an agency agreement pursuant to which the special purpose vehicle shall act as agent for the purposes of promoting the sale of certain products of 24 Ore Software, primarily targeted at accountants and labour consultants, such as Via Libera and Studio24. See "*The Acquisitions—Business—Agency Agreement*".

On the Completion Date, 24 Ore Software and the 24 Ore Seller also intend to enter into a transitional services agreement, which shall govern the supply of certain services by the 24 Ore Seller to 24 Ore Software. The transitional services agreement will set forth the general principles governing the provision of transitional services relating to, among other things, all key operational areas including IT, administration, real estate and general services, for a maximum transition period of twelve months from the closing date of the 24 Ore Software Acquisition. Pursuant to the transitional services agreement, the 24 Ore Seller will provide certain material administration services including billing, accounting and credit management with respect to 24 Ore Software; services, support and data access to migrate software to our administration systems; and the provision of real estate leasing agreements at market rates. Although the material terms of the transitional services agreement have been agreed by the Company and the 24 Ore Seller, such agreement will only be entered into on the closing date of the 24 Ore Software Acquisition and therefore remains subject to change.

The Transactions

The "Transactions" consist of the following transactions:

- the issuance by the Issuer of €130.0 million in aggregate principal amount of the Notes offered hereby;

- entry into an amendment agreement for the Funding Loan on or about the Issue Date in connection with the Transactions, to provide for: (i) an additional loan of €29.5 million, to be made available by the Issuer, as lender, to the Company, as borrower, on or about the Issue Date from a portion of the proceeds of the Offering, to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment and for general corporate purposes and (ii) an additional loan of €95 million, to be made available by the Issuer, as lender, to the Company, as borrower, on the Completion Date from a portion of the proceeds of the Offering, to fund the purchase price of the 24 Ore Software Acquisition;
- on or about the Issue Date, the application of a portion of the proceeds of the Funding Loan to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment;
- on the Completion Date, the application of a portion of the proceeds of the Funding Loan to fund the purchase price of the 24 Ore Software Acquisition; and
- the payment of fees and expenses in connection with the Transactions, including the fees and expenses to be incurred in connection with this Offering.

Pending the consummation of the 24 Ore Software Acquisition, the Initial Purchasers will deposit (i) gross proceeds in an amount of €95 million from the Offering of the Notes, plus (ii) the Shortfall Amount, plus (iii) the Retained Fee, into the Escrow Account. The escrowed property in the Escrow Account will be pledged on a first-ranking basis in favour of the Trustee and the holders of the Notes, pursuant to the Escrow Charge. The release of the escrowed property will be subject to the satisfaction of certain conditions, including the closing of the 24 Ore Software Acquisition. If the 24 Ore Software Acquisition is not consummated on or prior to 31 May 2014 and upon the occurrence of certain other events, €90 million in aggregate principal amount of the Notes will be subject to a special mandatory redemption. The special mandatory redemption price will be a price equal to the issue price of the Notes redeemed plus accrued and unpaid interest and additional amounts, if any, from 15 November 2013, or from the most recent date on which interest has been paid, to the date of special mandatory redemption. See "*Description of the Notes—Escrow of proceeds; special mandatory redemption*".

Recent developments

Trading update

The following trading update is based on the preliminary results of the Issuer, excluding ACG (which business is in the process of being integrated into the financial reporting systems and financial results of the Group).

Based on our preliminary financial results for the two months ended 28 February 2014, we believe our business is continuing to perform in line with expectations. For the two months ended 28 February 2014, we estimate that our revenue (excluding ACG) increased by between 4% to 5% compared to the two months ended 28 February 2013. In particular, we estimate that our revenues for our Education and our CAD/CAM business lines increased by between 24% to 25% and by between 18% to 19%, respectively, in the two months ended 28 February 2014, compared to the corresponding period in 2013. We experienced a smaller increase in revenues for our Software and Services business line in the two months ended 28 February 2014, compared to the two months ended 28 February 2013, which is attributable to the fact that the proportion of our Software and Services business line deriving from amendments to tax rules and regulations, which generate new software needs for our customers, may be affected by monthly fluctuations. The uneven phasing of our updated software releases has an impact on the comparability of our financial results on a monthly basis.

The foregoing discussion has been prepared by, and is the responsibility of, management and is solely based on the preliminary financial information used by management. Our financial statements for the two months ended 28 February 2014 have not been completed. During the course of our financial statement closing process, we could identify items that would require us to make adjustments that could affect the results of operations for the results discussed above. These results are preliminary and are subject to change, and they may not be indicative of the remainder of the financial quarter or any other period. See "*Forward looking statements*". Deloitte & Touche S.p.A. has not audited, reviewed or compiled these preliminary results.

Our Principal shareholders

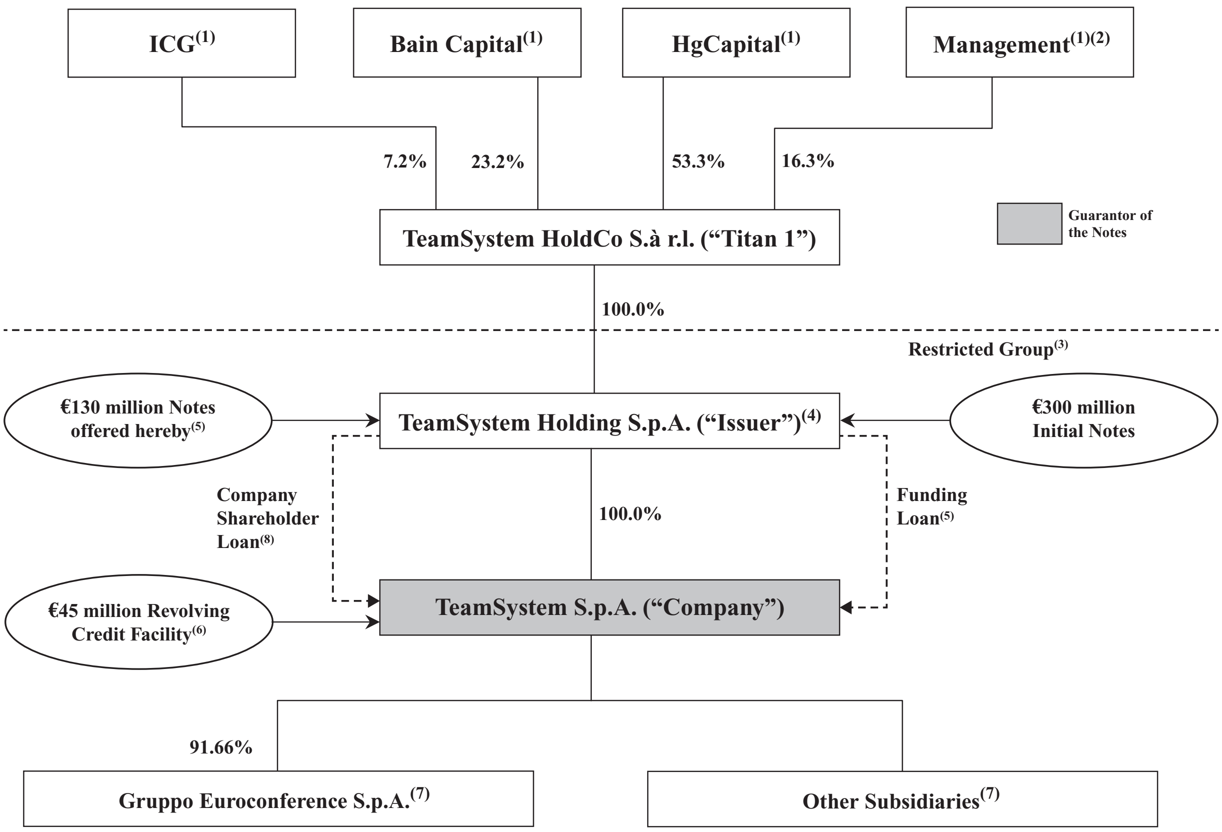
HgCapital, which indirectly owned approximately 53% of our ordinary shares as of 31 December 2013, has been a shareholder since 2010 and is a leading investor in the European private equity market with a 27 year track record and investment experience across various sectors. HgCapital owns or has owned thirteen investments in the software sector, of which seven investments have been in the SME software market. As of 31 December 2013, HgCapital had £5 billion of assets under management.

Bain Capital indirectly owned approximately 23% of our ordinary shares as of 31 December 2013, and has been a shareholder since 2004. Bain Capital owns eleven investments in the technology, media and telecommunications sector, out of which four are in software companies.

ICG and members of our current and former management own the balance of our ordinary shares. See "*Principal shareholders*".

Our corporate and financing structure

The following diagram summarises our corporate structure and principal outstanding financing arrangements after giving effect to the Transactions. The diagram does not include all entities in the Group, nor all of the debt obligations thereof. The summary description presented herein of certain of the intercompany funding arrangements that will occur on or after the Issue Date and the Completion Date is based upon the Issuer's current assumptions and expectations regarding the corporate structure and financing arrangements, and thus are subject to modification. For a summary of the debt obligations identified in this diagram, please refer to the sections entitled "*Description of Other Indebtedness*" and "*Description of the Notes*" for further information.



(1) On 29 September 2010, our principal shareholders entered into an investment agreement relating to, *inter alia*, the management and administration of the affairs of the Group (the "Investment Agreement").

(2) Members of our current and former management, directors and employees indirectly owned approximately 16.3% of the equity interests in the Issuer as of 31 December 2013.

(3) The entities in the "Restricted Group" are subject to the covenants in the Revolving Credit Facility Agreement and in the Indenture.

(4) The Notes will be the Issuer's senior obligations and will be guaranteed by the Company. The Guarantee will be subject to certain contractual and legal limitations under applicable laws, and may be released under certain circumstances. See "*Limitations on validity and enforceability of the Guarantee and the security interests and certain insolvency law considerations*" and "*Description of the Notes—Guarantees—Releases of Guarantees*". As of and for the year ended 31 December 2013, the Guarantor generated approximately 66% of our Adjusted EBITDA and accounted for approximately 77% of our consolidated total assets (including ACG). As of and for the year ended 31 December 2013, after giving effect to the Transactions, including this Offering and the application of the proceeds therefrom, the Guarantor generated approximately 52% of our *pro forma* Adjusted EBITDA and accounted for approximately 66% of our *pro forma* consolidated total assets. The Notes will be secured on a first-ranking basis by a pledge over: (i) the shares of the Issuer and the Company; (ii) the Issuer's rights under the Funding Loan; and (iii) the Issuer's rights under the Company Shareholder Loan (collectively, the "Notes Collateral"). The Notes Collateral will be subject to the Agreed Security Principles, any Permitted Collateral Liens, certain perfection requirements and limitations under applicable laws.

(5) On 7 May 2013, the Issuer, as lender, and the Company, as borrower, entered into a funding loan in an original aggregate principal amount of €180.0 million using a portion of the proceeds of the Initial Notes. On or about the Issue Date, the Issuer and the Company will enter into an amendment agreement for the Funding Loan in connection with the Transactions, to provide for (i) an additional loan of €29.5 million, to be made available by the Issuer, as lender, to the Company, as borrower, on or about the Issue Date from a portion of the proceeds of the Offering, to prepay in full outstanding borrowings under the

Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment and for general corporate purposes and (ii) an additional loan of €95 million, to be made available by the Issuer, as lender, to the Company, as borrower, on the Completion Date from a portion of the proceeds of the Offering, to fund the purchase price of the 24 Ore Software Acquisition. See *"Use of proceeds".* The Funding Loan (as amended pursuant to the Transactions) will be secured by a pledge over: (i) 91.66% of the issued share capital of Gruppo Euroconference S.p.A.; (ii) certain intellectual property rights of the Company; and (iii) certain intercompany receivables of the Company (together, the "Funding Loan Collateral"). See "*Risk Factors—Risks related to the Notes and our capital structure—The Guarantee in respect of the Notes, the Issuer's right to receive payments under the Funding Loan and the Issuer's rights under the Company Shareholder Loan may be subordinated under Italian law to the obligations of other creditors*" for further information.

(6) On 7 May 2013, we entered into the Revolving Credit Facility Agreement to provide for a revolving credit facility of €45 million. As of 31 December 2013, the outstanding principal amount of indebtedness under the Revolving Credit Facility was €24 million, which excludes any accrued and unpaid interest. On 28 February 2014, we repaid €3.0 million in principal amount of indebtedness under the Revolving Credit Facility, plus accrued interest. As of 15 April 2014, the outstanding principal amount of indebtedness under the Revolving Credit Facility was €21.0 million, which excludes any accrued interest and break costs. As part of the Transactions, we intend to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment. The Company is a borrower under the Revolving Credit Facility. The Revolving Credit Facility is guaranteed by the Issuer, the Company and Gruppo Euroconference S.p.A. As of 31 December 2013, after giving effect to the Transactions, including this Offering and the application of the proceeds therefrom, we would have had €433.5 million of total debt outstanding (excluding issue premium with respect to the Notes), including the €130 million in aggregate principal amount of the Notes.

(7) As part of the Transactions, we will acquire 24 Ore Software, which will become a subsidiary of the Company. We have minority shareholders in certain of our subsidiaries, including Gruppo Euroconference S.p.A. In order to preserve control of the relevant subsidiary and incentivise key managers who are minority shareholders, we enter into put and call agreements with such shareholders whereby we are able to call their shares. For more information, see note 28 to the Issuer's consolidated financial statements as of and for the year ended 31 December 2013, included in this offering memorandum.

(8) The Company Shareholder Loan is an intercompany loan that was originally made on 30 September 2010 by an entity that was subsequently merged into the Issuer to an entity that was subsequently merged into the Company. The agreement for the Company Shareholder Loan was amended and restated on 7 May 2013, in connection with the issuance of the Initial Notes. See "*Description of other indebtedness—Company Shareholder Loan*" for further information.

The Offering

The following is a brief summary of certain terms of the Offering of the Notes. It may not contain all the information that is important to you. For additional information regarding the Notes, the Guarantee and the Collateral, see "Description of the Notes".

Issuer	TeamSystem Holding S.p.A, a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy.
Notes	€130 million aggregate principal amount of 7.375% Senior Secured Notes due 2020. The offered notes will be issued as additional notes under the indenture entered into by the Issuer, among others, dated 7 May 2013 (the "Indenture"), pursuant to which our €300,000,000 in aggregate principal amount of outstanding 7.375% Senior Secured Notes due 2020 (the "Initial Notes") were issued. The Notes will initially be issued bearing temporary ISINs and common codes. See "*Description of the Notes*". On and from the applicable consolidation date, the Notes will be consolidated and fully fungible with the Initial Notes. The consolidation date for Notes sold outside the United States in reliance on Regulation S under the U.S. Securities Act will be 40 days after the later of the date of the original issue of these Notes (assuming the escrowed funds have been released) and the last date on which we were the owner of such Notes. The consolidation date for Notes sold within the United States to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will be one year after the later of the date of the original issue of these Notes and the last date on which we were the owners of such Notes. The Notes offered hereby will have substantially the same terms as those of the Initial Notes. The Notes offered hereby, together with the Initial Notes, will be treated as a single class for all purposes under the Indenture, including with respect to waivers, amendments, redemptions and offers to purchase, except as otherwise specified with respect to the Notes.
Issue date	30 April 2014.
Issue price	105.75% plus accrued interest from 15 November 2013 to the Issue Date.
Maturity date	15 May 2020.
Interest payment dates	Semi-annually in arrears on each 15 May and 15 November, commencing 15 May 2014. Interest will accrue from 15 November 2013.
Denomination	Each Note will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof.

Ranking of the Notes . . . . The Notes will:

- be general, senior obligations of the Issuer, secured as set forth below under "*—Security*";
- rank *pari passu* in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the Issuer's obligations in respect of the Revolving Credit Facility as a guarantor thereunder;
- rank senior in right of payment to all existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;
- be effectively subordinated to any existing and future indebtedness of the Issuer that is secured by property or assets that do not secure the Notes, to the extent of the value of the property or assets securing such indebtedness;
- be effectively junior to any existing and future indebtedness of the Issuer that will receive proceeds from any enforcement action over the assets securing the Notes on a priority basis, including indebtedness under the Revolving Credit Facility and certain hedging obligations and certain other future indebtedness;
- benefit from a guarantee from the Company, which guarantee is subject to certain limitations on recovery; and
- be effectively subordinated to any existing and future indebtedness of subsidiaries of the Issuer that are not Guarantors.

The Notes will be subject to the terms of the Intercreditor Agreement.

Guarantee . . . . The Issuer's obligations under the Notes will be guaranteed by the Company.

The existing guarantee granted by the Company on the Initial Issue Date in connection with the Initial Notes will be amended to guarantee the Notes offered hereby and to increase the overall amount of notes indebtedness to be guaranteed by the Company (as amended, the "Guarantee").

Under the Guarantee, the Company will guarantee payment obligations under the Initial Notes and the Notes corresponding to the share of the proceeds of the offering of the Initial Notes and the Notes downstreamed through the Funding Loan. See also "*Risk factors—Risks related to the Notes and our capital structure*" for a more detailed discussion of the legal and contractual limitations on the Guarantee and its enforcement.

In no event will the exposure of the Company exceed €294.5 million under the Guarantee. In addition, the Guarantee will, to avoid any double counting, be reduced by the amount of any repayment made by the Company under the Funding Loan. See also, "*Risk factors—Risks related to the Notes and our capital structure*" for a more detailed discussion of the legal and contractual limitations on the Guarantee and its enforcement.

The Guarantee will be subject to certain contractual and legal limitations under applicable laws, and may be released in certain circumstances. See "*Limitations on validity and enforceability of the Guarantee and the security interests and certain insolvency law considerations*", "*Description of the Notes—Guarantees—Release of Guarantees*" and "*Risk factors—Risks related to the Notes and our capital structure*".

As of and for the year ended 31 December 2013, the Guarantor generated approximately 66% of our Adjusted EBITDA and accounted for approximately 77% of our consolidated total assets (including ACG).

As of and for the year ended 31 December 2013, after giving effect to the Transactions, including this Offering and the application of the proceeds therefrom, the Guarantor generated approximately 52% of our *pro forma* Adjusted EBITDA and accounted for approximately 66% of our *pro forma* consolidated total assets.

As of 31 December 2013, after giving effect to the Transactions, the subsidiaries of the Issuer that will not provide a guarantee of the Issuer's obligations under the Notes, would have had approximately €433.5 million of total debt outstanding (excluding issue premium with respect to the Notes).

Ranking of the Guarantee . . . .

- The Guarantee will:
- be a general obligation of the Guarantor;
- rank *pari passu* in right of payment with all existing and future indebtedness of the Guarantor that is not subordinated in right of payment to the Guarantee;
- rank senior in right of payment to all existing and future indebtedness of the Guarantor that is subordinated in right of payment to the Guarantee; and
- be subject to the terms of the Intercreditor Agreement.

Security . . . .

Pursuant to various security documents, which were entered into in connection with the Initial Notes and the Revolving Credit Facility, liens on the rights, property and assets securing the Notes on a first-ranking basis shall, subject to the Agreed Security Principles, certain perfection requirements and any Permitted Collateral

Liens, comprise the following (collectively, the "Notes Collateral"):

- the entire issued share capital of the Issuer and the Company;
- the Issuer's rights under the Funding Loan; and
- the Issuer's rights under the Company Shareholder Loan.

On the Issue Date, the escrowed property will be pledged on a first-ranking basis in favour of the Trustee and the holders of the Notes, pursuant to the Escrow Charge.

The Funding Loan is secured by a pledge over: (i) 91.66% of the issued share capital of Gruppo Euroconference S.p.A.; (ii) certain intellectual property rights of the Company; and (iii) certain intercompany receivables of the Company (collectively, the "Funding Loan Collateral" and, together with the Notes Collateral, the "Collateral").

The Notes Collateral and the Funding Loan Collateral in respect of the Notes will be granted on or about the Issue Date and the Completion Date (as applicable) pursuant to confirmations and extensions in respect of the existing security documents entered into in respect of the Initial Notes. See "*Description of the Notes—Security*".

The Revolving Credit Facility is also secured by first-ranking security interests granted on an equal and ratable first priority basis over the Collateral, as well as (i) 91.66% of the issued share capital of Gruppo Euroconference S.p.A., (ii) certain intellectual property rights of the Company, (iii) certain intercompany receivables of the Company and (iv) a special lien (*privilegio speciale*) granted by the Company.

The security interests securing the Notes may be limited by applicable law or subject to certain defenses that may limit their validity and enforceability. For more information, see "*Risk factors—Risks related to the Notes and our capital structure*".

The security interests securing the Notes may be released under certain circumstances. See "*Risk factors—Risks related to the Notes and our capital structure*" and "*Description of the Notes—Security—Release of Liens*".

The Intercreditor Agreement provides that lenders under the Revolving Credit Facility and counterparties to certain hedging obligations will receive the proceeds from the enforcement of the Notes Collateral and the Funding Loan Collateral in priority to holders of the Notes. See "*Description of the Notes—Security*" for further information.

Escrow of proceeds; special mandatory redemption . . . . Pending the consummation of the 24 Ore Software Acquisition, the Initial Purchasers will deposit (i) gross proceeds in an amount of €95 million from the Offering of the Notes, plus (ii) the amount in cash deposited or caused to be deposited by the Issuer from the proceeds of the Offering to fund in part the special mandatory redemption price payable upon a special mandatory redemption (the "Shortfall Amount"), plus (iii) the Retained Fee, into the Escrow Account. The Escrow Account will be subject to the Escrow Charge. Upon delivery to the Escrow Agent of an officer's certificate stating that the conditions to the release of the relevant proceeds from escrow are satisfied, the escrowed funds will be released to the Issuer and utilised as described in "*Use of proceeds*" and "*Description of the Notes—Escrow of proceeds; special mandatory redemption*". The release of escrowed proceeds will be subject to the satisfaction of certain conditions, including the closing of the 24 Ore Software Acquisition. In the event that (a) the Completion Date does not take place on or prior to 31 May 2014, (b) in the reasonable judgment of the Issuer, the Acquisition will not be consummated on or prior to 31 May 2014, (c) the Acquisition Agreement terminates at any time on or prior to 31 May 2014, or (d) there is an event of bankruptcy, insolvency, or court protection with respect to the Issuer or the Company on or prior to 31 May 2014, €90 million in aggregate principal amount of the Notes will be subject to a special mandatory redemption. The special mandatory redemption price will be a price equal to the issue price of the Notes redeemed plus accrued and unpaid interest and additional amounts, if any, from 15 November 2013, or from the most recent date on which interest has been paid, to the date of special mandatory redemption. The escrowed funds would be applied to pay for any such special mandatory redemption. The Principal Paying Agent or the Registrar will select Notes for special mandatory redemption on a pro rata basis. See "*Description of the Notes—Escrow of proceeds; special mandatory redemption*".

Additional amounts . . . . Any payments made with respect to the Notes will be made without withholding or deduction for or on account of taxes in any relevant taxing jurisdiction unless required by law. If withholding or deduction for such taxes is required to be made with respect to a payment under the Notes, subject to certain exceptions, we will pay the additional amounts necessary so that the net amount received by the holders of the Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction. See "*Description of the Notes—Withholding Taxes*".

Subject to and as set out in "*Description of the Notes—Withholding Taxes*", the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (as the same may be amended, or supplemented from time to time) where the Notes are held by a person resident in a country that does not allow for satisfactory exchange of information with Italy (as listed in Ministerial Decree of 4 September 1996, as subsequently amended and supplemented, and in the Ministerial Decree that will be issued in accordance with article 168-*bis*, Italian Presidential Decree No. 917 of 22 December 1986) and otherwise in the circumstances as described in "*Description of the Notes—Withholding Taxes*".

Optional redemption . . . . At any time prior to 15 May 2016, the Issuer will be entitled at its option to redeem all or a portion of the Notes and the Initial Notes at a redemption price equal to 100% of the principal amount of the Notes, plus the "make-whole" premium as of, and accrued and unpaid interest and additional amounts to, if any, the redemption date, as described under "*Description of the Notes—Optional redemption*".

At any time on or after 15 May 2016, the Issuer will be entitled at its option to redeem all or a portion of the Notes and the Initial Notes at the redemption prices set forth under the caption "*Description of the Notes—Optional redemption*".

At any time prior to 15 May 2016, the Issuer will be entitled at its option, on one or more occasions, to redeem the Notes in an aggregate principal amount not to exceed 40% of the aggregate principal amount of the Notes and the Initial Notes with the net cash proceeds from certain equity offerings at a redemption price equal to 107.375% of the principal amount outstanding in respect of the Notes and the Initial Notes, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption, so long as at least 60% of the aggregate principal amount of the Notes and the Initial Notes remains outstanding immediately after each such redemption and each such redemption occurs within 180 days after the date of closing of the relevant equity offering.

Optional redemption for taxation reasons . . . . In the event of certain developments affecting taxation or in certain other circumstances, the Issuer may redeem the Notes and the Initial Notes in whole, but not in part, at any time, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, and additional amounts, if any, to the date of redemption. See "*Description of the Notes—Redemption for taxation reasons*".

Change of control . . . . Upon the occurrence of certain events constituting a "change of control", the Issuer may be required to offer to repurchase the Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. A change of control will not be deemed to have occurred if certain consolidated leverage ratios are not exceeded as a result of such event. See "*Description of the Notes—Change of Control*".

Certain covenants . . . . The Indenture, among other things, restricts the ability of the Issuer and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends or make other distributions or purchase or redeem our stock;
- make investments or other restricted payments;
- enter into agreements that restrict our ability to pay dividends;
- transfer or sell assets;
- engage in certain transactions with affiliates;
- create liens on assets to secure indebtedness;
- impair the security interests for the benefit of the holders of the Notes; or
- merge or consolidate with other entities.

Each of these covenants is subject to significant exceptions and qualifications. See "*Description of the Notes—Certain covenants*".

Use of proceeds . . . . On or about the Issue Date, the Issuer will use the proceeds from this Offering to:

- enter into an amendment agreement for the Funding Loan on or about the Issue Date in connection with the Transactions, to provide for (i) an additional loan of €29.5 million, to be made available by the Issuer, as lender, to the Company, as borrower, on or about the Issue Date from a portion of the proceeds of the Offering, to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment and for general corporate purposes and (ii) an additional loan of €95 million, to be made available by the Issuer, as lender to the Company, as borrower, on the Completion Date from a portion of the proceeds of the Offering, to fund the purchase price of the 24 Ore Software Acquisition; and

	• to pay fees and expenses in connection with the Transactions, including the fees and expenses to be incurred in connection with this Offering. Any remaining proceeds will be used for general corporate purposes. See "*Use of Proceeds*".
Transfer restrictions	The Notes and the Guarantee have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transferability and resale and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer) under the U.S. Securities Act. See "*Transfer restrictions" and "Plan of distribution*".
No prior market	Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, we cannot assure you that an active trading market will develop or be maintained for the Notes.
Listing	Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for admission of the Notes to trading on the Luxembourg Stock Exchange's Euro MTF Market and admission will be made to list the Notes on the ExtraMot, Professional Segment of Borsa Italiana S.p.A.
Trustee and *Rappresentante Comune* of the holders of the Notes	The Law Debenture Trust Corporation p.l.c.
Principal Paying Agent and Transfer Agent	Deutsche Bank AG, London Branch.
Registrar and Luxembourg Listing Agent	Deutsche Bank Luxembourg S.A.
Security Agent	UniCredit Bank AG, Milan Branch.
Escrow Agent	Deutsche Bank S.p.A.
ISIN and Common Codes	The Notes will initially have different ISINs and common codes to the Initial Notes. Once the Notes have become freely tradeable, the Notes will share the same ISIN and common code as the Initial Notes and such Notes will thereafter be fungible with the Initial Notes.
Temporary ISIN	Regulation S: XS1061196199. Rule 144A: XS1061248172.
Temporary Common Code	Regulation S: 106119619. Rule 144A: 106124817.

Permanent ISIN	The international securities identification number (the "ISIN") for the Notes sold pursuant to Regulation S will be XS0808638372 and the ISIN for the Notes sold pursuant to Rule 144A will be XS0808635782 once the Notes have become freely tradeable.
Permanent Common Code	The Notes sold pursuant to Regulation S and Rule 144A will have the common codes 080863837 and 080863578, respectively, once the Notes have become freely tradeable.
Governing law for the Notes, the Guarantee and the Indenture . . .	New York law.
Governing law for the Intercreditor Agreement	English law.
Governing law for the Security Documents	Italian law.

Risk factors

Investing in the Notes involves a high degree of risk. See the "*Risk factors*" section for a description of certain of the risks you should carefully consider before investing in the Notes.

Summary consolidated financial data

The following tables present our summary consolidated historical and *pro forma* financial and other data as of and for the periods indicated below.

The Issuer was incorporated on 23 July 2010 but it did not prepare consolidated financial statements in accordance with IFRS prior to the issuance of the Initial Notes on 7 May 2013. Prior to the issuance of the Initial Notes, Group consolidated financial statements were prepared by the Company. The material differences between the Issuer's historical consolidated financial information and the Company's historical consolidated financial information relate to the financial liabilities of the Issuer under the Initial Notes and the related fees and expenses which constitute financing fees in our financial statements. As a result, the Issuer's consolidated financial information is not directly comparable to the consolidated financial information of the Company for any prior periods.

The historical and other financial data presented in this offering memorandum for the year ended 31 December 2013 have been derived from the historical consolidated financial information for the Issuer, included elsewhere in this offering memorandum. Our consolidated statement of financial position as of 31 December 2013 includes the statement of financial position of ACG, which was acquired on 31 December 2013. However, our consolidated income statement data, consolidated statement of comprehensive income and consolidated cash flows data do not reflect the results of operations of ACG for the year ended 31 December 2013. We have presented in this offering memorandum the historical consolidated financial information for the Issuer, comprising the consolidated financial statements of the Issuer as of and for the year ended 31 December 2013, audited by Deloitte & Touche S.p.A., and the auditor's report thereto.

The historical and other financial data presented in this offering memorandum for the years ended 31 December 2011 and 2012 have been derived from the historical consolidated financial information for the Company included elsewhere in this offering memorandum. Such consolidated financial statements of the Company have been audited by Deloitte & Touche S.p.A. as set forth in their auditors' opinions included elsewhere this offering memorandum.

The summary unaudited *pro forma* data presented below provides certain financial information on an as adjusted basis to give effect to the Transactions, including the issuance of the Notes offered hereby and the application of the proceeds thereof as described in "*Use of proceeds*". The unaudited *pro forma* data below has been prepared for informational purposes only, and does not purport to represent what the actual consolidated cash interest expense would have been if the Transactions had occurred on 1 January 2013, or what the actual financial position of the Group would have been if the Transactions had occurred on 1 January 2013 nor does it purport to represent our consolidated cash interest expense or actual financial position at any future date. Our historical results may not be indicative of our future results following consummation of the Transactions. This unaudited *pro forma* combined financial data has not been prepared in accordance with the requirements of Regulation S-X of the Securities Act or any generally accepted accounting standards.

The following information should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements included elsewhere in this offering memorandum. The information below should also be read together with the information contained in the sections entitled "*Capitalisation*", "*Use of proceeds*" and "*Management's discussion and analysis of financial condition and results of operations*".

Consolidated income statement data

(€ in millions)	2011	2012	2013
	Year Ended 31 December		
Revenue	141.5	150.8	155.7
Other operating income	1.0	1.6	1.5
Total revenues	**142.6**	**152.3**	**157.2**
Consumption of raw and other materials	(18.9)	(18.3)	(17.5)
Cost of service	(25.4)	(28.6)	(29.7)
Personnel	(43.4)	(47.8)	(51.2)
—of which non-recurring	—	—	(0.3)
Other operating expenses	(2.4)	(2.9)	(3.2)
Non-recurring expenses	(3.1)	(3.8)	(4.6)
Depreciation and amortisation of non-current assets	(24.9)	(25.1)	(25.6)
Allowance for doubtful debts and other risks/provisions	(1.8)	(1.9)	(3.0)
Impairment of non-current assets	—	(75.0)	—
Operating result	**22.6**	**(51.1)**	**22.5**
Finance income	3.9	2.7	1.7
Finance cost	(29.7)	(28.2)	(47.5)
—of which non-recurring	—	—	(13.6)
Loss before income taxes	**(3.2)**	**(76.6)**	**(23.4)**
Income taxes			
Current income taxes	(9.5)	(8.2)	(7.6)
—of which non-recurring	—	1.4	—
Deferred income taxes	12.3	(2.0)	2.5
—of which non-recurring	3.1	(6.8)	—
Total income taxes	**2.9**	**(10.2)**	**(5.1)**
Profit (Loss) for the year	**(0.3)**	**(86.7)**	**(28.5)**
Loss (Profit) attributable to non-controlling interests	**(0.4)**	**(0.5)**	**(0.1)**
Profit (Loss) attributable to the owners of the Company	**(0.7)**	**(87.2)**	**(28.6)**
Adjusted EBITDA[1]	**52.4**	**54.7**	**55.9**

(1) See "*—Other consolidated financial information*" for the reconciliation of Adjusted EBITDA to *pro forma* Adjusted EBITDA.

Consolidated statement of comprehensive income

(€ in millions)	2011	2012	2013
	Year Ended 31 December		
Profit (Loss) for the year	**(0.3)**	**(86.7)**	**(28.5)**
Actuarial evaluation of Employees termination indemnities	—	(1.4)	0.1
Fiscal effect		0.4	—
Other comprehensive profit (loss), net of fiscal effect	**—**	**(1.0)**	**0.1**
Total comprehensive profit (loss)	**(0.3)**	**(87.8)**	**(28.4)**
Loss (Profit) attributable to non-controlling interests	(0.4)	(0.4)	(0.1)
Total comprehensive profit (loss) attributable to the owners of the Company	**(0.7)**	**(88.2)**	**(28.4)**

Consolidated statement of financial position

(€ in millions)	Year Ended 31 December 2011	2012	2013
Total non-current assets	656.3	567.0	577.7
Cash and bank balances	13.8	19.1	17.5
Trade receivables	46.9	46.5	48.7
Inventory	1.6	1.3	1.4
Total current assets	72.8	77.4	78.6
Total assets	729.1	644.4	656.3
Equity attributable to owners of the Company	326.6	238.4	183.1
Total equity	328.4	240.2	183.8
Overdrafts and loans from banks and other financial institutions non-current portion	165.3	167.5	300.0
Trade payables	16.1	15.9	18.5
Total non-current liabilities	340.4	338.1	397.3
Total current liabilities	60.2	66.0	75.2
Total liabilities	400.7	404.1	472.5
Total equity and liabilities	729.1	644.4	656.3

Consolidated cash flows data

(€ in millions)	Year Ended 31 December 2011	2012	2013
Cash flow generated from operations	39.0	46.9	43.6
—of which capitalised development expenses	2.3	4.3	7.1
Cash flows from investing activities	(14.0)	(15.7)	(26.0)
Cash flow from financing activities	(19.5)	(18.2)	(11.8)
Cash flows from taxes	(10.5)	(10.9)	(9.8)
Cash and cash balances from consolidation of new subsidiaries as of acquisition	1.6	3.2	2.3
Total cash flow generated in the period	(3.4)	5.2	(1.7)
Cash and cash balances at the end of the year	13.8	19.1	17.5

Other consolidated financial information

(€ in millions, except percentages/ratios)	As of and for the Year Ended 31 December 2011	2012	2013
EBITDA[(1)]	50.9	52.9	53.2
EBITDA margin[(1)]	35.7%	34.7%	33.8%
Adjusted EBITDA[(1)]	52.4	54.7	55.9
Adjusted EBITDA margin[(1)]	36.7%	35.9%	35.6%
Unaudited *pro forma* Adjusted EBITDA including synergies[(1)]			78.1
Capital expenditures[(2)]	3.3	7.3	9.1
Working capital[(3)]	17.4	16.2	11.7
Gross financial debt towards third parties[(4)]	262.8	270.6	333.1
Total financial net debt towards third parties[(5)]	247.9	251.5	315.5
Financial net debt towards third parties[(6)]	169.9	169.4	315.5
Adjusted net financial debt towards third parties[(7)]	152.8	153.9	296.8
Net interest expense[(8)]	26.9	25.1	27.9
Unaudited *pro forma* net interest expense[(9)]			31.4
Ratio of Total financial net debt towards third parties to Adjusted EBITDA	4.7x	4.6x	5.6x
Ratio of Adjusted EBITDA to net interest expense	2.0x	2.2x	2.0x
Unaudited *pro forma* gross financial debt towards third parties[(10)]			433.5
Unaudited *pro forma* net financial debt towards third parties[(11)]			401.5
Ratio of unaudited pro forma net financial debt towards third parties to unaudited *pro forma* Adjusted EBITDA including synergies			5.1x
Ratio of unaudited *pro forma* Adjusted EBITDA including synergies to unaudited *pro forma* net interest expense			2.5x

(1) "EBITDA", "Adjusted EBITDA", "EBITDA margin" and "Adjusted EBITDA margin", respectively, are supplemental measures of our performance that are not required by, or presented in accordance with, IFRS. These measures are not measurements of our financial performance under IFRS and should not be considered in isolation or as an alternative to income from continuing operations, cash flows or any other measures of performance or liquidity prepared in accordance with IFRS or as an alternative to cash flow from operating, investing or financing activities as a measure of liquidity.

We define "EBITDA" as operating income (loss) reported in the income statement, plus (i) impairment of non-current assets, (ii) other provisions, (iii) depreciation and amortisation and (iv) non-recurring expenses and non-recurring personnel expenses. "Adjusted EBITDA" refers to EBITDA plus allowance for bad debt. "EBITDA margin" refers to EBITDA divided by total revenues. "Adjusted EBITDA margin" refers to Adjusted EBITDA divided by total revenues.

We believe EBITDA, Adjusted EBITDA, EBITDA margin and Adjusted EBITDA margin, respectively, provide useful information with respect to our overall operating performance and debt service capacity by facilitating comparisons of operating performance on a consistent basis by removing the impact of items not directly resulting from core operations. We note, however, that EBITDA, Adjusted EBITDA, EBITDA margin and Adjusted EBITDA margin, respectively, have limitations as analytical tools, and should not be considered a substitute measure to operating profit, operating profit margin, as indicators of operating performance, as alternatives to operating cash flows or as a measure of our liquidity. See "*Presentation of financial and other information—Certain non-IFRS financial measures*".

The following table is a reconciliation of operating income (loss) as reported in our income statement to EBITDA, Adjusted EBITDA and unaudited *pro forma* Adjusted EBITDA including synergies:

(€ in millions)	As of and for the Year Ended 31 December 2011	2012	2013
Operating income (loss)	22.6	(51.1)	22.5
Impairment of non-current assets	—	75.0	—
Other provisions	0.3	0.2	0.2
Depreciation and amortisation	24.9	25.1	25.6
Non-recurring expenses and non-recurring personnel expenses[(a)]	3.1	3.8	4.9
EBITDA	**50.9**	**52.9**	**53.2**
Allowance for bad debt[(b)]	1.5	1.7	2.7
Adjusted EBITDA	**52.4**	**54.7**	**55.9**
Unaudited *pro forma* ACG Adjusted EBITDA[(c)]			3.2
Unaudited *pro forma* 24 Ore Software Adjusted EBITDA[(d)]			11.9
Estimated 24 Ore Software earnings adjustment and estimated savings[(e)]			1.4
Estimated cost savings and efficiencies in connection with the Acquisitions[(f)]			5.7
Unaudited *pro forma* Adjusted EBITDA including synergies			78.1

(a) Represents tax and legal advice and other sundry expenses, the nature of which is deemed to be non-recurring with respect to the business' normal operations and non-recurring costs of personnel.

(b) Represents the allowance of the period for bad or doubtful debt.

(c) Reflects Adjusted EBITDA derived from the unaudited income statement for the year ended 31 December 2013 of ACG based on information provided by the ACG Seller. See "*Unaudited pro forma combined financial information*" for further information.

(d) Reflects Adjusted EBITDA derived from the unaudited *pro forma* financial information of 24 Ore Software as of 31 December 2013 that include (i) the statutory financial statements of 24 Ore Software S.p.A., (ii) the statutory financial statements of its subsidiary Diamante S.p.A. and (iii) the unaudited carve-out income statement of the professional and software division of the 24 Ore Seller, which division will be contributed to 24 Ore Software prior to the completion of the 24 Ore Software Acquisition. See "*Unaudited pro forma combined financial information*" for further information.

(e) Earnings adjustment reflects the adjustments made by the Company's management including (i) adjustments decreasing *pro forma* adjusted EBITDA including the impact of one off revenues in connection with license sales and other income and (ii) adjustments increasing *pro forma* adjusted EBITDA including board of directors fees and the net effect of certain prior year expenses, which are of a non recurring nature. Estimated savings reflects estimated cost savings expected to be made from the date of closing the 24 Ore Software Acquisition, deriving from the substitution of certain centralised activities currently performed by the 24 Ore Seller that we will perform following the 24 Ore Software Acquisition. These include rent costs, accounting costs, IT costs, commercial services and marketing costs, production costs, security and privacy costs and procurement costs.

(f) Reflects our estimate of cost efficiencies and savings that would have been achieved in the year ended 31 December 2013 had we achieved the various synergies as a result of making the Acquisitions. We expect that such cost efficiencies and savings will include (i) research and development savings, including reduction of outsourced activities and integration and efficiencies of research and development functions, and (ii) savings resulting from integration and efficiencies with respect to marketing and support staff functions and other operational functions.

(2) We define capital expenditure as the total amount of investments in tangibles and intangibles incurred during the period (including capitalisation of development costs).

(3) Working capital equals to the total amount of (i) trade receivables, (ii) inventory and (iii) other receivables net of the total amount of (iv) trade payables, and (v) of other current liabilities.

(4) Gross financial debt towards third parties equals (i) non-current and current overdrafts and loans from banks and other financial institutions net of (ii) current and non-current financing fees plus (iii) current and non-current liabilities due to shareholders plus (iv) current and non-current other financial liabilities.

(5) Total financial net debt towards third parties equals gross financial debt towards third parties less (i) cash and bank balances and less (ii) non-current and current other financial assets.

(6) Financial net debt towards third parties equals total financial net debt towards third parties less current and non-current liabilities due to shareholders.

(7) Adjusted net financial debt towards third parties equals total financial net debt towards third parties less (i) current and non-current liabilities due to shareholders and less (ii) loans related to minority shareholders' put and call options (vendor loans).

(8) Net interest expense represents net interest expenses related to finance costs net of financial income as well as the net effect of the finance costs and finance expenses in connection with the vendor loans and non recurring financial expenses.

(9) Unaudited pro forma net interest expense represents net interest expense, as adjusted to give effect to the Transactions, including this Offering and the use of proceeds therefrom, as if the Transactions and the Initial Notes issuance had occurred on 1 January 2013. Pro forma cash interest expense excludes the non-cash interest expense relating to the amortisation of estimated Notes issuance costs and issuance costs with respect to the Initial Notes. This estimate assumes the issuance of €130 million in aggregate principal amount of Notes issued at 105.75% and carrying an interest rate of 7.375% in effect for 2013. Pro forma net interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expenses would have actually been had the Transactions and the Initial Notes issuance occurred on the date assumed, nor does it purport to project our net interest expense for any future period or our financial condition at any future date. The unaudited pro forma net interest expense presented in this table is different from what is presented herein under "Unaudited Pro Forma Combined Financial Information".

(10) Unaudited pro forma gross financial debt towards third parties represents total consolidated financial debt towards third parties in order to give effect to the Transactions as if they had occurred on 31 December 2013. This amount excludes issue premium on the Notes. The unaudited pro forma gross financial debt towards third parties presented in this table is different from what is presented herein under "Unaudited Pro Forma Combined Financial Information".

(11) Unaudited pro forma gross financial debt towards third parties net of cash and cash balances. The unaudited pro forma gross financial debt towards third parties net of cash and cash balances presented in this table is different from what is presented herein under "Unaudited Pro Forma Combined Financial Information".

Risk factors

For the purposes of the following risk factors, except where the context requires otherwise, references to the Notes shall be deemed to include the Notes offered hereby and the Initial Notes.

An investment in the Notes involves a high degree of risk. You should carefully consider the following risks, together with other information provided to you in this offering memorandum, in deciding whether to invest in the Notes. The occurrence of any of the events discussed below could be detrimental to our financial performance. If these events occur, the trading price of the Notes could decline, we may not be able to pay all or part of the interest or principal on the Notes, and you may lose all or part of your investment. Additional risks not currently known to us or that are presently deemed immaterial may also harm us and affect your investment.

This offering memorandum contains "forward-looking statements" that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such differences include those discussed below. See "Forward-looking statements".

Risks related to our business

Our business, financial condition, results of operations and liquidity may be adversely affected by the current unfavourable economic conditions worldwide and in Italy.

As the crisis in the global financial and credit markets has spread to non-financial sectors of the world economy, economies worldwide have shown significant signs of weakness, which has resulted in a general contraction in consumer spending that varies by market. Many European economies are facing a sovereign debt crisis and have received financial assistance from the International Monetary Fund and the European Financial Stability Facility. In addition, the credit rating agencies have continued to cut their ratings and post a negative outlook. Such economic contagion spread to Italy, where we generate all of our revenue. In November 2011 and December 2011, the Italian Parliament approved two separate austerity packages which sought to stabilise economic conditions in Italy and restore market confidence through the implementation of, among other things, spending cuts, pension reforms and tax increases. However, continued political instability in Italy has resulted in further destabilisation of the Italian economy and market confidence. In January 2012, Standard and Poor's downgraded its Italian debt rating from "A" to "BBB+" with a "negative outlook", reflecting its view as to Italy's increasing vulnerability to external financing risks and the negative impact these could have on economic growth and, in turn, public finances. In the same month, Fitch downgraded its long-term credit assessment of Italy from "A+" to "A−" with a "negative outlook". In February 2012, Moody's also downgraded its sovereign debt rating of Italy from "A2" to "A3" with a "negative outlook". Moody's further downgraded Italy's credit rating to "Baa2" from "A3" in July 2012, citing fragile market confidence and deterioration in Italy's short-term economic outlook. On 8 March 2013, Fitch again downgraded Italy's credit rating from A− to BBB+, citing Italy's escalating debt and ongoing recession as the primary reasons for the downgrade. Fitch also reasoned that the increased political uncertainty and non-conducive backdrop for further structural reform measures exacerbate economic conditions amidst the deep recession. Furthermore, on 13 July 2013, Standard and Poor's downgraded Italy's credit rating to BBB, with a negative outlook. In February 2014, Moody's changed the outlook of Italy's credit rating from negative to stable. This volatility in the Italian market as well as other economic factors specific to our business could lead to a downgrade in our own debt securities rating, which could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

The aforementioned economic and political developments have had a negative impact on Italy's growth. Italy's GDP contracted by 5.5% in 2009, and grew at 1.8% in 2010 and 0.4% in

2011. Italy's real GDP contracted by 2.4% in 2012 and by 1.9% in 2013. Inflation averaged 2.9% in 2011, rose to 3.3% in 2012 and was 1.3% in 2013. The impact of the austerity programmes implemented in Italy coupled with general recessionary conditions and ongoing uncertainty in the current macroeconomic environment could have negative effects on our business. Such effects could include: reduced customer spending on information technology and other products and services which we provide; increased customer default risk or incidence of bankruptcy; greater pressure on the prices of our products and our services; the inability of our customers to obtain credit on acceptable terms, or at all, to finance purchases of our products and our services; and pressure on our operating margins. Such negative effects would, in turn, have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

In addition, as the global financial system has experienced adverse credit and liquidity conditions, leading to a reduction in liquidity, greater volatility, general widening of credit spreads and, in some cases, lack of transparency in money and capital markets, a number of credit providers have reduced or ceased to provide funding to companies. If these conditions, together with the current economic situation in Italy, continue or worsen, it could adversely affect our ability to raise funding in the capital markets and/or access the credit markets on financial terms acceptable to us.

If we are unable to keep pace with technological, regulatory and market developments and the expectations of our customers, we may not be able to compete as effectively as our competitors and our business could be adversely affected.

The Italian market for business management software is characterised by rapid technological progress, changing customer needs driven by regulatory developments and frequent new product introductions, technologies and enhancements. Our future success depends on our ability to enhance and expand our existing software products, technology and services, and to introduce new software products, technologies and services that are attractive to the market. This is necessary to satisfy changing customer requirements and to keep pace with technological, regulatory and market developments. Accordingly, we believe that we must continue to dedicate a significant amount of resources to our research and development efforts to maintain our competitive position and ensure our future success.

We are implementing our Product Renewal Project, that is aimed at improving the commercial performance and quality of our products and increasing the efficiency of our business processes, which includes, among other things, the update of our software product range in light of recent technological trends in Italy including the usage of cloud computing by SMEs, the adoption of web-based business models generally, the increased use of mobile device platforms and the introduction of new software delivery models such as SaaS. As part of our Product Renewal Project, we expect to launch a range of new advanced products for SMEs and Professionals in 2014. Such new range of products will be based on POLYEDRO, our new technology platform, including: (i) ALYANTE Enterprise and ALYANTE Start, which are ERP solutions especially designed for small Italian companies, (ii) LYNFA Azienda, an accounting, tax and payroll solution that allows businesses and professionals to share data in real time, and (iii) LYNFA Studio, which consists of an integrated management system for Professionals, including accounting, tax and payroll management, covering both small professional studios and those with more than 100 employees. Furthermore, in 2013 we developed certain mobile and tablet applications, cloud solutions and an innovative platform for application development. The implementation of the Product Renewal Project contemplates a five-year investment plan of €16 million, of which €6.4 million has already been invested in 2012 and 2013. It is possible that we may not be successful in bringing new solutions, solution enhancements and services to market before our competitors, and we may not be able to generate sufficient revenue to offset the significant research and development costs that we incur in connection with Product Renewal Project. In addition, we may not develop technological improvements or succeed in adapting our software products to technological change, changing regulatory requirements and changing customer requirements. Further, any new software products we develop may also not achieve the broad market acceptance necessary to generate significant revenues, or even sufficient revenues to cover the costs incurred in developing such software. Finally, we may not succeed in producing high quality software products, enhancements, and releases in a timely and cost-effective manner to compete with applications and other technologies offered by our competitors, which could result in increased customer churn and migration to our competitor's products and services. Accordingly, the implementation of the Product Renewal Project could result in a loss of market share and may therefore have a material adverse effect on affect our business, prospects, financial condition, results of operations and cash flows.

Market acceptance of new platforms and operating environments may require us to incur the expense of developing and maintaining compatible product offerings.

Although our software products can be licenced for use with a variety of popular industry standard system platforms, there may be existing or future platforms that achieve popularity in the marketplace which may not be architecturally compatible with our software product design. Moreover, existing or future user interfaces that achieve popularity within the business application marketplace, may or may not be architecturally compatible with our current software product design. Developing and maintaining consistent software product performance characteristics across all of these combinations could require significant investment in research and development, placing a significant strain on our resources and software product release schedules which could adversely affect our revenues and results of operations. To maintain software performance across accepted platforms and operating environments, or to achieve market acceptance of those that we support, or to adapt to popular new ones, our expenditure may significantly increase and our revenues and results of operations may, as a result, be adversely affected.

If we fail to maintain or further develop our core Software and Services business line, our business, financial condition and results of operations could be materially adversely affected.

Our Software and Services business line forms the core of our business and represented €124.5 million or approximately 79% of our total revenues for the year ended 31 December 2013. We market our Software and Services business line products and services through our direct and indirect channels.

Our ability to increase revenue growth in the future in our Software and Services business line is contingent on the development of new relationships, as well as leveraging existing relationships with customers and VARs in our direct and indirect sales channels. For example, our strategy of strengthening organic growth contemplates increased cross-selling of our products and services to our existing customer base in our Software and Services business line. Moreover, through the Product Renewal Project, we intend to develop new relationships with our customers by introducing new software delivery models in response to the changing technological environment in Italy. There can, however, be no assurance that we will be successful in maintaining, expanding or developing our relationships with customers and VARs in our Software and Services business line, and if we are not successful, we may lose important sales opportunities, customers and market share.

Our indirect sales channel comprised a network of over 600 VARs as of 31 December 2013, and represented approximately 48% of our revenues from our Software and Services business line for the year ended 31 December 2013. In addition, we offer ACG products through over 50 VARs, many of which sell products of our competitors. As a result, we are may experience higher rates of churn with respect to such VARs or may experience difficult in renewing these contracts on favourable terms, or at all. Our financial results could be adversely affected if our contracts with VARs are not renewed or are terminated, if our relationship with VARs were to deteriorate, if any of our competitors enter into strategic relationships with or acquire a significant VAR or if the financial condition of our VARs were to weaken. Our business could also be adversely affected if the technical assistance and maintenance services provided by our VARs to end customers deteriorate or if end customer renewal rates with VARs decrease.

Our financial condition and results of operations may be adversely affected by a decline in revenue generated from technical assistance and maintenance services provided to customers.

A significant portion of our revenue is generated from the provision of technical assistance and maintenance services to customers in our Software and Services business line. For the year ended 31 December 2013, 66% of our Software and Service business line revenues were recurring.

Our technical assistance and maintenance services revenue is generated differently under our "direct sales channel" and "indirect sales channel", respectively. Under our direct sales channel, technical assistance and maintenance services revenue is derived from assistance and maintenance agreements entered into directly with our customers, and the renewal rate of such agreements is dependent upon a number of factors such as our ability to continue to develop and maintain our products, our ability to continue to recruit and retain qualified personnel to assist our customers, and our ability to promote the value of technical assistance and maintenance services for our products to our customers. Conversely, under our indirect sales channel, the quantum of technical assistance and maintenance services revenue generated is contingent on the nature of the contractual arrangements entered into with our VARs, which are mainly multi-year (with an average duration of three years) fixed fee arrangements, but can also be one-year variable fee arrangements.

Accordingly, if the contracts entered into with customers in our direct sales channel or VARs in our indirect sales channel are not renewed, or are terminated or renegotiated, or if we are unable to maintain the rate of addition of customers in our direct sales channel or VARs in our indirect sales channel, our technical assistance and maintenance services revenues could decline, and our financial condition and results of operations could be adversely affected.

Revenues from our education business line are highly cyclical and non-recurring in nature.

Our education business line offers a range of products including seminars, conferences, training programmes as well as a variety of publications targeted at Professionals (principally accountants, lawyers and labour advisors) and management in SMEs. This business line contributed approximately €13.2 million of our total revenues or approximately 8% of our total revenues for the year ended 31 December 2013.

Our ability to generate revenue from the education business line is highly cyclical and non-recurring in nature due to a number of factors such as: our ability to attract customers to enrol in our training programmes and attend our seminars and conventions; customers completing training programmes in which they are enrolled; the perception of our education business line offering as being, to a large extent, non-essential to business in periods of economic downturn; and changes in the legal or regulatory requirements in Italy governing accreditation of our education business line offering and requiring certain professionals to attend a minimum number of and/or certain prescribed training programmes with accredited providers in order to maintain their licence to practice in their respective profession. Accordingly, if our education business line customers stop using our products, if the uptake of our education business line offering declines for any reason, if legal or regulatory requirements change such that any of our current education providers (currently comprising Euroconference, Paradigma or Optime) no longer qualify as an accredited provider or the products that we offer are no longer required for certain of our professional clients to maintain their professional licence, then the revenues derived from our education business line would decline.

Goodwill represents a significant portion of our total assets and we recently recognised a significant goodwill impairment.

We have recognised a significant amount of goodwill on our consolidated financial statements, in connection with the acquisition of a majority stake in our business by HgCapital and acquisitions of various businesses and strategic assets thereafter. Total goodwill, which represents the excess of the cost over the fair value of the assets and liabilities acquired, was approximately €313.3 million or approximately 48% of our total assets as of 31 December 2013.

Our goodwill is tested annually (or more frequently if specific events or changes in circumstance indicate the possibility that value has been impaired) for impairment, and is not subject to amortisation. As a result of the 2012 impairment test, we recorded €75.0 million of impaired value for the year ended 31 December 2012 into the line item "impairment of goodwill" of the consolidated income statement. This is because the amount of any quantified impairment has to be recorded immediately as a charge to the income statement. The non-recurring impairment is of a purely accounting nature and without any cash impact.

The impairment test has been calculated on the basis of the business plan approved by our Board of Directors, which includes a more conservative forecast of turnover, EBITDA and cash flow as compared to historical growth rates in order to take account of the uncertainty of the Italian economy and adverse market conditions.

We may be required to record additional goodwill impairments in the future in the event that business forecasts are cut significantly. Such impairments may also result from, among other factors, (i) deterioration in performance, and (ii) adverse changes in applicable laws or regulations, including changes that restrict our business activities or affect the products and services we sell. Such circumstances could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Our business is highly seasonal and our working capital needs are subject to quarterly fluctuations, which could negatively impact our results of operations.

Our operating results and working capital needs can vary and have varied in the past, sometimes substantially, from quarter to quarter due to our seasonal billing patterns. In our core industry business line, invoicing in our direct sales channel is concentrated in the month of January, primarily in respect of assistance and maintenance services which are billed in advance annually in each January, whilst contracts with VARs in our indirect sales channel are invoiced on a quarterly or yearly basis. Due to the seasonal nature of our billing patterns, our working capital needs are subject to quarterly fluctuations, traditionally peaking in March due to the concentration of sales invoicing of assistance and maintenance services in our direct sales channel, and falling to their lowest point in December when the majority of trade receivables relating to assistance and maintenance contracts in our direct sales channel are collected. In addition, 24 Ore Software currently has a longer billing cycle than us and as a result, our working capital may be adversely affected following the 24 Ore Software Acquisition. If we do not effectively manage our working capital, by ensuring that alternative sources of capital or cash are available to address our working capital needs from quarter-to quarter, our cash flows, business and results of operations could be adversely affected.

The sales cycle for our Software and Services products makes it difficult to predict our operating results.

Our customers often take significant time evaluating our software products before licencing our software. The period between initial customer contact and purchase in our sales distribution channels may vary from one month to more than one year. This is particularly true with purchases by larger customers of more elaborate systems. During the sales evaluation period, prospective customers may delay purchases, may decide not to purchase and may scale down proposed orders for reasons that we do not control and cannot predict including:

- changes in economic conditions;
- changes in customer personnel;
- reduced demand for enterprise software solutions;

- introduction of products by our competitors;
- seasonality of a customer's information technology purchases;
- lower prices offered by our competitors;
- changes in the budgets and purchasing priorities of our customers;
- need for education of customer personnel;
- changes in the information systems of our customers; and
- changes in regulation.

This makes our revenue, and in particular our non-recurring software revenue difficult to forecast, and could result in significant variations in our results of operations from quarter to quarter or year to year. Moreover, the loss or delay of one or a few large sales could have a significant negative impact on our revenue results for a given quarter or year.

We face large or established competitors, local specialised competitors and price competition.

We face competition from a number of software companies that have advantages over us due to their greater name recognition, longer operating and product development history, greater international presence and greater financial, technical and marketing resources. These competitors include well-established companies such as Gruppo Wolters Kluwer and Microsoft Corporation. As such, we may not have sufficient financial and human resources to compete against such competitors. We also face competition from a variety of local and more specialised Software and Services providers, including the Zucchetti group and Sistemi—S.p.A. If any of our competitors offer more favourable pricing, payment or other contractual terms, warranties, or functionality which we do not currently provide, we may need to lower our prices or offer other favourable terms in order to compete successfully, which could lower our margins and negatively affect our results of operations and market share. In addition, our current competitors may consolidate or form alliances with each other in the future either internationally or with a local software company and, as a result, competition may intensify. The successful consolidation of two or more of our competitors could result in the combination of their resources and technological capabilities, improved access to a wider customer base and improve economies of scale. This intensified competition could result in a loss of market share for us.

Changes in the terms on which we licence products and technologies from third-party vendors or in our relationships with such third-party vendors could result in the loss of revenues, increased costs or delays in the production and improvement of our products or force us to pay higher licencing fees.

We have obtained numerous third-party software and technologies under licence and have used these platforms to operate and develop our own software products. We also sell third party software products under licence in Italy. For example, our CAD/CAM business line primarily markets and delivers CAD/CAM software products in the Italian market, pursuant to licencing arrangements with SolidWorks Inc. In addition, the ACG Seller provides certain software licences to the Company which are necessary for ACG for the purposes of carrying out its business following the ACG Acquisition. There can be no assurance that the licences for such software and technologies will not be terminated, or that such licences will be available in the future on terms acceptable to us, or that we will be able to obtain third-party software and technology licences for future products. Changes to or the loss of third-party licences could lead to a material increase in the cost of licencing, delays in the delivery of third party products to our customers, or could cause our software products to become unusable or result in a material reduction of functional scope, and our reputation and business may consequently suffer.

If any of the third-party platform or software vendors change their product offerings, introduce technological solutions that inhibit integration with our software products, or terminate or interrupt our licences, we may also need to seek alternative vendors, thus incurring additional internal or external development costs to ensure the continued performance of our software products. Such alternatives may not be available on attractive terms or at all, or within the time frames we require, or may not be as widely accepted or as effective as the platforms or software provided by our existing vendors.

Third parties may claim that we are infringing their intellectual property and we could become subject to significant litigation or licencing expenses or be prevented from selling products or services.

From time to time, third parties may claim that one or more of our products, services, systems or databases infringe their intellectual property rights. We analyse and take action in response to such claims on a case-by-case basis. Any dispute or litigation regarding trademarks or other intellectual property could be costly and time-consuming due to the complexity of our technology and the uncertainty of intellectual property litigation. In addition, such actions could divert our management and key personnel from our business operations. A claim of intellectual property infringement could force us to enter into a costly or restrictive licence agreement, which might not be available under acceptable terms or at all, or could subject us to significant damages or to an injunction against development and the sale of certain of our products or services. Our intellectual property portfolio may not be useful in asserting a counterclaim, or negotiating a licence in response to a claim of intellectual property infringement. Although our policy is to obtain licences or other rights where necessary, we cannot provide assurance that we have obtained all required licences or rights. If a successful claim of intellectual property infringement is brought against us we may be unable to develop non-infringing products or services, or to obtain licences on a timely and cost-effective basis. For the reasons mentioned above, intellectual property infringement claims could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Third parties may infringe our intellectual property rights. Italian intellectual property law offers limited protection for our products and we may suffer competitively or expend significant resources enforcing our intellectual property rights.

Our success increasingly depends on establishing and protecting our intellectual property rights. Our intellectual property rights include copyrights, database rights, national and European Union trademarks, domain names and trade secrets, as well as confidentiality provisions and licencing arrangements. Italian intellectual property law may not provide sufficient protection for our products. Aspects of our intellectual property contributes to our identity and the recognition of our products and services are an integral part of our business. If we do not enforce our intellectual property rights successfully, our competitive position may suffer which could harm our operating results.

We may need to spend significant resources monitoring or enforcing our intellectual property rights and we may or may not be able to detect infringement by third parties. Our competitive position may be harmed if we cannot detect infringement and enforce our intellectual property rights quickly or at all. In some circumstances, enforcement may not be available to us because an infringer has a dominant intellectual property position or, for other business reasons. In addition, competitors might avoid infringement by designing around our intellectual property rights or by developing non-infringing competing technologies. The occurrence of these events could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Undetected defects or delays in the introduction of new software products and product enhancements may harm our reputation, result in increased costs to us and reduce demand for our products and services.

Our new products and product enhancements are highly complex and often require long development and testing periods. Development work is also subject to various risks. For example, scheduled market launches could be delayed, or products might not completely satisfy our quality standards, meet market needs or the expectations of customers, or comply with regulatory requirements. New products may also contain undetected defects or they may not be mature enough to process large volumes of data. In some circumstances, we might not be in a position to rectify such defects or entirely meet the expectations of customers.

As our customers use our software products for important aspects of their business (such as the calculation of accounting, financial and tax information), any errors or defects in, or other performance problems with, our software products may adversely affect our customers' businesses. As a result, we might be faced with customer claims for cash refunds, damages, replacement software, or other concessions. Moreover, our customers may elect to not renew contractual arrangements relating to our software products and services and/or to delay or withhold payment of software licencing and assistance and maintenance fees. The risk of defects and their adverse consequences could increase as we seek to introduce a variety of new software products simultaneously as part of our Product Renewal Project. Significant undetected defects or delays in the introduction of new products or product enhancements, could affect market acceptance of our software products which, in turn, could adversely impact our reputation, financial condition, business and results of operations. In addition, this could result in the diversion of development resources.

While the contractual arrangements governing the sale of our software products in both our direct sales channel and indirect sales channel typically contain limitations and disclaimers that purport to limit our liability for defects and errors in our software, such limitations and disclaimers may not be enforced by a court or other tribunal in Italy or otherwise effectively protect us from such claims. Although we maintain general liability insurance, including coverage for errors and omissions, this coverage may not be sufficient to cover liabilities resulting from such product liability claims and our insurer may disclaim coverage. Our liability insurance also may not continue to be available to us on reasonable terms, cover sufficient value, or at all. Any product liability claims successfully brought against us would adversely affect our business. Publicity surrounding such claims could also affect our reputation and the demand for our software.

A data security breach could have a significant negative impact on our business and our customers.

Our products and services rely on our IT infrastructure and applications. Unauthorised users could gain access to our systems through cyber-attacks and introduce backdoors or steal, use without authorisation, or sabotage our intellectual property or confidential data. A breach of our IT security could cause loss of production, recovery costs, or litigation brought by customers or business partners. This could have a significant negative impact on our business, financial condition and results of operations. Although we have taken IT security measures to protect certain portions of our intellectual property, assets and confidential data, if we were to experience frequent or persistent security breaches, such events could significantly impair our ability to conduct our businesses and generate revenue and could harm our reputation.

System interruption and lack of redundancy may cause us to lose customers or business opportunities.

We rely on IT infrastructure and applications to develop our software products. Our inability to maintain and improve our IT systems and infrastructure may result in system interruptions. Like many software developers, we have experienced and may in the future experience system interruptions. Any interruptions, outages or delays in our systems or deterioration in their performance could impair our ability to develop our software products and decrease the quality of services that we can offer to our customers. The costs of enhancing our IT systems and infrastructure to achieve improved stability and redundancy may be time-consuming and expensive and may require resources and expertise that are difficult to obtain.

While we have backup systems and contingency plans for critical aspects of our business, certain other non-critical systems may not be fully redundant and our disaster recovery or business continuity planning may not be sufficient. In addition, we may have inadequate insurance coverage or insurance limits to compensate for losses from a major interruption, and remediation may be costly and have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Moreover, for a period following the 24 Ore Software Acquisition, we will continue to use certain existing software and information technology of 24 Ore Software in connection with this newly acquired business. We may experience difficulty integrating such software into our existing IT systems or may incur significant integration costs. Such difficulty in integrating software services with respect to 24 Ore Software following the acquisition may cause delays in our ability to implement our business plan, which could in turn adversely affect our ability to realise anticipated cost-savings and synergies in a timely manner and could have a material adverse effect on our business, results of operations and financial condition.

We may be unable to successfully implement our business and strategies.

Our future financial performance and success largely depends on our ability to implement our business strategies. We may not be able to successfully implement the business strategies described in this offering memorandum or those otherwise developed by our business, and these strategies may not sustain or improve our results of operations in targeted sectors or justify their costs.

Our business strategies are based on our assumptions regarding future demand for our products and services, the new products and applications we are developing and our continuing ability to produce our products and serve our customers profitably. Each of these factors depends, among other things, on our ability to develop new products and continually enhance our existing products, finance our operations and product development activities, maintain high-quality and efficient operations, relocate and/or close certain facilities with minimal disruption to our operations, and retain and attract highly skilled technical, managerial, marketing and finance personnel. Any failure to develop, revise or implement our business strategies in a timely and effective manner may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our strategy of selectively pursuing acquisitions of businesses, including the ACG Acquisition and the 24 Ore Software Acquisition, in our core Software and Services business line and adjacent markets may present unforeseen integration obstacles or costs.

Our business strategy includes the acquisition of businesses and entering into joint ventures and other business combinations that we expect would complement and expand our existing products and services and the markets where we sell our products and services as well as increase our customer base. We may not be able to successfully identify suitable acquisitions or joint venture opportunities or complete any particular acquisition, combination, joint venture or other transaction on acceptable terms. Acquisitions, including the ACG Acquisition and 24 Ore Software Acquisition pose additional risks, including overpayment in relation to a business purchase price or the assumption of unexpected liabilities and undisclosed risks. Future acquisitions may also result in risks associated with entering new markets, and we may be unable to profitably operate the acquired businesses. In evaluating potential acquisitions, including the ACG Acquisition and the 24 Ore Software Acquisition we make certain assumptions regarding the future combined results of the existing and acquired operations. In certain transactions, the acquisition analysis includes assumptions regarding the consolidation of operations and improved operating cost structures for the combined operations. There can be no assurance that such synergies or benefits will be achieved on the assumed time schedule or in the assumed amount, if at all. Furthermore, the financial information presented in this offering memorandum for the purpose of presenting the effect of the Acquisitions as if they had occurred on 1 January 2013 may have been materially different had ACG and 24 Ore Software instead been a part of our business operations as of 1 January 2013 and subject to our financial reporting and audit processes. We cannot predict the timing and success of our efforts to acquire any particular business and fully integrate the acquired business into our existing organisational set-up or production and logistical operations. Also, efforts to acquire other businesses, or the implementation of other elements of this business strategy, may divert managerial resources away from our business operations. In addition, our ability to engage in strategic acquisitions may depend on our ability to raise substantial capital and we may not be able to raise the funds necessary to implement our acquisition strategy on terms satisfactory to us, if at all. Our failure to identify suitable acquisition or joint venture opportunities may restrict our ability to grow our business. In addition, the integration of an acquired business and its systems, operations and personnel, particularly in respect of businesses operating in adjacent markets, could be more difficult and time-consuming than anticipated, which could lead to increased operating costs, the loss of key employees, suppliers, agents, VARs and customers and a failure to realise anticipated synergies. Our inability to realise anticipated cost-savings, synergies and revenue enhancements, whether from the ACG Acquisition, the 24 Ore Software Acquisition or other acquisitions, could have a material adverse effect on our business, results of operations and financial condition.

Our ability to operate and integrate ACG may suffer if we do not, quickly and cost-effectively, establish the support services that were provided by the ACG Seller, in order to be able operate as a fully stand-alone company.

Prior to its separation from the ACG Seller, ACG did not operate as a fully stand-alone company, but merely as a going concern ("*ramo d'azienda*") that was transferred to a special purpose vehicle that was incorporated by the ACG Seller for the purposes of transferring the ACG business. Historically, the ACG business relied on certain support services and resources of the ACG Seller to operate its business and to provide services to its customers. Our integration of ACG has required and will continue to require, the creation of fully independent support systems and contracts with suppliers to replace the ACG Seller's systems and services.

Market perceptions concerning the instability of the euro, the potential reintroduction of individual currencies within the eurozone or the potential dissolution of the euro entirely, could negatively impact our business or our ability to refinance our liabilities.

Economic events in recent years affecting European economies have raised a number of questions regarding the stability and overall standing of the European Monetary Union. Credit risk in these countries and in other eurozone countries could have a negative impact on our business. Concerns also remain regarding the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual euro member states. The departure or risk of departure from the euro by one or more eurozone countries or the abandonment of the euro as a currency, or the reintroduction of an individual currency in Italy, could have major negative effects on our existing contractual relations with our customers, and could adversely affect the economy in Italy, where we provide products and services to our customers. In particular, the departure of Italy from the euro would increase our exposure to changes in currency rates. Any of these developments could affect our ability to refinance our liabilities and have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

If we experience labour disputes or work stoppages, our business could be materially adversely affected.

The Italian constitution provides that all employees of Italian companies have the right to set up and join trade unions and to carry on trade union activities, including appointing workers' representatives to negotiate with their employer. The right to go on strike is provided for under Italian law. We cannot guarantee that our employees will not go on strike in the future. Any work stoppages resulting from employee strikes could hinder our ability to provide our standard level of customer service. In addition, we have been in the past, are currently and could in the future be party to, labour disputes with certain of our employees. There can be no assurance that these disputes or future disputes by employees will not have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

In addition, from time to time, we have in the past and may in the future, carry out collective dismissals. Such collective dismissals may result in disputes with or claims by trade unions and our employees. We may be required to pay additional amounts to resolve or settle such disputes or claims.

Higher employment costs may have a material adverse effect on our business, financial condition and results of operations.

Labour costs have been increasing steadily in our business over the past several years. Our labour costs may rise faster than expected or at an increasing rate in the future as a result of increased workforce activism, salary increases, headcount increases, government decrees and changes in social and pension contribution rules implemented to reduce government budget deficits or to increase welfare benefits to employees. We may not manage to offset the increase in labour costs through productivity gains. We tend to face resistance from customers to price increases motivated by increases in labour costs. If labour costs increase further, our operating costs will increase, which could, if we cannot recover these costs from our customers through increased selling prices or offset them through productivity gains or other measures, have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Our future success also depends on our ability to continue to retain and attract highly skilled employees. The loss of key personnel could have an adverse effect on our operations.

We rely upon the members of our senior management team. We have put in place policies and remuneration designed to retain and incentivise management; however, there can be no guarantee that we will be able to retain and incentivise management or to find suitable replacements should any of them leave us. Should senior management leave in significant numbers or if a critical member of senior management were to leave unexpectedly, it could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

We believe that our future success also depends upon our ability to continue to train, retain, effectively manage and attract highly skilled technical, managerial, sales and marketing personnel. If our efforts in these areas are not successful, our costs may increase, development and sales efforts may be hindered and our customer service may decline. Although we invest significant resources in recruiting and retaining highly skilled employees, there is intense competition for personnel in the software industry and many of our competitors are larger and have greater financial resources for attracting highly skilled employees. A material loss of key employees or the failure to retain and attract suitably qualified employees could have a material adverse effect on our continued ability to compete effectively.

Furthermore, certain of our managers and employees have undertaken non-compete obligations with respect to the activities carried out by the Group. However, should the above non-compete undertakings be deemed not to be compliant with certain antitrust law provisions, such undertakings may not enforceable.

The interests of our principal shareholders may not correspond with the interests of the holders of the Notes and the Investment Agreement could impose operating and financial restrictions on our business.

Our principal shareholders are investment funds and entities that are controlled, directly or indirectly, by an affiliate of HgCapital and Bain Capital which, together, indirectly own a majority of the share capital of the Issuer. The interests of our principal shareholders and their respective affiliates could conflict with the interests of the holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Our principal shareholders or their respective affiliates may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might also involve risk to the holders of the Notes. In addition, our principal shareholders or their respective affiliates may, in the future, own businesses that directly compete with ours.

Under the Investment Agreement, certain actions relating to the management and administration of the affairs of the Group require the approval of HgCapital, Bain Capital and ICG, including certain acquisitions, disposals, mergers or other business combination transactions relating to us or any of our subsidiaries and certain other matters. See "*Principal shareholders—Investment Agreement*". Our principal shareholders may be unable to agree on whether we should engage in any of these transactions or other matters and any disagreement may limit our ability to respond to market opportunities, or make certain commercial or financial decisions, as quickly as needed.

Certain of our subsidiaries have minority shareholders whose interests may differ from those of our other shareholders, which may adversely affect our business. Arrangements with such minority shareholders may require us to purchase shares at predetermined prices under certain put and call options.

We operate a number of our businesses through strategic partnerships with other investors who hold a minority interest. Our relationships with these strategic partners are governed by various contractual arrangements, which regulate the corporate governance, management and administration of such businesses and, in some instances, provide for the possibility to exercise a put and call option on the minority interest within predetermined future periods. In certain circumstances, certain material decisions with respect to operations conducted by such subsidiaries require the consent of minority shareholders, such as capital increases, relocation of corporate domicile and other relevant matters. Our strategic partners may not necessarily share our views on the manner in which the relevant business should operate and may exercise their rights in a manner which is adverse to us which, in turn, could have an adverse effect on our business. Moreover, if we cannot resolve any such conflicts of interest or disputes with such strategic partners, we may also have to rely on legal proceedings to remedy the situation, which could result in disruption of our business and substantial uncertainty as to the outcome of any such legal proceedings.

In addition, some of our agreements also provide exit clauses for the minority shareholders, whereby preset formulae are used to calculate the value of the relevant interest and the terms of payment. There may be circumstances in which we may be required to acquire the minority interest of our strategic partners pursuant to a put/call arrangement or other undertakings in place, and there can be no assurance that we will have access to the funds necessary to do so. For example, pursuant to an agreement entered into on 15 November 2013, among the Company and certain minority shareholders of TeamSystem Emilia S.r.l. and ISP Parma S.r.l., the Company purchased shares in TeamSystem Emilia S.r.l. and ISP Parma S.r.l. from such minority shareholders. As part of this transaction, ISP Parma S.r.l. was merged with and into TeamSystem Emilia S.r.l., and the Company entered into a shareholders agreement with the minority shareholders that, among other things, granted to such minority shareholders a put option to be calculated on the basis of the results of operation of TeamSystem Emilia S.r.l. or, in the case of one of the minority shareholders, a minimum price. If we do not comply with our contractual obligations to purchase minority interests, we may become subject to legal proceedings which may result in substantial costs and expenses being incurred and disruption to our business.

Potential liabilities and costs from litigation could adversely affect our business.

We are involved in litigation and regulatory actions as part of our ordinary course of business. There is no guarantee that we will be successful in defending against civil suits. Even if a civil litigation claim is without merit, does not prevail or is not pursued, any negative publicity surrounding assertions against our business or products could adversely affect our reputation. Regardless of its outcome, litigation may result in substantial costs and expenses and divert the attention of our management. In addition to pending matters, future litigation could lead to increased costs or interruption of our normal business operations.

We are subject to certain competition and antitrust laws.

Our business is subject to applicable competition and antitrust laws, rules and regulations of the European Union and Italy. We may become subject to investigations and proceedings by national and supranational competition and antitrust authorities for alleged infringements of antitrust laws, which could result in fines or other forms of liability or otherwise damage our reputation. Such laws and regulations could limit or prevent our ability to grow in certain markets, in particular Italy.

The Italian software market is currently regarded as a single market. Should the position be redefined, for example, by treating segments of the Italian software market as distinct markets subject to antitrust regulations, we may become subject to an investigation into the strength of our market position. In such cases, given our strong presence in certain segments of the Italian software market, a potential investigation could give rise to certain obligations or restrictions on our market behaviour if we are deemed to have a dominant position. Such obligations could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

We are from time to time involved in various tax audits and investigations and we may face tax liabilities in the future.

We are from time to time subject to tax audits and investigations by the tax authorities, which include investigations with respect to the direct tax and indirect tax regime of any of our transactions. Adverse developments in laws or regulations, or any change in position by the taxing authority regarding the application, administration or interpretation of laws or regulations, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. In addition, the relevant tax authorities may disagree with the positions we have taken or intend to take regarding the tax treatment or characterisation of any of our transactions. We could also fail, whether inadvertently or through reasons beyond our control, to comply with tax laws and regulations relating to the tax treatment of various of our transactions or financing arrangements, which could result in unfavourable tax treatment for such transactions or arrangements, and possibly lead to significant fines or penalties. It may be necessary to defend our tax filings in court if a reasonable settlement cannot be reached with the relevant tax authorities and such ensuing litigation could be costly and distract management from the other affairs of our business. Tax audits and investigations by the competent tax authorities may generate negative publicity which could harm our reputation with customers, suppliers and counterparties. We can provide no assurance that the financial impact of any adverse tax adjustment in connection with our business would not have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Risks related to our financial profile

The Issuer is a holding company and conducts no business operations of its own and will depend on cash flows from its subsidiaries to make payments on the Notes.

The Issuer is a holding company that conducts no business operations of its own and has no significant assets other than the shares it holds in its direct subsidiary, the Company as well as the Company Shareholder Loan and the Funding Loan. Repayment of the Issuer's indebtedness, including under the Notes, is dependent on the ability of our subsidiaries to make such cash available to us, by dividend distributions and interest payments on or repayments of the Funding Loan and other intercompany loans, or otherwise. Our subsidiaries may not be able to, or may be restricted by the terms of their existing or future indebtedness, or by law, in their ability to make distributions or advance upstream loans to enable us to make payments in respect of our indebtedness, including the Notes. Each subsidiary of ours is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries.

While the Indenture and the Revolving Credit Facility Agreement limit the ability of our subsidiaries to incur contractual restrictions on their ability to pay dividends or make other intercompany payments to us, such limitations are subject to certain significant qualifications and exceptions. In the event that we do not receive distributions or other payments from our subsidiaries, we may be unable to make required principal and interest payments on the Notes. We do not expect to have any other sources of funds that would allow us to make payments to holders of the Notes.

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Guarantee.

Upon consummation of the Transactions, we will have a substantial amount of outstanding indebtedness with significant debt service requirements. As of 31 December 2013, after giving effect to the Transactions, including this Offering and the application of the proceeds therefrom, we would have had €433.5 million of total debt, including the €130 million in aggregate principal amount of the Notes (excluding issue premium with respect to the Notes) and €300 million in aggregate principal amount of the Initial Notes. See "*Capitalisation*".

The degree to which we will remain highly leveraged following the issuance of the Notes could have important consequences for you as a holder of the Notes, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes, the Guarantee and other debt and liabilities;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing the availability of our cash flow, and limiting our ability to obtain additional financing, to fund working capital, capital expenditure, acquisitions, joint ventures, or for other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate;
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged; and
- limiting our ability to borrow additional funds and increasing the costs of any such borrowing.

Any of these or other consequences or events could have a material adverse effect on our ability to satisfy our debt obligations, including the Notes.

Despite our significant leverage, we and our subsidiaries will still be able to incur significant additional amounts of debt, which could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future, including secured indebtedness and indebtedness under the Revolving Credit Facility, of which £44 million will be available after giving effect to the Transactions. Although the Revolving Credit Facility Agreement and the Indenture contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If new debt is added to our and our subsidiaries' existing debt levels, the related risks that we now face, as described in these "*Risk factors*" would increase. In addition, the Indenture and the Revolving Credit Facility Agreement do not prevent us from incurring obligations that do not constitute indebtedness under those respective agreements.

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Indenture restricts, among other things, the ability of the Issuer and its restricted subsidiaries to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- pay dividends or make other distributions or purchase or redeem our stock;
- make investments or other restricted payments;
- enter into agreements that restrict our ability to pay dividends;
- transfer or sell assets;
- engage in certain transactions with affiliates;
- create liens on assets to secure indebtedness;
- impair the security interests for the benefit of the holders of the Notes; or
- merge or consolidate with other entities.

All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain covenants*". The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest.

In addition, we are subject to the affirmative and negative covenants contained in the Revolving Credit Facility Agreement. A breach of any of those covenants or restrictions could result in an "event of default" under the Revolving Credit Facility Agreement. Upon the occurrence of any event of default that is continuing under the Revolving Credit Facility Agreement, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the Revolving Credit Facility and elect to declare all amounts outstanding under the Revolving Credit Facility, together with accrued interest, immediately due and payable. In addition, a default under the Revolving Credit Facility Agreement could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions, including the Indenture. If our creditors, including the creditors under the Revolving Credit Facility, accelerate the payment of those amounts, we cannot assure you that our assets and the assets of our subsidiaries would be sufficient to repay in full those amounts, to satisfy all other liabilities of our subsidiaries that would be due and payable and to make payments to enable us to repay the Notes, in full or in part. In addition, if we are unable to repay those amounts, our creditors could proceed against any collateral granted to them to secure repayment of those amounts.

We may not be able to generate sufficient cash to meet our debt service obligations.

Our ability to make scheduled principal or interest payments when due on our indebtedness and to meet our other debt service obligations, including under the Notes and the Revolving Credit Facility, or to refinance our debt, depends on our future operating and financial performance, which will be affected by our ability to successfully implement our business strategy as well as general economic, financial, competitive, regulatory and other factors, many of which are beyond our control, as well as those factors included in this offering memorandum. If we cannot generate sufficient cash to meet our debt service requirements, we may, among other things, need to refinance all or a portion of our debt, including the Notes and the Revolving Credit Facility, obtain additional financing, delay planned capital expenditures or investments or sell material assets. If we are not able to refinance any of our debt, obtain additional financing or sell assets on commercially reasonable terms or at all, we may not be able to satisfy our debt obligations, including under the Notes. In addition, the terms of our Revolving Credit Facility and the Indenture and any future debt may limit our ability to pursue any of the foregoing measures.

Our corporate and financing structure may expose us to potentially adverse tax consequences.

We are subject to taxation in, and to the tax laws and regulations of, Italy. We are also subject to intercompany pricing laws, including those relating to the flow of funds among our companies pursuant to, for example, purchase agreements, licencing agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position by the relevant Italian authority regarding the application, administration or interpretation of these laws or regulations, could have a material adverse effect on our business, financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

In addition, the tax authorities in the jurisdictions in which we operate may disagree with the positions we have taken or intend to take regarding the direct and indirect tax treatment or characterisation of any of our transactions, including the tax treatment or characterisation of our indebtedness, including the Notes, existing and future intercompany loans and guarantees or the deduction of interest expenses. We could also fail, whether inadvertently or through reasons beyond our control, to comply with Italian tax laws and regulations relating to the tax treatment of various of our financing arrangements, which could result in unfavourable tax treatment for such arrangements.

Risks related to the 24 Ore Software Acquisition

The completion of the 24 Ore Software Acquisition is subject to significant uncertainties and risks.

On 15 April 2014, the Company entered into the 24 Ore Software Acquisition Agreement with the 24 Ore Seller to acquire 24 Ore Software for an initial enterprise consideration amounting to €117.5 million, consisting of €95 million (which consists of cash consideration to be paid to the 24 Ore Seller and an amount to be paid to the 24 Ore Seller for the Company to assume certain outstanding intercompany indebtedness) and €22.5 million through the Vendor Loan. The 24 Ore Software Acquisition Agreement includes various representations and warranties to be made by the 24 Ore Seller as well as customary indemnity provisions that will reduce the amount owed under the Vendor Loan and non-compete obligations with respect to the 24 Ore Seller. The consummation of the 24 Ore Software Acquisition pursuant to the 24 Ore Software Acquisition Agreement is subject to certain undertakings being completed, including, among other things: (i) the incorporation by 24 Ore Seller of a new company and the contribution therein of all the agency agreements in force between 24 Ore Seller and its agents, which shall act as sub-agents of 24 Ore Software, on the basis of an agency agreement to be entered into upon the consummation of the 24 Ore Software Acquisition between 24 Ore Software, the Company, the 24 Ore Seller and the new company; (ii) a transitional services agreement between 24 Ore Software and the 24 Ore Seller to be entered into upon the consummation of the 24 Ore Software Acquisition, which shall govern the supply of certain material services by 24 Ore Seller to 24 Ore Software; (iii) the transfer of the trade name of 24 Ore Software to 24 Ore Seller and the subsequent execution of a trademark licence agreement between 24 Ore Software, as licencee, and 24 Ore Seller, as licencor; (iv) the execution of the Vendor Loan upon the consummation of the 24 Ore Software Acquisition. Completion of the 24 Ore Software Acquisition is one of the conditions to release of a portion of the proceeds from this Offering of the Notes that are subject to the escrow. If the 24 Ore Software Acquisition is not consummated for any reason on or prior to 31 May 2014 and upon the occurrence of certain other events, and, as a result, the proceeds from the sale of the Notes to be held in escrow are not released, the Issuer will be required to redeem €90 million in aggregate principal amount of the Notes pursuant to the terms of the special mandatory redemption provided under the Indenture, and you may not obtain the investment return you expect on the Notes.

Furthermore, the 24 Ore Software Acquisition Agreement provides that 24 Ore Software will not be permitted to continue to use "Sole 24 Ore" in its corporate name after 30 days from the closing date of the 24 Ore Software Acquisition. In addition, 24 Ore Software will not be permitted to use the distinctive sign "24" (and any other distinctive signs or symbols which might be confused with the distinctive signs and trademarks of the 24 Ore Seller and its affiliates) in its product names after nine months from the closing date of the 24 Ore Software Acquisition. Historically, 24 Ore Software has marketed its products and services through the "24 Ore" brand. The value of the "24 Ore" brand name has been recognised by its suppliers, customers and potential employees. Although TeamSystem is an established brand in Italy, we cannot guarantee that such rebranding will not have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

In addition, prior to the closing date of the 24 Ore Software Acquisition, the 24 Ore Seller shall enter into a confirmation deed with 24 Ore Software, under which the 24 Ore Seller and 24 Ore Software shall acknowledge that final customers that were invoiced by the 24 Ore Seller on behalf of 24 Ore Software will be invoiced by 24 Ore Software as of the date of closing of the 24 Ore Software Acquisition.

Although such agency services under the new agency agreement will be provided by the same network of sub-agents used by the 24 Ore Seller, we cannot guarantee that no clients will challenge the confirmation deed, by claiming that they had no direct relationship with 24 Ore Software, and therefore 24 Ore Software may not have the right to invoice such clients directly. This could result in the loss of some of these clients. The 24 Ore Software Acquisition Agreement provides for indemnity provisions in case of loss of such clients as a consequence of the confirmation deed. However, we cannot assure you that such indemnity will be sufficient to cover all losses incurred by the Company if we are not successful in acquiring such clients.

If the conditions to the escrow are not satisfied, the Issuer will be required to redeem the Notes, which means that you may not obtain the return you expect on the Notes.

The gross proceeds from the Offering less certain deductions with respect to fees and expenses and amounts applied to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment, will be held in the Escrow Account pending the satisfaction of certain conditions, some of which are outside of our control. If the 24 Ore Software Acquisition does not occur on or prior to 31 May 2014 or if certain other events that trigger escrow termination occur, €90 million in aggregate principal amount of the Notes will be subject to a special mandatory redemption as described in "*Description of the Notes—Escrow of proceeds; special mandatory redemption*" and you may not obtain the return you expect to receive on the Notes.

The escrow funds will be initially limited to the gross proceeds from this Offering less certain deductions with respect to fees and expenses and amounts applied to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment. The escrow funds may not be sufficient to pay the special mandatory redemption price, which is equal to the issue price for €90 million in aggregate principal amount of the Notes that will be subject to a special mandatory redemption, plus accrued and unpaid interest and additional amounts, if any, from 15 November 2013, or from the most recent date on which interest on the Notes is paid, to the date of special mandatory redemption.

Amendments made to the 24 Ore Software Acquisition Agreement may have adverse consequences for holders of the Notes.

The 24 Ore Software Acquisition is expected to be consummated in accordance with the terms of the 24 Ore Software Acquisition Agreement. However, the 24 Ore Software Acquisition Agreement may be amended and the closing conditions may be waived at any time by the parties thereto. The Escrow Agreement includes as a condition for release a certification that no material term or condition of the 24 Ore Software Acquisition Agreement has been amended or waived in a manner or to an extent that would be materially prejudicial to the interests of the holders of the Notes, without the consent of the holders of a majority in aggregate principal amount of the Notes. Further, any amendments made to the 24 Ore Software Acquisition Agreement may make the 24 Ore Software Acquisition less attractive. Any amendment made to the 24 Ore Software Acquisition Agreement, or waiver of the conditions to the closing of the 24 Ore Software Acquisition, may be adverse to the interests of the holders of the Notes, which, in turn, may have an adverse effect on the return you expect to receive on the Notes.

We may face unexpected difficulties in integrating 24 Ore Software.

We will need to integrate the acquired 24 Ore Software businesses with the Group. The integration of two previously separated, owned and managed entities presents various challenges which may be difficult and costly to overcome and could prevent us from realising the expected benefits of the 24 Ore Software Acquisition. In addition, certain accounting services are outsourced to third parties and therefore we may experience difficulties in gathering certain accounting information which may be useful to our management team in devising our business plan with respect to 24 Ore Software. We may experience difficulties in integrating the assets of 24 Ore Software in our operations. Furthermore, the transitional services agreement in connection with the 24 Ore Software Acquisition will expire after twelve months from the closing date of the 24 Ore Software Acquisition. After the expiration of the arrangements contemplated in such transitional services agreement, we may not be able to replace the relevant services in a timely manner or on terms and conditions, including cost provisions, as favourable as those received from the 24 Ore Seller. See "*The Acquisitions—24 Ore Software Acquisition—Transitional Services Agreement*". The expected benefits of the 24 Ore Software Acquisition, in particular, the anticipated synergies and growth opportunities, may not be realised in full (or not at all) or may take longer to realise than planned. Further, the integration of 24 Ore Software may require management capacity which is not available for the further development of our business. In addition, we may lose employees who are instrumental for the integration and further development of our combined business as well as customers, suppliers, agents and VARs. Any of these risks could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

The 24 Ore Software businesses may face unexpected burdens and operational challenges which could diminish the value to us of the 24 Ore Software Acquisition.

The quality of the businesses of 24 Ore Software may be below our expectations and 24 Ore Software may be subject to contingent or current liabilities that we are not aware of. Further, customer churn may be higher than expected and the maturity profile of important customer contracts or the content of additional material contracts different than represented. In addition, 24 Ore Software is currently subject to, or could be affected by, certain pending litigation proceedings. Although we have an indemnity with respect to certain litigation matters under the 24 Ore Software Acquisition Agreement, we may experience delays or other difficulties in enforcing such indemnity and may be required to pay amounts with respect to such claims without reimbursement. To the extent that 24 Ore Software is liable for damages with respect claims or any type of litigation, such liabilities may significantly diminish the value of 24 Ore Software. Any of these risks could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

The 24 Ore Software Acquisition will result in an increase in our financial indebtedness.

The 24 Ore Software Acquisition will result in a significant increase in our financial indebtedness. The increase in our indebtedness will increase our interest expense. Instruments used to finance the 24 Ore Software Acquisition such as the Notes are subject to restrictive covenants which limit our flexibility in operating our business. Further, the 24 Ore Software Acquisition will increase our amortisation expenses related to intangible assets. The increased financial indebtedness and interest and amortisation expenses related to intangible assets could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Following the 24 Ore Software Acquisition, agents that promote and sell 24 Ore Software products will continue to be controlled by the 24 Ore Seller. As a result, we will be dependent on the agents acting for the 24 Ore Seller to sell 24 Ore Software products to our customers.

In connection with the 24 Ore Software Acquisition, 24 Ore Software, the Company, the 24 Ore Seller and a special purpose vehicle incorporated by 24 Ore Seller will enter into an agency agreement that will replace the existing distribution agreement that is currently in place between 24 Ore Software and the 24 Ore Seller, and which will be terminated on the closing date of the 24 Ore Acquisition. Pursuant to such agency agreement, the special purpose vehicle shall act as agent for the purposes of promoting the sale of certain products of 24 Ore Software, primarily targeted at accountants and labour consultants, such as Via Libera and Studio24. The special purpose vehicle shall act as exclusive agent with respect to: (i) the clients described under the confirmation deed to be executed between the 24 Ore Seller and 24 Ore Software on the date of closing in the context of the 24 Ore Software Acquisition and (ii) the clients acquired by the agent in the performance of its activity, provided that such new customers are not already customers of the Company or its subsidiaries (collectively referred to as the "Agent's Exclusive Clients"). Under the agency agreement, the agent will act through a number of sub-agents, which are current agents of 24 Ore Seller and the agent will continue to sell certain products of 24 Ore Seller (mainly education, books and other publishing products). The agent shall also have the right to promote the sale of software products other than those of 24 Ore Software, provided that such software products are not competing with those marketed by 24 Ore Software, the Company or its subsidiaries, subject to certain exceptions. The agency agreement provides a fee for the agent ranging from 23% to 28% of the revenues generated plus certain premiums and incentives, that can be increased or decreased depending on the performance of the agent in relation to the budget set by 24 Ore Software. In the event that 24 Ore Software, the Company or its subsidiaries enter into agreements for the sale of products competing with the products of 24 Ore Software directly with the Agent's Exclusive Clients, then the agent shall be entitled to receive consideration equal to the 50% of the commission that the agent would have received for the sale of the products. In addition, 24 Ore Software may request that underperforming sub-agents be replaced with new sub-agents. The agency agreement will commence on the closing date of the 24 Ore Software Acquisition and will expire at the end of 2016. The agency agreement may be renewed for further periods of two years, unless either party provides notice of an early termination.

As a result, we will rely on the agency services provided by 24 Ore Seller to sell some of our products. These services may not be sufficient to meet our needs, and, after our arrangements with the 24 Ore Seller expire or terminate, we may not be able to replace these services at all or obtain these services at prices or on terms as favourable as those contemplated under the agency agreement. Following the expiration of the agency agreement, we intend to employ our own agents (including certain sub-agents of the 24 Ore Seller) to replace these agency services provided by the special purpose vehicle incorporated by the 24 Ore Seller. We may experience difficulty identifying or engaging directly such agents that have sufficient product knowledge and experience. Any such difficulties could impair our ability to meet our obligations and could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

24 Ore Software owns minority interests in companies that may expose it to additional liabilities, capital requirements and other risks.

24 Ore Software holds minority shareholdings in certain companies. Such minority shareholdings could cause additional risks, such as delays, increased costs or operational difficulties, as well as exposing us to additional liabilities or capital requirements. 24 Ore Software may be unable to unilaterally control material decisions with respect to operations conducted pursuant to these minority interests, and may have little influence over such decisions, especially if such decisions require majority consent of the other shareholders.

Furthermore, according to the by-laws of certain such entities, minority shareholders including 24 Ore Software may be forced to sell their shares in certain circumstances, including in the event that there is a conflict of interest.

In addition, if such minority interests perform at levels below expectations, resulting in potential insolvency unless the other shareholders provide additional funds and such shareholders elect not to make additional capital contributions, 24 Ore Software may be required to invest additional capital with no guarantee of a return on investment.

We have included only limited financial and other information about ACG and 24 Ore Software in this offering memorandum, and their financial performance may differ significantly from ours.

We have not included in this offering memorandum audited financial statements for ACG or 24 Ore Software. The unaudited *pro forma* combined income statement, including *pro forma* total revenue and unaudited *pro forma* Adjusted EBITDA, unaudited *pro forma* ACG Adjusted EBITDA and unaudited *pro forma* 24 Ore Software Adjusted EBITDA for the year ended 31 December 2013, presents the effect of the Transactions as if the Acquisitions had occurred on 1 January 2013. The unaudited combined financial information included herein for ACG and 24 Ore Software is based on unaudited financial information of each business has not been independently reviewed or audited. In addition, for the purposes of the unaudited *pro forma* combined financial information included herein giving effect to the Acquisitions, we have made various unaudited adjustments and *pro forma* assumptions which we have reflected in making *pro forma* adjustments. The *pro forma* adjustments and *pro forma* assumptions we have made are preliminary and subject to change.

The information on ACG and 24 Ore Software contained in this offering memorandum has been derived from various sources and includes information provided to us by ACG and 24 Ore Software. As we do not currently control 24 Ore Software and since we only acquired control over ACG recently, we have not been able to verify this information as independently, accurately or as completely as we would have if we had control over 24 Ore Software or ACG in the period covered by such financial information. In essence, we have relied on the information that 24 Ore Software and ACG provided to us in the due diligence process in presenting the financial and other information about ACG and 24 Ore Software in this offering memorandum.

Risks related to the Notes and our capital structure

Creditors under the Revolving Credit Facility, certain hedging obligations and certain debt that we incur in the future may be entitled to be repaid with the proceeds of the Collateral in priority to the Notes.

Under the terms of the Intercreditor Agreement and the Security Documents, proceeds from enforcement of the Collateral must first be applied in satisfaction in full of obligations under the Revolving Credit Facility and under "super priority" hedging obligations and only thereafter to repay the obligations of the Issuer and the Guarantor under the Notes and the Guarantee.

The Indenture and the Intercreditor Agreement permit, under certain conditions, additional "super priority" debt to be incurred under a credit facility and additional hedging obligations. Any such "super priority" debt or hedging obligations may be secured by the same rights, property and assets that secure the Notes.

As such, in the event of enforcement of the Collateral, you may not be able to recover on the Collateral if the then-outstanding liabilities under such "super priority" debt, including the Revolving Credit Facility, and certain hedging obligations, are greater than the proceeds realised in the event of enforcement of the Collateral.

Holders of the Notes may not control certain decisions regarding the Notes Collateral.

To the extent permitted under applicable law, and subject to the Agreed Security Principles, except with respect to the Escrow Charge which will only secure the Notes offered hereby until the release of the escrowed proceeds from the Escrow Account, the Notes will be secured on a first-priority basis by substantially the same rights, property and assets securing the obligations under the Revolving Credit Facility. In addition, under the terms of the Indenture, we are permitted to incur significant additional indebtedness and other obligations that may be secured by the same Notes Collateral.

Pursuant to the Intercreditor Agreement, a common security agent shall serve as the Security Agent for the secured parties under the hedging arrangements, the Revolving Credit Facility and the Notes, respectively, with regard to the shared Collateral (as applicable). The Intercreditor Agreement provides that the Security Agent will, subject to certain limited exceptions, act to enforce the security interests in the Notes Collateral and take instructions from the relevant secured creditors in respect of the Notes Collateral only at the direction of an "instructing group".

Generally, if there are conflicting enforcement instructions received by the Security Agent from the different classes of creditors which are secured by the Notes Collateral and who can constitute either "majority super senior creditors" (generally, creditors representing 66⅔% of the aggregate of all unpaid and undrawn commitments under the Revolving Credit Facility Agreement and the termination value or assumed termination value of certain "super priority" hedging obligations) or "majority senior secured creditors" (generally, creditors representing the majority of the outstanding principal amount under the Notes, any pari passu secured indebtedness and the termination value or assumed termination value of certain hedging obligations), as the case may be, the representatives of the creditors sharing in the Notes Collateral are required to first consult in good faith with each other (in each case, including the Trustee on behalf of the holders of the Notes, the agent on behalf of the lenders under the Revolving Credit Facility and certain counterparties to hedging agreements entered into by the Group) and the Security Agent, for a period of 30 days (or such shorter period as may be agreed) with a view to co-ordinating the instructions to be given by an instructing group and agreeing an enforcement strategy (a "joint enforcement strategy"). Upon conclusion of this "consultation period", if the relevant creditor representatives are unable to agree on a joint enforcement strategy or if conflicting enforcement instructions are received by the Security Agent from the different classes of creditors which are secured by the Notes Collateral and who can constitute an instructing group, and provided that the "security enforcement principles" set out in the Intercreditor Agreement have been complied with, then the majority senior secured creditors shall constitute an instructing group and shall have the right to instruct the Security Agent as to the enforcement of the Notes Collateral. Notwithstanding the foregoing, no consultation period shall be required if either (i) any of the Notes Collateral becomes enforceable because of an insolvency event in respect of Titan 1 or certain members of the Group, (ii) the majority super senior creditors or the majority senior secured creditors determine in good faith that entering into consultation could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce any of the Notes Collateral or to reduce the amount likely to be realised upon enforcement of the Notes Collateral in any material respect, (iii) a period of no less than six months has elapsed since the date on which the first enforcement instruction was received by the Security Agent or (iv) the relevant creditor representatives agree that no consultation period is required, in which case, the Security Agent shall act in accordance with the instructions provided by the majority senior secured creditors (provided that such instructions are consistent with the security enforcement principles set forth in the Intercreditor Agreement). If the Security Agent is obliged to follow the enforcement instructions of the majority senior secured creditors as discussed above and either (i) the lenders under the Revolving Credit Facility have not been repaid or prepaid in full within six months of the end of the consultation period, (ii) the Security Agent has not commenced any enforcement action in respect of the relevant Notes Collateral within three months of the end of the consultation period or (iii) an insolvency event has occurred in respect of Titan 1 or certain members of the Group and the Security Agent has not commenced enforcement of the relevant Notes Collateral or taken any other enforcement action at that time, then the Security Agent shall, provided that the security enforcement principles set out in the Intercreditor Agreement have been complied with, instead follow the instructions that are given by the majority super senior creditors (and the terms of the relevant previous enforcement instructions of the majority senior secured creditors which conflict with the instructions of the majority super senior creditors shall be deemed revoked).

The foregoing security enforcement arrangements could be disadvantageous to the holders of the Notes in a number of respects.

Disputes may occur between the holders of the Notes and creditors under the Revolving Credit Facility, the counterparties to the relevant hedging arrangements and/or holders of any permitted pari passu secured indebtedness as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the Notes Collateral securing such obligations. In such an event, the holders of the Notes will be bound by any decisions of the relevant instructing group, which may result in enforcement action in respect of the relevant Notes Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such noteholders. The creditors under the Revolving Credit Facility, the counterparties to certain hedging arrangements or the holders of any permitted pari passu secured indebtedness may have interests that are different from the interest of holders of the Notes and they may elect to pursue their remedies under the relevant Security Documents at a time when it would otherwise be disadvantageous for the holders of the Notes to do so.

Other creditors not party to the Intercreditor Agreement could commence enforcement action against the Issuer or one or more of its subsidiaries during the consultation period, the Issuer or one or more of its subsidiaries could seek protection under applicable bankruptcy laws, or the value of certain Notes Collateral could otherwise be impaired or reduced in value. In addition, if we incur substantial additional indebtedness which may be secured on the Notes Collateral, the holders of the Notes may not comprise the requisite majority senior secured creditors for the purposes of instructing the Security Agent. Further, if the lenders under the Revolving Credit Facility have not been repaid in full within six months of the end of the consultation period or in the event of the occurrence of certain other circumstances described above, then control of the enforcement proceedings will shift to the majority super senior creditors.

The holders of the Notes will also have no separate right to enforce the Notes Collateral. In addition, the holders of the Notes will not be able to instruct the Security Agent, force a sale of Notes Collateral or otherwise independently pursue the remedies of a secured creditor under the relevant Security Documents, unless they comprise an instructing group which is entitled to give such instructions, which, in turn, will depend on certain conditions and circumstances including those described above.

In addition, if the Security Agent sells the shares of the Issuer or the Guarantor as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Guarantee and the liens over any other assets securing the Notes and the Guarantee may be released. See "*Description of the Notes—Security—Release of Liens*".

The Notes will be structurally subordinated to the liabilities of non-Guarantor subsidiaries.

The Company will guarantee the Notes as of the Issue Date. As of and for the year ended 31 December 2013, the Guarantor generated approximately 66% of our Adjusted EBITDA and accounted for approximately 77% of our consolidated total assets (including ACG). As of and for the year ended 31 December 2013, after giving effect to the Transactions, including this Offering and the application of the proceeds therefrom, the Guarantor generated approximately 52% of our *pro forma* Adjusted EBITDA and accounted for approximately 66% of our *pro forma* consolidated total assets. Unless an entity provides a guarantee of the Notes, such entity will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. As of 31 December 2013, the non-Guarantor subsidiaries of the Issuer had approximately €0.7 million of total debt outstanding.

Generally, holders of indebtedness of, and trade creditors of, non-Guarantor subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer or any Guarantor, as a direct or indirect shareholder. Accordingly, in the event that any non-Guarantor subsidiary becomes insolvent, is liquidated, reorganised or dissolved or is otherwise wound up other than as part of a solvent transaction:

- the creditors of the Issuer (including the holders of the Notes) and the Guarantor will have no right to proceed against the assets of such subsidiary; and
- creditors of such non-Guarantor subsidiary, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer or any Guarantor, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Notes and each Guarantee will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our non-Guarantor subsidiaries.

The Notes Collateral may not be sufficient to secure the obligations under the Notes.

The Notes Collateral will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Notes Collateral as well as the ability of the Security Agent to realise or foreclose on such Notes Collateral.

Not all of our assets will secure the Notes. The value of the Notes Collateral and the amount to be received upon an enforcement of such Notes Collateral will depend upon many factors, including, among others, the ability to sell the Notes Collateral in an orderly sale, whether or not the business is sold as a going concern, economic conditions where operations are located and the availability of buyers. The book value of the Notes Collateral should not be relied on as a measure of realisable value for such assets. All or a portion of the Notes Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Notes Collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the pledges, shares and ownership interests of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding because all of the obligations of the entity must first be satisfied, leaving little or no remaining assets in the entity.

The rights of holders of the Notes in the Notes Collateral may be adversely affected by the failure to perfect security interests in the Notes Collateral.

Under applicable law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens in the Notes Collateral may not be perfected with respect to the claims of the Notes if either we or the Security Agent (as the case may be) fail or are unable to take the actions required to be taken in order to perfect any of these liens. Such failure may result in the invalidity of the relevant security interest in the Notes Collateral or adversely affect the priority of such security interest in favour of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Notes Collateral.

The granting of the security interests in the Notes Collateral may create hardening periods for such security interests in accordance with applicable law.

The granting of security interests in the Notes Collateral in connection with the issuance of the Notes and the amendment of the Funding Loan in connection with the Transactions creates hardening periods for such security interests in accordance with Italian law. See "*Limitations on validity and enforceability of the Guarantee and the security interests and certain insolvency law considerations*". The applicable hardening period for the security interests in the Notes Collateral runs as from the time each such security interest has been granted, perfected or recreated (as applicable). In addition, granting a shared security interest (including security interests in the Notes Collateral) to secure existing and new or future indebtedness (such as the Initial Notes, the Notes, and any Additional Notes) may restart or reopen hardening periods in certain jurisdictions (including the Republic of Italy). The applicable hardening period may run from the time such security interest is amended, granted, recreated, shared or perfected. If the security interest granted were to be enforced before the end of the respective applicable hardening period, it may be declared void or ineffective and/or it may not be possible to enforce it.

The security interests in the Notes Collateral will not be granted directly to the holders of the Notes.

The security interests in the Notes Collateral that will secure the obligations of the Issuer under the Notes will not be granted directly to the holders of the Notes but will rather be granted in favour of the Security Agent and the Trustee for the benefit of the holders of the Notes and the Security Agent as beneficiary of the parallel debt pursuant to the terms of the Intercreditor Agreement. The Indenture will provide (along with the Intercreditor Agreement) that only the Security Agent shall have the right to enforce on the Notes Collateral. As a consequence, holders of the Notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Notes Collateral, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Notes Collateral.

The security interests in the Funding Loan Collateral will be granted in favour of the Issuer as lender under the Funding Loan and the Issuer's rights under the Funding Loan will, in turn, serve as part of the Notes Collateral. As a result, upon the occurrence of an "event of default" under and as defined in the Indenture which is continuing, neither the Trustee nor the holders of the Notes will have the right to enforce the Funding Loan Collateral directly. Rather, the Trustee (acting on the instruction of the holders of at least 25% in principal amount of the outstanding Notes or in its sole discretion) must instead, first declare an acceleration of the Notes and thereafter enforce, through the Security Agent, the pledge of the shares of the

Issuer and/or the pledge over the Issuer's rights under the Funding Loan in order to enforce the Funding Loan Collateral. This indirect claim over the Funding Loan Collateral could delay or make more costly any realisation of the Funding Loan Collateral. Furthermore, because the Indenture, the Notes, the Intercreditor Agreement, the Funding Loan and the security interests in respect thereof will be governed by the laws of a number of different jurisdictions, respective realisation and enforcement may be further delayed by court proceedings being taken in multiple jurisdictions.

The Issuer, Titan 1 and the Company, as the case may be, will have control over the Collateral, and the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents will allow the Issuer, Titan 1 and the Company to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, certain of the Collateral. So long as no default or event of default under the Indenture would result therefrom, the Issuer, Titan 1 and the Company, may, among other things, and subject to the terms of the applicable Security Document, without any release or consent by the Security Agent or the Trustee, conduct ordinary course activities with respect to the Collateral such as selling, factoring, abandoning or otherwise disposing of Collateral and making ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of the liens on the Collateral.

It may be difficult to realise the value of the Collateral securing the Notes.

The Collateral will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture and/or the Intercreditor Agreement and accepted by other creditors that have the benefit of a priority security interest in the Collateral from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the Notes, as well as the ability of the Security Agent to realise or foreclose on such Collateral. Furthermore, the ranking of security interests in the Collateral can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or re-characterisation under the laws of certain jurisdictions.

The security interests will be subject to practical problems generally associated with the realisation of security interests in collateral. For example, the Security Agent may need to obtain the consent of a third party to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consent. We also cannot assure you that the consent of any third party will be given when required to facilitate a foreclosure on such asset. Accordingly, the Security Agent may not have the ability to foreclose upon that asset, and the value of the Collateral may, as a consequence, significantly decrease.

The security interests in the Collateral located in Italy or governed by Italian law may be limited by Italian law or subject to certain limitations or defences that may adversely affect their validity and enforceability.

The ability of the Security Agent to enforce on the Collateral located in Italy or governed by Italian law is subject to mandatory provisions of Italian law. Enforcement of the Collateral may also be subject to certain statutory limitations and defences or to limitations contained in the terms of the Security Documents designed to ensure compliance with applicable statutory requirements.

Under Italian law, the beneficiary of a security interest must be clearly identified and indicated in the relevant security instrument. Due to the difficulty of clearly identifying and keeping track of the names of the individual holders of the Notes over time, there is a risk that holders of the Notes who are not identified in the relevant security instrument as registered holders may not be able to validly enforce their security interests in the Collateral. In order to mitigate this risk, the security providers who will pledge assets under certain Security Documents, including those governed by the laws of Italy, may also enter into a separate and independent undertaking to pay to the Security Agent, in its individual capacity acting in its own name and not as agent or representative of the holders of the Notes, an amount equal to the amount of the obligations in respect of the Notes owed by such security provider. This "parallel debt" is intended to be an obligation owed to the Security Agent which, as such, would be secured by a security interest granted to the Security Agent. To date, the Italian courts have not considered the enforceability of certain rights of a Security Agent benefiting from a parallel debt, and accordingly, there is no assurance that such a structure will be held to be effective before the Italian courts. Accordingly, there is no certainty that the parallel debt procedure will eliminate the risk of unenforceability of Italian law security interests granted for the benefit of the holders of the Notes. In addition, to the extent that the security interests in the Collateral located in Italy created under the parallel debt structure are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of the security interest in the relevant Collateral.

Italian law provides that where a debt is transferred, any guarantee or security is automatically transferred with it. However, perfection and enforceability requirements provided by law for various asset classes are such as that each beneficiary of a security need be clearly identified. The foregoing risk of unenforceability of the Collateral located in Italy therefore also applies to any person acquiring a Note in relation to which the relevant perfection formalities are not perfected at the time of enforcement.

Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect of the claims of other creditors. For a more detailed description of various limitations on the security interests in the Collateral under Italian law, see "*Limitations on validity and enforceability of the Guarantee and the security interests and certain insolvency law considerations*".

The grant of the Collateral to secure the Notes might be challenged or voidable in an insolvency proceeding.

The grant of the Collateral to secure the Notes may be voidable by the grantor or by an insolvency trustee, liquidator, receiver or administrator or by other creditors, or may be otherwise set aside by a court, or be unenforceable if certain events or circumstances exist or occur, including, among others, if the grantor is deemed to be insolvent at the time of the grant, or if the grant permits the secured parties to receive a greater recovery than if the grant had not been given and an insolvency proceeding in respect of the grantor is commenced within a legally specified "clawback" period following the grant. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the relevant security interest. See "*Limitations on validity and enforceability of the Guarantee and the security interests and certain insolvency law considerations*".

The Guarantee will be subject to certain limitations on enforcement and may be limited by applicable law or subject to certain defences that may adversely affect their validity and enforceability.

The Guarantee provides the holders of the Notes with a direct claim against the Guarantor. However, although the Indenture, as amended by the Supplemental Indenture to be entered into on the Issue Date, will provide that the Guarantee will be limited to the maximum amount that can be guaranteed by the Guarantor, enforcement of the Guarantee would be subject to certain generally available defences. For example, the Indenture, as amended by the Supplemental Indenture, will provide that the Guarantee to be issued by the Company in respect of the Notes will, to avoid any double counting, be reduced by the amount of any repayment of principal made by the Company under the Funding Loan (including pursuant to any enforcement of the security interest granted in connection therewith to the holders of the Notes). See "*Description of the Notes—Guarantees*" and "*Limitations on validity and* *enforceability of the Guarantee and the security interests and certain insolvency law considerations*".

The Guarantee and the enforcement thereof is subject to certain generally available defences. Defences generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalisation, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally.

If one or more of these laws and defences are applicable, the Guarantor may have no liability or decreased liability under the Guarantee depending on the amounts of its other obligations and applicable law.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of the Guarantor's obligations under its Guarantee, (ii) direct that the holders of the Notes return any amounts paid under the Guarantee to the Guarantor or to a fund for the benefit of the Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, when the granting of the Guarantee has the effect of giving a creditor a preference or the creditor was aware that the Guarantor was insolvent when the Guarantee was given;
- the Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the Guarantee and the Guarantor was: (i) insolvent or rendered insolvent because of the Guarantee; (ii) undercapitalised or became undercapitalised because of the Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;
- the Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or
- the amount paid or payable under the Guarantee was in excess of the maximum amount permitted under applicable law.

We cannot assure you which standard a court would apply in determining whether the Guarantor was "insolvent" at the relevant time or that, regardless of method of valuation, a court would not determine that the Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not the Guarantor was insolvent on the date the Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances or on other grounds. There is hence a possibility that the Guarantee may be set aside, in which case the relevant entire guarantee liability may be extinguished. If a court decided that the Guarantee was a preference, fraudulent transfer or conveyance and voided that Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the Guarantor and would be a creditor solely of the Issuer.

The insolvency laws of the Republic of Italy may not be as favourable to holders of Notes as U.S. insolvency laws or those of another jurisdiction with which you may be familiar.

The Company and the Issuer are incorporated under the laws of Italy and each are likely to have their "centre of main interests" under the laws of Italy.

In accordance with Council Regulation (EC) No. 1346/2000 of 29 May 2000 on insolvency proceedings, as amended, the main insolvency proceedings are opened in the jurisdiction in which the debtor has its centre of main interests. Accordingly, insolvency proceedings with respect to the foregoing companies may proceed under, and be governed by Italian insolvency law. Italian insolvency laws may not be as favourable to your interests as those of the United States or another jurisdiction with which you may be familiar. In the event that the Issuer or the Guarantor or any of their respective subsidiaries experiences financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. As a consequence, enforcement of rights under the Notes, the Guarantee and the Collateral in an insolvency situation may be delayed and may be complex and costly for creditors. See "*Limitations on validity and enforceability of the Guarantee and the security interests and certain insolvency law considerations*" for further information.

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes and the Guarantee will be released automatically, without your consent or the consent of the Trustee.

Under various circumstances, the Collateral securing the Notes and the Guarantee will be released automatically, including:

- as described under the caption "*Description of the Notes—Amendments and waivers*";
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*Description of the Notes—Defeasance*" and "*Description of the Notes—Satisfaction and discharge*", as applicable;
- in connection with certain asset disposals by the Issuer or the Company to a person that is not the Issuer or a Restricted Subsidiary, if such asset disposal is permitted under the terms of the Revolving Credit Facility Agreement and the Indenture and is not a distressed disposal; and
- in connection with certain enforcement actions taken by the creditors in accordance with the Intercreditor Agreement.

The Guarantee to be issued by the Company in respect of the Notes, the Issuer's right to receive payments under the Funding Loan and the Company Shareholder Loan, may be subordinated under Italian law to the obligations of other creditors.

The holders of the Notes will benefit from the Issuer's pledge of its rights under the Funding Loan and the Company Shareholder Loan, and the Issuer will primarily rely on repayments of the Funding Loan and the Company Shareholder Loan in order to make payments of principal, interest and premium (if any) under the Notes. The repayment of the Funding Loan and the Company Shareholder Loan to the Issuer may be restricted or prohibited as a result of equitable subordination or a similar risk under Italian law. If the Issuer is not able to recover payments under the Funding Loan and the Company Shareholder Loan, the Issuer will likely not have any other sources of funds available to it that would enable it to make payments of principal, interest and premium (if any) under the Notes.

Italian corporate law (Articles 2497-*quinquies* and 2467 of the Italian Civil Code) provides for rules to protect creditors against "undercapitalised companies" and provides for remedies in respect thereof. In this respect, a loan to a company made by (i) a person that, directly or indirectly, directs the company or exercises management and coordination powers over that company or (ii) a quotaholder in the case of a person incorporated in Italy as a limited liability company (*società a responsabilità limitata*), respectively, will be subordinated to all other creditors of that company and rank senior only to the equity in that company, if the loan is made when, taking into account the kind of business of the company, there was an excessive imbalance of the company's indebtedness compared to its net assets or the company was already in a financial situation requiring an injection of equity and not a loan ("undercapitalisation"). Any payment made by the company with respect to any such loan within one year prior to a bankruptcy declaration under Italian law would be required to be returned to the company.

As of the date on the cover page of this offering memorandum, there are few court precedents interpreting the provisions and requirements summarised above and limited guidance has been provided to date by the Italian courts on the specific features and extent of the undercapitalisation requirement.

Upon the occurrence of the requirements provided for by the relevant provisions, there is a risk that Italian courts may interpret the Italian Civil Code to apply the undercapitalisation principles with respect to the Funding Loan and the Company Shareholder Loan during an insolvency or winding-up situation. Accordingly, there can be no assurance that an Italian court would conclude that the Issuer's obligations under the Funding Loan and the Company Shareholder Loan are not subordinated to all of its obligations to other creditors (e.g., unsecured lenders, trade creditors). In addition, although there is no Italian case law in this respect, and in light of the broad approach taken to date by the Italian Courts in relation to the application of the provisions of article 2467 of the Italian Civil Code, it cannot be excluded that an Italian Court may re-characterise the Transactions as a whole and conclude that the Guarantee in respect of the Notes (and its obligations arising thereunder) is subject to the same subordination provisions as those applicable to the debt instruments discussed above.

Should the Issuer's obligations under the foregoing instruments be deemed subordinated to the obligations owed to other creditors by operation of law and senior only to its equity, (i) the Issuer may not be able to recover any amounts under the Funding Loan and the Company Shareholder Loan and the security interests granted in respect thereto (it being noted, however, that the enforceability of a secured shareholder loan and its treatment, in the context of an Italian insolvency, is also untested in the Italian courts) and (ii) the holders of the Notes may not be able to recover any amounts under the Guarantee in respect of the Notes which, in turn, could adversely affect the Issuer's ability to meet its payment obligations under the Notes. As a result, the Guarantee in respect of the Notes and the Funding Loan and the Company Shareholder Loan and the respective security interests created thereunder, may be of limited value. See "*Limitations on validity and enforceability of the Guarantee and the security interests and certain insolvency law considerations—Republic of Italy*" for further information.

The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the outstanding Notes.

The Indenture, as amended and supplemented by the Supplemental Indenture, contains provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in "*Description of the Notes—Meeting of Holders of Notes*", the majority required to pass an extraordinary resolution at any meeting of such noteholders will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes. These provisions permit defined majorities (50% or 75%) to bind all holders of the Notes, including noteholders who did not attend and vote at the relevant meeting, and noteholders who vote in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or to reduce the redemption price, to change the currency of payments under the Notes and/or to change the quorum requirements relating to meetings and/or the majority required to pass a resolution, and change the amendment provisions. These and other changes may adversely impact noteholders' rights and may have a material adverse effect on the market value of the Notes. Under Italian law, the approval of an extraordinary resolution typically requires the consent of more than one-half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement to 75% is untested under Italian law, and may be challenged by holders of the Notes, the Issuer and/or others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold would be reduced from 75% to 50%.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax.

The Issuer is not liable to pay any additional amounts in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (as amended or supplemented) where the Notes are held by a person resident in a country that does not allow for satisfactory exchange of information with Italy (as listed in Ministerial Decree of 4 September 1996, as subsequently amended and supplemented, and in the Ministerial Decree that will be issued in accordance with Article 168-*bis*, Italian Presidential Decree No. 917 of 22 December 1986) and otherwise in the circumstances as described under the caption "*Description of the Notes—Withholding Taxes*". Holders of the Notes who are resident in such countries or noteholders that are resident in a country allowing for the satisfactory exchange of information with Italy (as listed in Ministerial Decree of 4 September 1996, as subsequently amended and supplemented, and in the Ministerial Decree that will be issued in accordance with Article 168-*bis*, Italian Presidential Decree No. 917 of 22 December 1986) but who do not satisfy the conditions set forth by Italian Legislative Decree No. 239 of 1 April 1996 (as amended or supplemented), as well as certain categories of holders of the Notes who are resident in Italy, will only receive the net proceeds of their investment in the Notes. See "*Tax considerations—Certain Italian tax considerations*" and *"Description of the Notes—Withholding Taxes*".

Taxation laws in Italy may restrict the deductibility of all or a portion of the interest expense on our indebtedness, including interest expense in respect of the Notes.

Article 96 of Presidential Decree No. 917 of 22 December 1986, as amended and restated, generally outlines the rules on deductibility of interest expense for Italian corporate income tax purposes. Specifically, the rules allow for the full tax deductibility of interest expense incurred by an Italian tax resident company in each fiscal year up to the amount of the interest income incurred in the same fiscal year, as evidenced by the relevant annual financial statements. A further deduction of interest expense in excess of this amount is allowed up to a threshold of 30% of the EBITDA of an Italian tax resident company (i.e., *risultato operativo lordo della gestione caratteristica* or "ROL") as recorded in such company's profit and loss account. The amount of ROL not used for the deduction of the amount of interest expense that exceeds interest income can be carried forward, increasing the amount of ROL for the following fiscal years. Interest expense not deducted in a relevant fiscal year can be carried forward to the following fiscal years, provided that, in such fiscal years, the amount of interest expense that exceeds interest income is lower than 30% of ROL. In the case of Italian tax resident companies participating in the same tax consolidated group, interest expense not deducted by an entity in the tax consolidated group due to a lack of ROL can be deducted at the tax unity level, within the limit of the excess of ROL of the other companies in that tax consolidated group.

In addition, Article 3(115) of Law No. 549 of 28 December 1995 also sets forth certain limitations to the deductibility of interest expense arising from bonds or notes issued by Italian companies other than banks or listed companies. Currently, under the provisions of Article 32 of Law Decree No. 83 of 22 June 2012, interest on bonds or notes issued by Italian non-listed companies, other than banks, that do not qualify as "micro enterprises" in accordance with the EC Recommendation No. 2003/361/EC of 6 May 2003, are deductible to the extent mentioned above, provided that such bonds or notes are listed upon their issuance on a regulated market or on a multilateral trading platform of a Member State of the European Union and of the States of the European Economic Area listed in Ministerial Decree of 4 September 1996, as subsequently amended and supplemented, and in the Ministerial Decree that will be issued in accordance with for by Article 168-*bis* of Presidential Decree No. 917 of 22 December 1986.

Any future changes in Italian tax laws or in their interpretation (including any future limitation on the use of the ROL of the Issuer and its subsidiaries or changes in the tax treatment of interest expense arising from any indebtedness incurred by the Issuer and its subsidiaries, including in respect of the Notes), the failure to satisfy the applicable Italian legal requirements relating to the deductibility of interest expense incurred in respect of the Notes or the application by the Italian tax authorities of certain existing interpretations of Italian tax law may result in our inability to fully deduct our interest expense in respect of the Notes, which may have an adverse impact on our financial condition.

In addition, the Italian tax authorities have, in certain instances, challenged the deductibility of interest expense incurred in connection with the acquisition financing for merger leveraged buyout transactions. For instance, in cases whereby the acquired Italian company is controlled by a non-Italian-resident company, the Italian tax authorities have argued that the actual beneficiary of the transaction was the non-Italian resident shareholder and that, consequently, the interest expense incurred in connection with the acquisition financing should have instead been recharged to the non-Italian-resident shareholder. In other cases, the Italian tax authorities have argued that the interest expense incurred in connection with the acquisition financing does not serve the Italian business (i.e., it is not compliant with the "inherence" principle set out under Italian taxation law). To date, the Italian tax courts have not ruled in a consistent way with respect to any of the foregoing scenarios.

If the Italian tax authorities were to successfully challenge the tax treatment or characterisation (including on the basis of anti-avoidance or anti-abusive criteria) of any of the transactions performed in connection with the acquisition of the Group by HgCapital and Bain Capital in 2010, including the indebtedness incurred in connection with the acquisition and/or to be incurred in connection with the Transactions, we may be unable to fully deduct the interest expense incurred on the Notes and we may also be subject to significant penalties and interest, the imposition of withholding taxes, or other consequences that could have a material adverse effect on our financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness.

You may face foreign exchange risks by investing in the Notes, which risk may be increased if the euro no longer exists or if the Notes are otherwise redenominated as a result of member states leaving the eurozone.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments.

Despite the measures taken by countries in the eurozone to alleviate credit risk, concerns persist regarding the debt burden of certain eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual eurozone member states. These and other concerns could lead to the reintroduction of individual currencies in one or more Eurozone member states, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. We cannot assure you that the official exchange rate at which the Notes may be redenominated would accurately reflect their value in euro. These potential developments, or market perceptions concerning these developments and related issues, could adversely affect the value of the Notes.

We may not be able to obtain the funds required to repurchase the Notes upon a "change of control".

The Indenture contains provisions relating to certain events constituting a "change of control". Upon the occurrence of a change of control, the Issuer will be required to offer to repurchase all outstanding Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the date of repurchase. If a change of control were to occur, we cannot assure you that the Issuer would have sufficient funds available at such time, or that we would have sufficient funds to provide to the Issuer to pay the purchase price of the outstanding Notes or that the restrictions in our Revolving Credit Facility Agreement, the Indenture, the Intercreditor Agreement or our other than existing contractual obligations would allow the Issuer to make such required repurchases. A change of control may result in an obligation to mandatorily prepay and cancel all or part of the Revolving Credit Facility, an event of default under, or acceleration of, the Revolving Credit Facility, and other indebtedness or trigger a similar obligation to offer to repurchase loans or notes thereunder. The repurchase of the Notes pursuant to such an offer could cause a default under such indebtedness, even if the change of control itself does not.

The ability of the Issuer to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control, may be limited by our then existing financial resources. If an event constituting a "change of control" (as defined in the Indenture) occurs at a time when the Group is prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, we may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any tendered Notes. In addition, we expect that we would require third-party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that the Group would be able to obtain such financing.

Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture, which would, in turn, constitute a default under the Revolving Credit Facility and certain other indebtedness. See "*Description of the Notes—Change of Control*".

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganisation, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. Except as described under "*Description of the Notes—Change of Control*", the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganisation, restructuring, merger, recapitalisation or similar transaction.

In addition, the occurrence of certain events that might otherwise constitute a change of control under the Indenture will be deemed not be a change of control if at the time our consolidated leverage ratio is less than certain specified levels. See "*Description of the Notes—Change of Control*" and "*Description of the Notes—Certain definitions—Specified Change of Control Event*".

The definition of "change of control" contained in the Indenture will include a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries (if any), taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Owners of the book-entry interests will not be considered owners or holders of Notes unless and until definitive notes are issued in exchange for book-entry interests. Instead, the common depositary (or its nominee) for Euroclear and Clearstream will be the sole registered holder of the Notes in global form.

Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made to Deutsche Bank AG, London Branch, the Principal Paying Agent, which will make payments to Euroclear and Clearstream. Thereafter, such payments will be credited to Euroclear and Clearstream participants' accounts that hold book-entry interests in the Notes in global form and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, none of the Issuer, the Company, the Trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts to Euroclear and Clearstream, or to owners of book-entry interests. Accordingly, if you own a book-entry interest in the Notes, you must rely on the procedures of Euroclear and Clearstream and, if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions from holders of the Notes, including enforcement of security for the Notes. Instead, if you own a book-entry interest, you will be reliant on the common depositary (or its nominee) (as registered holder of the Notes) to act on your instructions and/or will be permitted to act directly only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions or to take any other action on a timely basis.

Similarly, upon the occurrence of an "event of default" under and as defined in the Indenture, unless and until the definitive registered Notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

The Notes will be initially issued with temporary ISINs and common codes. In the event that we are unable to transfer the Notes to the permanent ISINs and common codes, the Notes will continue to trade under a separate ISIN and common code to the Initial Notes, which may adversely affect the liquidity of the Notes and cause the Notes to trade at different prices than the Initial Notes.

Once the Notes offered hereby have become freely tradeable upon the expiration of the relevant restrictive period under Rule 144A and Regulation S under the U.S. Securities Act, we expect that the Notes will share a single ISIN and common code with the relevant Rule 144A and Regulation S Initial Notes, and that the Notes and the Initial Notes will thereafter be fungible. However, in the event that we are unable to transfer the Notes to the permanent ISINs and common codes, the Notes will continue to trade under separate ISINs and common codes to the Initial Notes, which may adversely affect the liquidity of the Notes and cause the Notes to trade at different prices than the Initial Notes.

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all.

In addition, the Indenture allows us to issue additional notes in the future, which could adversely impact the liquidity of the Notes.

The Notes may not become, or remain, listed on the Luxembourg Stock Exchange or the ExtraMot, Professional Segment of Borsa Italiana S.p.A. and no assurance can be given that, once listed, such listing will satisfy the listing requirement of Article 32(8) of Law Decree No. 83 of 22 June 2012 and Italian Legislative Decree No. 239 of 1 April 1996.

Although an application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange within a reasonable period after the Issue Date and an application will be made for the Notes to be listed on the ExtraMot, Professional Segment of Borsa Italiana S.p.A. by the Issue Date, the Issuer cannot assure you that the Notes will become, or remain listed. If the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market of the Luxembourg Stock Exchange and the Issuer can no longer maintain such listing or if it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing, provided, however, that it will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on another "recognised stock exchange", although there can be no assurance that the Issuer will be able to do so.

No assurance can be given that the Notes will be listed or that, once listed, the listing will be maintained or that such listing will satisfy the listing requirement of Article 32(8) of Law Decree No. 83 of 22 June 2012 and Italian Legislative Decree No. 239 of 1 April 1996 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to deductibility of interest expense and the exemption from the requirement to apply withholding tax. The Italian tax authorities recently issued an interpretive circular relating to, *inter alia*, the listing requirement of the aforementioned legislation. In the event that the Notes are not listed or that such listing requirement is not satisfied, our ability to deduct interest expense related to the Notes could be adversely impacted. In addition, in such circumstances, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax (*ritenuta*) currently at a rate of 20% (and which may be increased to 26% in the future), and we would be required to pay additional amounts with respect to such withholding taxes such that beneficial owners receive a net amount that is not less than the amount that they would have received in the absence of such withholding. We cannot assure you that the Notes will be listed on the ExtraMot, Professional Segment of Borsa Italiana S.p.A. on or about the Issue Date. The possible limitation on the deductibility of interest expense and the imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to noteholders could have a material adverse effect on our financial condition and results of operations.

In addition, although no assurance is made as to the liquidity of the Notes as a result of listing the Notes on the Official List of the Luxembourg Stock Exchange, the ExtraMot, Professional Segment of Borsa Italiana S.p.A. or another recognised stock exchange in accordance with the Indenture, failure to obtain approval for the listing or the delisting of the Notes from the Official List of the Luxembourg Stock Exchange the ExtraMot, Professional Segment of Borsa Italiana S.p.A. or another recognised stock exchange, as applicable, may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

You may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and its subsidiaries, including the Guarantor, are organised outside the United States, and our business is conducted entirely outside the United States. Almost all of the directors and executive officers of the Issuer and the Guarantor are non-residents of the United States. Although the Issuer and the Guarantor will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on these directors and executive officers. In addition, as substantially all of the assets of the Issuer, the Guarantor and their respective subsidiaries and those of their respective directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them. Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer and the Guarantor may not be subject to the civil liability provisions of the federal securities laws of the United States.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The credit ratings address our ability to perform our obligations under the terms of the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Transfers of the Notes are restricted, which may adversely affect the value of the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws of the United States. The Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws. Therefore you may not transfer or sell the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement, and you may be required to bear the risk of your investment in the Notes for an indefinite period of time. The Notes and the Indenture contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S under the U.S. Securities Act, or other exemptions under the U.S. Securities Act. In addition, by acceptance of delivery of any Notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the Notes that it shall not transfer the Notes in an aggregate principal amount of less than €100,000. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "*Transfer restrictions*".

The Acquisitions

ACG Acquisition

Overview

In December 2013, we acquired ACG for an initial purchase price of €24.0 million. ACG was formerly a business line of Global Business Services of IBM Italia S.p.A. and is a leading ERP provider for SMEs. In 2011, based on the most recently available data, ACG was the second largest ERP provider for SMEs with between 50 and 500 employees, while also serving, on a smaller scale, companies with more than 500 employees and SMEs of 10 to 49 employees. ACG's product range includes ACG v 3.8 and ACG Vision 4. In 2013, ACG had approximately 6,000 users, and of these approximately 3,500 regularly use its applications.

With the ACG Acquisition, we aim to reinforce our position in the SME market, particularly with respect to SMEs with between 50 and 500 employees. We plan to capitalise on ACG's distribution network of business partners, and its capability to generate new customers.

On 2 December 2013, the Company entered into an acquisition agreement with the ACG Seller, pursuant to which the Company agreed to acquire 100% of the share capital of ACG, a special purpose vehicle in which the ACG Seller contributed, effective as of 31 December 2013, its ERP business line. The ACG Acquisition was effective on 31 December 2013 and was funded by borrowings under the Revolving Credit Facility. The initial purchase price for the ACG Acquisition amounted to €24 million and was fully paid at closing on 19 December 2013. Furthermore, under the ACG Acquisition Agreement, the Company undertook certain obligations vis-à-vis the retention of employees of ACG, as well as their conditions of employment. The Company also agreed under the ACG Acquisition Agreement not to sell or otherwise transfer the equity interest of ACG to a third party for a period of twelve months from the date of closing of the ACG Acquisition, without the prior written notice of ACG Seller, unless the Company is required to do so pursuant to applicable laws, except in the event of change of control of any of the Company or any of its affiliates.

ACG employs a highly skilled team of analysts and developers in the SME market and has a developed distribution network. For year ended 31 December 2013, ACG's *pro forma* revenue and *pro forma* Adjusted EBITDA was €20.5 million and €3.2 million, respectively.

ACG's product range includes ACG V3.3, ACG V3.8 and ACG Vision 4. ACG's products enable customers to optimize the business processes of SMEs, including core activities such as accounting, finance, logistics, sales, production, as well as innovative analysis like *Cognos* (which transforms and condenses existing data for strategic purposes), or procedures allowing users to forecast the amount of raw materials and resources needed in each business through a simulation programme. ACG's products assist users in analysing data and creating various different production scenarios in real time.

Since the introduction of Vision 4 in 2009, which was followed by the launch of Vision 4 Cloud in 2013, some customers have been migrating from V3 to Vision 4. As of 31 March 2013, the churn rate of V3 and Vision 4 were 7.3% and 2.6%, respectively. Customer satisfaction with ACG's products is strong, with approximately 76% of customers reporting "high" or "very high" satisfaction in October 2013.

ACG's internal staff consists of 105 employees, including 30 employees in sales, which manage product development and market relationships, and 75 employees in research and development, which manage product development, maintenance and evolution. Most of the ACG teams are located in Milan, Rome and Bari. Sales teams are also located in Bologna, Genoa, Palermo and Catania.

Business
Revenues for ACG primarily comprise licence and maintenance fees. On average, approximately 70% of maintenance fees of ACG between the years 2011 and 2013 were recurring in nature.

ACG markets its software through its network of business partners, which operate through agency agreements. As of 31 December 2013, ACG had 54 business partners throughout Italy, with revenue generation focused mainly in the northern region of the country. ACG's business generates revenue from (i) granting licences for its software products and (ii) providing ongoing assistance, maintenance and product updates. ACG pays an average agency commission of 18%, which is higher on licence fees and lower on recurring revenue for legacy customers. ACG's general terms and conditions govern the supply of service and the licencing of software. The amounts to be paid by the customer and the terms of payment are set forth under specific terms and conditions entered into by the relevant customer. Payments may be on a recurring basis or one-time payments, depending on the specific terms of payment agreed.

24 Ore Software Acquisition

Overview
On 15 April 2014, we entered into an agreement to acquire 24 Ore Software for an initial enterprise consideration resulting from the 24 Ore Software Acquisition Agreement, amounting to €117.5 million, consisting of €95 million (which consists of cash consideration to be paid to the 24 Ore Seller and an amount to be paid to the 24 Ore Seller for the Company to assume the outstanding indebtedness under an intercompany loan) and €22.5 million through the Vendor Loan. 24 Ore Software's software solutions enable its customers to manage and develop their business and operations by automating and integrating business processes. 24 Ore Software generates substantially all of its revenues from the sale of accounting software for professionals (through its main product Il Sole 24 Ore), ERP systems for SMEs (through its main product ESA), engineering and construction software solutions (through its product STR), tax software solutions for CAFs (through its product Data Ufficio) and professional services to its customers.

24 Ore Software is currently a subsidiary of the 24 Ore Seller. The 24 Ore Software Acquisition is expected to close at the end of May 2014. We intend to fund the 24 Ore Software Acquisition with a portion of the proceeds of this Offering and the issuance of the Vendor Loan. Substantially concurrently with entering into the Vendor Loan, the Company will novate its rights and obligations under the Vendor Loan to the Issuer and the Issuer will, in turn, novate its rights and obligations under the Vendor Loan to TeamSystem HoldCo S.à r.l. The Vendor Loan will bear non-cash interest at a rate of 8% per annum. All capitalised interest and principal will be due and payable upon the maturity of the Vendor Loan on 15 November 2020.

We believe that the acquisition of 24 Ore Software, in line with our acquisition strategy, will strengthen our leadership position and increase our customer base in our core Professional and SME segments, as well as in the engineering and construction software and CAF segments, which are complementary to our main segments. 24 Ore Software was amongst the top ten largest players in the Professional market and amongst the top five largest players in the SME market in 2011. We also plan to capitalise on 24 Ore Software's distribution network of business partners, and its capability to generate new customers. We also believe that the expansion of our range of products and services as a result of the 24 Ore Acquisition will optimize our ability to cross-sell a wider range of products and services to a diversified pool of customers. We intend to leverage our expanded product offering to improve our cross-selling opportunities and to use agents to cross-sell modules and services to the migrated customer base. Furthermore, 24 Ore Software benefits from a stable revenue growth supported by a diversified customer base, with low revenue concentration and high visibility on sales driven by long-term contracts.

For year ended 31 December 2013, 24 Ore Software's *pro forma* revenue and *pro forma* and Adjusted EBITDA was €61.2 million and €11.9 million, respectively.

In 2011, 24 Ore Software had a total market share of 5.7% among accountants and 4.2% among SMEs. In addition, in 2013, 24 Ore Software had approximately 49,000 users. 24 Ore Software's product portfolio consists of the following product lines:

- *Il Sole 24 Ore:* Il Sole 24 Ore is a leading player in the small accountants segment, ranking second by market share in 2011 in companies of up to two employees. The main users of Il Sole 24 Ore software consist of professionals, primarily in the accounting sector. Il Sole 24 Ore software assists users in the preparation of financial statements, as well as accounting, tax management and payroll management. The key products in the Il Sole 24 Ore product line include ViaLibera, as well as Studio24, which is designed for larger customers.

- *ESA:* This product line is comprised of different ERP software products, including e/satto and eready, which target small companies, and e-impresa, which target larger SMEs. These products constitute one of the top three types of ERP software for SMEs available on the market, and cover a set of functionalities similar to the Group's small-mid ERP suites.

- *STR:* This product line is comprised of software products primarily focused on the construction and engineering sectors, including SMEs, large companies and professionals. STR software products assist users in construction project management, public works' procurement, as well as in the preparation of financial statements and other financial information. STR's main products are CPM, PBM, Admin and STR PlaNet.

- *Data Ufficio:* This product line supports tax advice centers and public administration employees in the processing of tax form, management of accounts and electronic document management. The main products are Innovare24, Caf24 and Fisco24.

- *Other:* 24 Ore Software's offering also includes a variety of smaller product lines, including Softlab, which assists users in legal office management, and Diamante, which is a micro-ERP software.

As of 31 December 2013, 24 Ore Software had approximately 450 employees. 24 Ore Software's employees are located in 16 offices. Most of 24 Ore Software's employees are located in Pero, Roma, Pegognaga and Rimini.

Business

Revenues for 24 Ore Software are primarily comprised of licence and maintenance income. For the year ended 31 December 2013, unaudited *pro forma* revenues for the ESA, tax and labour (including Il Sole 24 Ore products), STR and Data Ufficio product lines accounted for 38%, 33%, 16% and 8% of its total revenues for the year ended 31 December 2013. In 2013, 94% of 24 Ore Software's total revenues related to the sale of software, while 6% of revenues were generated from the sale of other products and services.

24 Ore Software has a network of direct and indirect channels, with approximately 110 VARs, mostly located Northern region of Italy.

Agency Agreement

In connection with the 24 Ore Software Acquisition, 24 Ore Software, the Company, the 24 Ore Seller and a special purpose vehicle incorporated by 24 Ore Seller will enter into an agency agreement pursuant to which the special purpose vehicle shall act as agent for the purposes of promoting the sale of certain products of 24 Ore Software, primarily targeted at accountants and labour consultants, such as Via Libera and Studio24. The special purpose vehicle shall act as exclusive agent with respect to the Agent's Exclusive Clients. Under the agency agreement, the agent will act through a number of sub-agents, which are current agents of 24 Ore Seller and the agent will continue to sell certain products of 24 Ore Seller (mainly education, books and other publishing products). The agent shall also have the right to promote the sale of software products other than those of 24 Ore Software, provided that such software products are not competing with those marketed by 24 Ore Software, the Company or its subsidiaries, subject to certain exceptions. The agency agreement provides a fee for the agent ranging from 23% to 28% of the revenues generated plus certain premiums and incentives, that can be increased or decreased depending on the performance of the agent in relation to the budget set by 24 Ore Software. TeamSystem will be entitled to set the budget for each sub-agent, and to determine incentive schemes for such sub-agents. In the event that 24 Ore Software, the Company or its subsidiaries enter into agreements for the sale of products competing with the products of 24 Ore Software directly with the Agent's Exclusive Clients, then the agent shall be entitled to receive consideration equal to the 50% of the commission that the agent would have received for the sale of the products. In addition, 24 Ore Software may request that underperforming sub-agents be replaced with new sub-agents. The agency agreement will commence on the closing date of the 24 Ore Software Acquisition and will expire at the end of 2016. The agency agreement may be renewed for further periods of two years, unless either party provides notice of an early termination.

Distribution through direct sales force

24 Ore Software distributes its software for SMEs (ESA business line), construction companies (STR) and CAFs (Dataufficio) through a direct network of sales persons and direct branches. Such 24 Ore Software sales network includes approximately 50 sales persons, and generates approximately 40% of ESA, STR and Dataufficio revenues.

Distribution through VARs

24 Ore Software distributes the remainder of its software for SMEs (its ESA business line) through certain VARs (the "24 Ore VARs") under its general terms and conditions. Under such general terms and conditions, 24 Ore Software appoints each 24 Ore VAR as a non-exclusive distributor of different software solutions related to its software. Each 24 Ore VAR has the right to sell and sub-licence its software and any updates thereof to final end-users and to provide them with the necessary technical support and assistance. In particular, each 24 Ore VAR undertakes to collect purchase orders from final end-users and to submit corresponding purchase orders to 24 Ore Software. The products ordered are then directly sold by the 24 Ore VAR to the final end-users through the execution of a licence agreement that is entered into by the 24 Ore VAR itself, along with a technical assistance agreement or "basic support" agreement. The consideration to be paid by the 24 Ore VAR consists of a variable amount depending on the categories of the software chosen, which will be paid to 24 Ore Software on a monthly basis. The ESA general terms and conditions have a duration of one year, with tacit renewal for one year periods, unless a three month written notice is served by the parties. Each 24 Ore VAR, for the entire duration of agreement, undertakes not to distribute 24 Ore Software's competitors' products. In the event of expiry or termination of the 24 Ore VAR agreement, 24 Ore Software shall (i) automatically become party to the licence and assistance agreements entered into by and between the 24 Ore VAR and the final end users and (ii) be entitled to engage any sub-distributor appointed by any 24 Ore VAR.

24 Ore Software generally applies to SMEs and Professionals the general terms and conditions of 24 Ore Seller, which acts as distributor of 24 Ore Software until the closing date of the 24 Ore Software Acquisition, where the distribution agreement among the 24 Ore Seller and 24 Ore Software will be terminated and replaced by the agency agreement. Such general terms and conditions include both the software licencing and the relevant maintenance and assistance services. The general terms and conditions are characterized by certain main standard provisions that can be summarized as follows. Final end users are granted with a non-exclusive and non-transferable licence to use the software in compliance with the purposes set forth in the single agreement. The licences are granted for a limited period of time, renewable for

subsequent periods. Final end users are required to pay a lump sum and/or an annual fee for the duration of the agreement.

Transitional services agreement

On the Completion Date, 24 Ore Software and the 24 Ore Seller also intend to enter into a transitional services agreement, which shall govern the supply of certain services by the 24 Ore Seller to 24 Ore Software. The transitional services agreement will set forth general principles governing the provision of transitional services relating to, among other things, all key operational areas including IT, administration, real estate and general services, for a maximum transition period of twelve months from the closing date of the 24 Ore Software Acquisition. Pursuant to the transitional services agreement, the 24 Ore Seller will provide certain material administration services including billing, accounting and credit management with respect to 24 Ore Software; services, support and data access to migrate software to our administration systems; and the provision of real estate leasing agreements at market rates. Although the material terms of the transitional services agreement have been agreed by the Company and the 24 Ore Seller, such agreement will only be entered into on the closing date of the 24 Ore Software Acquisition and therefore remains subject to change.

Use of proceeds

The gross proceeds from the Offering will be €141.9 million (including accrued interest from 15 November 2013 to the Issue Date) and the proceeds from the Offering, net of underwriting commissions to be paid on the Issue Date, will be €140.7 million.

On or about the Issue Date, the Issuer and the Company will enter into an amendment agreement for the Funding Loan in connection with the Transactions, to provide for (i) an additional loan of €29.5 million, to be made available by the Issuer, as lender, to the Company, as borrower, on or about the Issue Date from a portion of the proceeds of the Offering, to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break cost through the date of repayment and for general corporate purposes and (ii) an additional loan of €95 million, to be made available by the Issuer, as lender, to the Company, as borrower, on the Completion Date from a portion of the proceeds of the Offering, to fund the purchase price of the 24 Ore Acquisition.

On or about the Issue Date the Company will use a portion of the proceeds of the Funding Loan to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment.

Pending the consummation of the 24 Ore Software Acquisition, the Initial Purchasers will deposit (i) gross proceeds in an amount of €95 million from the Offering of the Notes, plus (ii) the Shortfall Amount, plus (iii) the Retained Fee, into the Escrow Account. Upon the Completion Date and the release of the proceeds from the Escrow Account to the Issuer, the Issuer will make available a loan under the Funding Loan as described above to the Company to fund a portion of the consideration for the 24 Ore Software Acquisition. See "*Description of the Notes—Escrow of proceeds; special mandatory redemption*".

A portion of the proceeds will be used to pay fees and expenses in connection with the Transactions, including the fees and expenses to be incurred in connection with this Offering. Any remaining proceeds will be used for general corporate purposes.

The expected estimated sources and uses of the funds with respect to the Offering assuming the release of the funds held in the Escrow Account to fund the 24 Ore Software Acquisition are shown in the table below. Actual amounts are subject to adjustments and may vary from estimated amounts depending on several factors, including the actual issue price and differences from our estimates of fees and other expenses and the actual Completion Date.

Sources (€ in millions)		**Uses**	
Notes offered hereby[(1)]	137.5	24 Ore Software Acquisition[(2)]	95
		Revolving Credit Facility[(3)]	21.5
		Cash on balance sheet	14.5
		Estimated commissions, fees and other expenses[(4)]	6.5
Total sources	**137.5**	**Total uses**	**137.5**

(1) Consists of the aggregate principal amount of the gross proceeds from the Notes offered hereby, and excludes payment of interest from 15 November 2013 to the Issue Date.

(2) Represents the cash consideration to be paid to the 24 Ore Seller (which consists of cash consideration to be paid to the 24 Ore Seller and an amount to be paid to the 24 Ore Seller for the Company to assume certain outstanding intercompany indebtedness).

(3) As part of the Transactions, the outstanding indebtedness under the Revolving Credit Facility will be repaid on or about the Issue Date, together with any accrued interest and break costs. As of 31 December 2013, the outstanding principal amount of indebtedness under the Revolving Credit Facility was €24.0 million, which excludes any accrued and unpaid interest and break costs. On 28 February 2014, we repaid €3.0 million in principal amount of indebtedness under the Revolving Credit Facility, plus accrued interest. As of 15 April 2014, the outstanding principal amount of indebtedness under the Revolving Credit Facility was €21.0 million, which excludes any accrued interest and break costs. The Revolving Credit Facility matures on 15 November 2019, which is the date falling six months before the scheduled maturity date of the Notes and it accrues interest at a rate per annum equal to EURIBOR plus certain mandatory costs, plus a margin of 4.50% per annum.

(4) Represents estimated fees and expenses associated with the Transactions, including underwriting and professional fees, and transaction costs.

Capitalisation

The following table sets forth the cash and cash equivalents and capitalisation of the Issuer (including ACG), on a consolidated basis pursuant to IFRS as of 31 December 2013: (i) on an actual consolidated basis; and (ii) as adjusted to give effect to the Transactions, including this Offering, the 24 Ore Software Acquisition and the other use of the proceeds therefrom, as if they had occurred on 31 December 2013.

You should read this table in conjunction with the information in "*Use of proceeds*", "*Management's discussion and analysis of financial condition and results of operations*" and the financial information included herein.

Management does not consider that there has been any material adverse movement in our capitalisation since 31 December 2013.

	As of 31 December 2013	
(€ in millions)	**Actual**	**As adjusted**
Cash and cash balances[1]	17.5	32.0
Notes offered hereby[2]	—	130.0
Initial Notes[3]	300.0	300.0
Revolving Credit Facility[4]	24.0	—
Other financial debt[5]	9.0	3.5
Total financial debt toward third parties	**333.0**	**433.5**
Total equity[6]	**183.8**	**205.3**
Total capitalisation	**516.8**	**638.8**

(1) As adjusted, reflects the cash and cash balances of the Issuer as of 31 December 2013 as adjusted for the Transactions. The actual cash and cash equivalents as of the date on the cover page of this offering memorandum and after giving effect to the Transactions may be different.

(2) Represents €130.0 million principal amount of Notes, excluding €7.5 million of issue premium.

(3) Represents €300.0 million principal amount of the Initial Notes issued on 7 May 2013.

(4) As part of the Transactions, the outstanding indebtedness under the Revolving Credit Facility will be repaid on or about the Issue Date, together with any accrued interest and break costs. As of 15 April 2014, the outstanding principal amount of indebtedness under the Revolving Credit Facility was €21.0 million, which excludes any accrued interest and break costs.

(5) Represents mainly financial debt for vendor loans and other minor financial liabilities, including interest expense accrued under the Initial Notes and the Revolving Credit Facility as of 31 December 2013, net of the amount of existing financing fees and other minor financial assets. The As Adjusted column represents the accounting effect of transaction fees in connection with this Offering as financing fees.

(6) As adjusted total equity represents the effects of the assumption of the obligations and rights and obligations under the Vendor Loan by Titan 1 and capitalised acquisition costs with respect to the 24 Ore Software Acquisition.

Selected historical financial data

The following tables present our selected consolidated historical data as of and for the periods indicated below.

The Issuer was incorporated on 23 July 2010 but it did not prepare consolidated financial statements in accordance with IFRS prior to the issuance of the Initial Notes on 7 May 2013. Prior to the issuance of the Initial Notes, Group consolidated financial statements were prepared by the Company. The material differences between the Issuer's historical consolidated financial information and the Company's historical consolidated financial information relate to the financial liabilities of the Issuer under the Initial Notes and the related fees and expenses which constitute financing fees in our financial statements. As a result, the Issuer's consolidated financial information is not directly comparable to the consolidated financial information of the Company for any prior periods.

The historical data presented in this offering memorandum for the year ended 31 December 2013 have been derived from the historical consolidated financial information for the Issuer, included elsewhere in this offering memorandum. Our consolidated statement of financial position as of 31 December 2013 includes the financial position of ACG, which was acquired on 31 December 2013. However, our consolidated income statement data, consolidated statement of comprehensive income and consolidated cash flows data do not reflect the results of operations of ACG for the year ended 31 December 2013. We have presented in this offering memorandum the historical consolidated financial information for the Issuer, comprising the consolidated financial statements of the Issuer as of and for the year ended 31 December 2013, audited by Deloitte & Touche S.p.A., and the auditor's report thereto.

The following information should be read in conjunction with, and is qualified in its entirety by reference to, our consolidated financial statements included elsewhere in this offering memorandum. The information below should also be read together with the information contained in the sections entitled "*Capitalisation*", "*Use of proceeds*" and "*Management's discussion and analysis of financial condition and results of operations*".

Consolidated income statement data

(€ in millions)	2011	2012	2013
	Year Ended 31 December		
Revenue	141.5	150.8	155.7
Other operating income	1.0	1.6	1.5
Total revenues	**142.6**	**152.3**	**157.2**
Consumption of raw and other materials	(18.9)	(18.3)	(17.5)
Cost of service	(25.4)	(28.6)	(29.7)
Personnel	(43.4)	(47.8)	(51.2)
—of which non-recurring	—	—	(0.3)
Other operating expenses	(2.4)	(2.9)	(3.2)
Non-recurring expenses	(3.1)	(3.8)	(4.6)
Depreciation and amortisation of non-current assets	(24.9)	(25.1)	(25.6)
Allowance for doubtful debts and other risks/provisions	(1.8)	(1.9)	(3.0)
Impairment of non-current assets	—	(75.0)	—
Operating result	**22.6**	**(51.1)**	**22.5**
Finance income	3.9	2.7	1.7
Finance cost	(29.7)	(28.2)	(47.5)
—of which non-recurring	—	—	(13.6)
Loss before income taxes	**(3.2)**	**(76.6)**	**(23.4)**
Income taxes			
Current income taxes	(9.5)	(8.2)	(7.6)
—of which non-recurring	—	1.4	—
Deferred income taxes	12.3	(2.0)	2.5
—of which non-recurring	3.1	(6.8)	—
Total income taxes	**2.9**	**(10.2)**	**(5.1)**
Profit (Loss) for the year	**(0.3)**	**(86.7)**	**(28.5)**
Loss (Profit) attributable to non-controlling interests	**(0.4)**	**(0.5)**	**(0.1)**
Profit (Loss) attributable to the owners of the Company	**(0.7)**	**(87.2)**	**(28.6)**

Consolidated statement of comprehensive income

(€ in millions)	2011	2012	2013
	Year Ended 31 December		
Profit (Loss) for the year	**(0.3)**	**(86.7)**	**(28.5)**
Actuarial evaluation of Employees termination indemnities	—	(1.4)	0.1
Fiscal effect		0.4	—
Other comprehensive profit (loss), net of fiscal effect	**—**	**(1.0)**	**0.1**
Total comprehensive profit (loss)	**(0.3)**	**(87.8)**	**(28.4)**
Loss (Profit) attributable to non-controlling interests	(0.4)	(0.4)	(0.1)
Total comprehensive profit (loss) attributable to the owners of the Company	**(0.7)**	**(88.2)**	**(28.4)**

Consolidated statement of financial position

(€ in millions)	Year Ended 31 December 2011	2012	2013
Total non-current assets	656.3	567.0	577.7
Cash and bank balances	13.8	19.1	17.5
Trade receivables	46.9	46.5	48.7
Inventory	1.6	1.3	1.4
Total current assets	72.8	77.4	78.6
Total assets	729.1	644.4	656.3
Equity attributable to owners of the Company	326.6	238.4	183.1
Total equity	328.4	240.2	183.8
Overdrafts and loans from banks and other financial institutions non-current portion	165.3	167.5	300.0
Trade payables	16.1	15.9	18.5
Total non-current liabilities	340.4	338.1	397.3
Total current liabilities	60.2	66.0	75.2
Total liabilities	400.7	404.1	472.5
Total equity and liabilities	729.1	644.4	656.3

Consolidated cash flows data

(€ in millions)	Year Ended 31 December 2011	2012	2013
Cash flow generated from operations	39.0	46.9	43.6
—of which capitalised development expenses	2.3	4.3	7.1
Cash flows from investing activities	(14.0)	(15.7)	(26.0)
Cash flow from financing activities	(19.5)	(18.2)	(11.8)
Cash flows from taxes	(10.5)	(10.9)	(9.8)
Cash and cash balances from consolidation of new subsidiaries as of acquisition	1.6	3.2	2.3
Total cash flow generated in the period	(3.4)	5.2	(1.7)
Cash and cash balances at the end of the year	13.8	19.1	17.5

Management's discussion and analysis of financial condition and results of operations

The following is a discussion of the financial condition and results of operations of the Company on a consolidated basis for the years ended 31 December 2011 and 2012 and the financial condition and results of operations of the Issuer on a consolidated basis for the year ended 31 December 2013. Accordingly, all references to "we", "us" or "our" in respect of historical consolidated financial information for the years ended 31 December 2011 and 2012 in this discussion are to the Company and its subsidiaries on a consolidated basis and all references to "we", "us" or "our" in respect of historical consolidated financial information for the year ended 31 December 2013 in this discussion are to the Issuer and its subsidiaries (including the Company) on a consolidated basis. See "Presentation of financial and other information".

The following discussion should be read together with, and is qualified in its entirety by reference to, the Company's and the Issuer's consolidated financial statements, and the related notes thereto, included elsewhere in this offering memorandum. The following discussion should also be read in conjunction with the sections entitled "Summary consolidated financial data" and "Selected historical financial data". Except for the historical information contained herein, the discussions in this section contain forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this offering memorandum, particularly in "Risk factors" and "Forward-looking statements".

Some of the measures used in this offering memorandum are not measurements of financial performance under IFRS, but have been prepared on the basis of IFRS amounts, and should not be considered an alternative to cash flow from operating activities as a measure of liquidity or an alternative to gross operating margin for the period as indicators of our operating performance or any other measures of performance derived in accordance with IFRS.

Overview

We are the leading designer and distributor of mission critical ERP and business management software and related value-added services for SMEs and professional advisors in Italy as of 2011 (the most recent period for which data is available to us). In total, we have a large and diverse customer base with approximately 126,000 unique end customers. Based on the most recently available data, we had a 17% share in the Italian SME software market and a 31% share in the Italian professional advisor software market. When combining our SME and Professional business lines, we had more than twice the market share of our nearest competitor. From 2006 to 2011, we grew our market share in the SME market by approximately 9.9 percentage points and in the professional advisors market by approximately 4.7 percentage points. We have consistently grown our revenues and EBITDA since 2001, despite various economic cycles in the Italian economy. Our total revenue and Adjusted EBITDA for year ended 31 December 2013 were €157.2 million and €55.9 million, respectively, representing an Adjusted EBITDA margin of 35.6%.

For the year ended 31 December 2013, after giving effect to the Acquisitions as if they had occurred on 1 January 2013, our *pro forma* total revenues and *pro forma* Adjusted EBITDA including synergies would have been €240.1 million and €78.1 million, respectively. Moreover, based on the most recently available data, in 2011, as adjusted to give effect to the Acquisitions, we would have had a market share of approximately 36% in the Professionals market and a market share of approximately 25% in the SME software market, representing an increase of 5 percentage points and 7 percentage points, respectively, compared to our market share in these segments prior to the Acquisitions.

Our software solutions help our customers manage and develop their business and operations by automating and integrating business processes. These solutions are mission critical for the day-to-day operations of our customers. Together with this, the breadth of our product range, our high quality customer service and regular software updates result in a historically stable and low churn level among our Software and Services customers (excluding microbusiness) of approximately 4% to 5% per year over the past three years.

We have developed an extensive distribution and service network throughout Italy comprised both of a direct channel and an indirect channel (consisting of VARs). We have strong cash flow visibility underpinned by multi-year contracts with our VARs and maintenance and assistance fees from our direct channel clients. This results in approximately 63% of recurring revenues.

Our core business line is Software and Services, which represents approximately 93% of our Adjusted EBITDA, and is complemented by two other lines that complete our product offer: Education and CAD/CAM. Our client base is highly fragmented with our single largest direct channel end customer in 2013 representing approximately 0.1% of our total revenues. Our SME customer base includes micro, small and medium businesses with up to 500 employees and our Professional customer base includes accountants, labour advisors, and lawyers.

Business segment reporting

Beginning with our financial year ended 31 December 2012, we voluntarily decided to adopt the segment reporting information under IFRS 8, and, consequently, we also prepared segment reporting for the year ended 31 December 2011 for comparative purposes.

Our financial segment reporting is on the basis of three business segments: Software and Services, Education and CAD/CAM. Our basis of segment reporting reflects the management structure of our business, our system of internal financial reporting and what we believe to be the predominant source of risks and returns in our business. We report external total revenue, EBITDA, Adjusted EBITDA, EBIT, profit and loss, and assets and liabilities for each of our business segments. See note 2 to our 2013 audited consolidated financial statements.

Consolidation method

We consolidate all the controlled subsidiaries and entities controlled as required by IAS 27 and on the basis of IFRS 3. Our consolidated statement of financial position as of 31 December 2013 includes the statement of the financial position of ACG. However, our consolidated income statement data, consolidated statement of comprehensive income and consolidated cash flows data do not reflect the results of operations of ACG for the year ended 31 December 2013. See note 14 to our 2013 audited consolidated financial statements.

Generally, on or about the date when we acquire a majority or controlling stake in a target company, we enter into put and call option agreements for the residual stake held by minority owners of the target company. When the acquisition includes such put and call option agreements, the acquired company is fully consolidated in our financial statements. Accordingly, the estimated value of the exercise price of the put and call option is included in the cost of the acquisition and contributes to the overall determination of the acquisition price and related goodwill. This accounting method applies only where the Group has acquired a majority control of the voting rights of the target at the date of the acquisition.

Any acquisitions of minority interests subsequent to having achieved control are accounted for as transactions between shareholders, with the pertinent goodwill recorded as a reduction of the Group's equity, in compliance with the requirements of IFRS 3.

See the “basis of consolidation” paragraph of our 2013 audited consolidated financial statements for more details.

Key factors affecting our results of operations

Italian economy

We generate substantially all of our revenues from the sales of products and services to customers in Italy. Our results of operations may be affected by general economic conditions in Italy, including their impact on our customers. A downturn in the Italian economy can affect information technology spending generally, demand and pricing for our products and services, the creditworthiness of our customers and other counterparties (such as VARs), the ability of other software companies to compete effectively, and the availability and cost of financing.

Italy’s GDP had a negative CAGR of 1.3% from 2010 to 2013 and spending on information technology in Italy declined by 2.4% over the same period. Despite the decline in GDP and in information technology spending, our revenues and Adjusted EBITDA grew by 7% and 5%, respectively, from 2010 to 2013, demonstrating the resilience of our business. Demand for our core Software and Service products and services from SMEs and Professionals remained stable, confirming the mission critical nature of our products. Demand for the products of our Education and CAD/CAM business experienced a slight downturn and our CAD/CAM business line has been affected by the downturn in the manufacturing market. We have experienced a slight increase in bad debt across our business lines as a result of the macroeconomic climate in Italy, however due to the diversification of our customer base through our direct channel and VARs, our bad debt risk is limited. Despite the economic downturn, we have maintained a stable pricing policy. We have also experienced a slight increase in customer churn, primarily with respect to our SME customers because SMEs have been most impacted by the economic downturn.

Acquisitions

Our operating results can be impacted by the effects of acquisitions. We estimate the financial impact of any potential acquisition with regards to revenues, EBITDA, EBITDA margins, cash flow and return on investment targets before we proceed with the acquisition.

Since and including the fourth quarter of 2011, we acquired six businesses: Danea Soft, Paradigma, Optime, Digita, H-Umus and ACG and we expect to complete the 24 Ore Software Acquisition in the first half of 2014. Below is a description of such acquisitions.

Danea Soft In December 2011, we acquired 51% of Danea Soft S.r.l., an Italian company offering a SaaS based software solution for microbusinesses, for a total price of €4.3 million. Danea Soft sold approximately 95,000 licences in Italy as of 31 December 2013, out of which approximately 26,800 pay us an annual subscription fee and which we consider part of our underlying client base, and is the leader in Italy for the supply of management software for microbusinesses. Danea Soft contributed €4.0 million in revenue for the year ended 31 December 2013.

Paradigma and Optime In January 2012, we acquired 100% of Paradigma S.r.l., an Italian boutique business specialising in high-end professional training services for managers of large Italian businesses, for a total price of €7.3 million (including a fully paid earn out). Later in the year we combined Paradigma with Optime, which had been Paradigma’s biggest competitor, further strengthening Paradigma’s leadership in this sector. We believe the acquisition of Paradigma and Optime extends our primary role in our Education business, in which we already have a leading market share through Euroconference. Paradigma and Optime are the leading companies in management training for large businesses, financial institutions, public administrators and professional firms and contributed €3.4 million in revenue for the year ended 31 December 2013.

Digita In February 2012, we acquired 60% of Digita S.r.l., an Italian company offering a SaaS based CRM, for a total price of €0.4 million (of which €0.1 million of an estimated earn out payment has not yet been paid). This acquisition further extends our product offering for SMEs and we believe it will provide relevant cross-selling opportunities within our customer base.

H-Umus In October 2012, we purchased 85% of H-Umus S.r.l., a multitouch software solutions provider and design company from H-Farm Italia S.r.l. for a total price of €3.6 million. H-Umus allows us to extend our expertise and product offerings into mobile applications, as it develops innovative mobile-based technologies, e-catalogues and e-showrooms on a variety of interactive platforms, such as single and multi-touch screens.

ACG In December 2013, we acquired ACG for an initial purchase price of €24.0 million. ACG was formerly a business line of Global Business Services of IBM Italia S.p.A. and is a leading ERP provider for SMEs. In 2011, based on the most recently available data, ACG was the second largest ERP provider for SMEs with between 50 and 500 employees, while also serving, on a smaller scale, companies with more than 500 employees and SMEs of 10 to 49 employees. ACG's product range includes ACG v 3.8 and ACG Vision 4. In 2013, ACG had approximately 6,000 users, and of these approximately 3,500 regularly use its applications.

With the ACG Acquisition, we aim to reinforce our position in the SME market, particularly with respect to SMEs with between 50 and 500 employees. We plan to capitalise on ACG's distribution network of business partners, and its capability to generate new customers.

ACG employs a highly skilled team of analysts and developers in the SME market and has a developed distribution network. For year ended 31 December 2013, ACG's *pro forma* revenue and *pro forma* Adjusted EBITDA was €20.5 million and €3.2 million, respectively.

Revenues for ACG primarily comprise licence and maintenance fees, with Vision 4 licenced customers accounting for 52% of ACG's gross revenues in the year ended 31 December 2013. Additional revenue sources include licence and maintenance income from V3 and V2, accounting for 44% and 4% of gross revenues for the year ended 31 December 2013.

24 Ore Software On 15 April 2014, we entered into an agreement to acquire 24 Ore Software for an initial enterprise consideration resulting from the 24 Ore Software Acquisition Agreement, amounting to €117.5 million, consisting of €95 million (which consists of cash consideration to be paid to the 24 Ore Seller and an amount to be paid to the 24 Ore Seller for the Company to assume certain outstanding intercompany indebtedness) and €22.5 million through the Vendor Loan. 24 Ore Software's software solutions enable its customers to manage and develop their business and operations by automating and integrating business processes. 24 Ore Software generates substantially all of its revenues from the sale of accounting software for professionals (through its main product Il Sole 24 Ore), ERP systems for SMEs (through its main product ESA), engineering and construction software solutions (through its product STR), tax software solutions for CAFs (through its product Data Ufficio) and professional services to its customers.

We believe that the acquisition of 24 Ore Software, in line with our acquisition strategy, will strengthen our leadership position and increase our customer base in the Professional and SME segments, as well as in the engineering and construction software and CAF segments, which are complementary to our main segments. 24 Ore Software was amongst the top ten largest players in the Professional market and amongst the top five largest players in the SME market in 2011. We also plan to capitalise on 24 Ore Software's distribution network of business partners, and its capability to generate new customers. We also believe that the expansion of our range of products and services as a result of the 24 Ore Software Acquisition will optimize our ability to cross-sell a wider range of products and services to a diversified pool of customers.

For year ended 31 December 2013, 24 Ore Software's pro forma revenue and pro forma Adjusted EBITDA was €61.2 million and €11.9 million, respectively.

Revenues for 24 Ore Software are primarily comprised of licence and maintenance income. For the year ended 31 December 2013, unaudited pro forma revenues for the ESA, tax and labour, STR and Data Ufficio product lines accounted for 38%, 33%, 16% and 8% of its total revenues for the year ended 31 December 2013. In 2013, 94% of 24 Ore Software's total revenues related to the sale of software, while 6% of pro forma revenues were generated from the sale of other products and services.

24 Ore Software is currently a subsidiary of the 24 Ore Seller. The 24 Ore Software Acquisition is expected to close at the end of May 2014. We intend to fund the 24 Ore Software Acquisition with a portion of the proceeds of this Offering and through the Vendor Loan. Substantially concurrently with entering into the Vendor Loan, the Company will novate its rights and obligations under the Vendor Loan to the Issuer and the Issuer will, in turn, novate its rights and obligations under the Vendor Loan to TeamSystem HoldCo S.à r.l. The Vendor Loan will bear non-cash interest at a rate of 8% per annum. All capitalised interest and principal will be due and payable upon maturity of the Vendor Loan on 15 November 2020.

In connection with the 24 Ore Software Acquisition, 24 Ore Software, the Company, the 24 Ore Seller and a special purpose vehicle incorporated by 24 Ore Seller will enter into an agency agreement pursuant to which the special purpose vehicle shall act as agent for the purposes of promoting the sale of certain products of 24 Ore Software, primarily targeted at accountants and labour consultants, such as Via Libera and Studio24. See "The Acquisitions—Business—Agency Agreement".

On the Completion Date 24 Ore Software and the 24 Ore Seller also intend to enter into a transitional services agreement, which shall govern the supply of certain services by the 24 Ore Seller to 24 Ore Software. The transitional services agreement will set forth the general principles governing the provision of transitional services relating to, among other things, all key operational areas including IT, administration, real estate and general services, for a maximum transition period of twelve months from the closing date of the 24 Ore Software Acquisition. Pursuant to the transitional services agreement, the 24 Ore Seller will provide certain material administration services including billing, accounting and credit management with respect to 24 Ore Software; services, support and data access to migrate software to our administration systems; and the provision of real estate leasing agreements at market rates. Although the material terms of the transitional services agreement have been agreed by the Company and the 24 Ore Seller, such agreement will only be entered into on the closing date of the 24 Ore Software Acquisition and therefore remains subject to change.

Following the 24 Ore Software Acquisition, we expect our Adjusted EBITDA margin for our Software and Services business line to decrease for a period until we have implemented the programmes related to various synergies we aim to achieve. In addition, 24 Ore Software currently has a longer billing cycle than we do, and as a result, our working capital may be correspondingly impacted for a period of time following the 24 Ore Software Acquisition.

Recurring contracted revenues

We consider approximately 63% of the total revenue generated by our business in 2013 to be recurring. We deem recurring those revenues which, based on our experience, we expect will be repeated in one or more of the following years, either based on specific contractual arrangements or on our experience. We attribute a recurring nature to a significant part of our revenues primarily due to two factors: our business model and customer loyalty. In most instances, when we sell our software products, we also sell assistance and maintenance services. In our experience, principally due to our customers' need to keep abreast of legislative, tax, and accounting developments, assistance contracts are generally renewed by customers purchasing our products through both the direct and indirect channels throughout the lifecycle of our products. Contract renewal usually takes place before the beginning of the year (during our annual budgeting process), thus providing a high level of visibility on revenue from this business area. Typically, our contracts are automatically renewed each year unless customers provide written termination notice at least three or six months prior to the expiration date of such contract. Furthermore, most of our licence agreements provide for our right to withdraw at any time with six months prior notice.

Moreover, most of our contractual arrangements with the VARs have a duration of three years, and are generally renewed upon expiry. We believe that the loyalty of our customers and VARs is due to their satisfaction with our products and to the relatively high costs required to switch software providers.

Customer and product mix

Our total revenue is also balanced among customer type and customer size. In 2013, as a percentage of total revenue of our direct channel, the customers for our largest business line, Software and Services, consisted of approximately 65% of SMEs, approximately 30% of Professionals and approximately 5% of microbusinesses. Our top 10 direct customers represented approximately 1% of our total revenue for 2013.

The products and services that we offer to Professionals generally generate higher profit margins than our other Software and Services products and services. We have a growing SME customer base, and, as a result our profit margin may decrease. The products and services that we offer through our VARs generally generate higher profit margin than our products and services offered through our direct channel because VARs are responsible for their overhead and employee costs. Until we can fully integrate products from acquisitions, our profit margins also tend to be lower following the acquisition of new businesses because the businesses we acquire typically have a lower profit margin.

We have a highly diversified customer base across a wide range of industries. Between 2011 and 2013, our customer base increased, from approximately 98,400 end customers as of 31 December 2011 to approximately 131,500 as of 31 December 2013 (including the approximately 4% of customers overlapping between business lines), out of which approximately 104,000 correspond to our Software and Services business line, 21,500 to our Education business line and 6,000 to our CAD/CAM business line.

There is no particular industry or segment on which we rely for our customer base. Our top 10 direct customers represented approximately 1% of our revenue for 2013. We benefit from an extremely low customer and end-user churn rate, historically ranging between 4% and 5%, of which only approximately 1% relates to voluntary churn, with the remainder as a result of exogenous effects, such as a customer merging, choosing to outsource this function or going out of business.

Research and development expenses

The future success of our businesses will depend in part on the success of our investments in product development. We make significant investments in the development of our products and services and historically record approximately €2.5 million of capitalised research and development expenses each year. In addition to our regular research and development expenses, we expect to invest approximately €16 million through 2016 in our Product Renewal Project (of which €2.0 million was invested in 2012 and €4.3 million was invested in 2013). Following completion of the Product Renewal Project, we expect to return to our historical levels of research and development spending.

Development costs in relation to a particular project are capitalised only when our directors can demonstrate the technical feasibility of completing the project so that it will be available for use or sale, the intention to complete the project and use or sell it, how the project is expected to generate future economic benefits and the availability and amount of resources required to complete the project. Our capitalised development costs for the years ending 31 December 2012 and 2013 were €4.3 million and €7.1 million, respectively.

Principal profit and loss account items

Revenue

We recognise revenue net of returns and bonuses directly. For each revenue stream, there are usually no sales under multiple-element arrangements (e.g. goods and services) for which separate recognition of revenues would be required. Revenue is generated and recognised according to business line as follows:

Software and Services Our Software and Services business line generates revenue primarily from the design, development, marketing and distribution of modular, highly scalable and flexible software applications targeted primarily to SMEs (businesses with up to 500 employees), professional firms, principally accountants, lawyers and labour advisors. We generate revenue through both our direct and indirect channels.

Our direct channel revenue is primarily derived from the sale of proprietary software products, assistance and maintenance services, other services which include implementation and customisation projects, and third-party software and hardware. The assistance and maintenance services business represents the main source of revenues from our direct channel. These services which comprise support and maintenance, including upgrading and updating, are provided under contracts typically entered into in connection with the sale of our software applications and are renewed annually, unless cancelled upon three to six months' prior notice (depending on the particular contract).

Our indirect channel revenues are derived from the sale of software licences and assistance services to VARs, and from sales of other products and services.

Our direct channel revenues from the sales of software licences are recognised at the date of delivery because all contractual obligations have generally been performed and there are generally no rights of return or acceptance clauses. Where these contracts include separate revenue streams for other services, such as maintenance and assistance services, these revenues are accounted for separately. Our maintenance and assistance revenues from sales to direct channel customers are recognised on a straight line basis over the term of the contract (usually twelve months) and the portion of revenues pertaining to following years is treated as deferred income. Direct channel revenues related to training, support, implementation and customisation software activities that are either included within the main contract or negotiated under separate contracts, are recognised at the service execution date. Revenues related to ERP implementation services still ongoing at the balance sheet date are recognised on the basis of their percentage of completion at that date. Our VARs are invoiced on a quarterly or yearly basis, depending on the particular contract, and revenues are recognised on a straight line basis over the relevant period. Revenues from additional support services and products offered to VARs are recognised when the service has been rendered (in accordance with IAS 18) or when the product has been delivered.

Education Our Education business generates revenues from the sale of a broad variety of education educational services and products through our Euroconference, Paradigma and Optime brands. We sell seminars, conferences, e-learning courses, professional publications and products.

Revenues from the sale of books and electronic manuals are recognised at the delivery date. Revenues from training are recognised based on the services provided in any given period; in the case of training is delivered across different accounting periods, revenues are recognised on a pro-rata basis according to the "stage of completion" of the training programme. Sales of newsletter subscriptions and technical update documents, which generally cover a twelve-month period and related revenues are recognised on a straight line basis over that period, considering the portion of revenues pertaining to the following years as deferred income.

CAD/CAM Our CAD/CAM business generates revenues primarily through the provision and distribution of manufacturing software solutions to SMEs through a non-exclusive distribution agreement with SolidWorks. We are the largest SolidWorks value added reseller in Italy and in Europe. We also generate revenue through training and consultancy services to end-users of SolidWorks software and develop our own CAD/CAM software.

Revenues from the sale of CAD/CAM software licences are recognised at the date of delivery because all contractual obligations have generally been performed and there are generally no rights of return or acceptance clauses. Where these contracts include separate revenue streams for other services, such as maintenance and assistance services, these revenues are accounted for separately. Revenues from maintenance and assistance services to customers generally cover a one to three year period and related revenues are recognised on a straight line basis over that period, considering the portion of revenues pertaining to the following years as deferred income.

Costs

Our costs consist mainly of personnel costs, cost of services, consumption of raw and other materials and amortisation and depreciation of non-current assets. We view our costs as either fixed, semi-variable or variable. Historically, 60% of our total operating costs have been fixed costs, consisting primarily of personnel costs as a result of employment regulations in Italy and rent. Our variable costs consist primarily of raw materials and purchased goods, consulting costs, copyrights and training costs and our semi-variable costs include costs related to bonuses and marketing and costs associated with the provision of services.

Personnel costs represent our largest operating expense and consist primarily of salaries and wages, social security costs, allowance for staff severance indemnity, fees paid to personnel employed on a flexible contract basis, directors' fees and other labour expenses.

Costs of services consist primarily of advertising and marketing expenses, fees associated with copyrights for our education materials, commissions, fees paid to consultants for professional services, sales training expenses, corporate expenses and overhead.

Non-recurring expenses represent tax and legal advice and other sundry expenses, the nature of which is deemed to be non-recurring with respect to the business' normal operations.

Consumption of raw and other materials mainly relates to the cost of sales of hardware, third party software and manuals and materials for education.

Depreciation expense of non-current assets primarily relates to depreciation of property, plant and equipment.

Amortisation expense of non-current assets primarily relates to the cost of software, trademarks, patents and licences, to the amortisation of customer relationships and of capitalised development expenses. In particular, development costs in relation to a particular project are capitalised only when our directors can demonstrate the technical feasibility of completing the project so that it will be available for use or sale, the intention to complete the project and use or sell it, how the project is expected to generate future economic benefits and the availability and amount of resources required to complete the project.

Impairment relates to the impairment loss in respect of tangible and intangible assets, including goodwill, capitalised development costs, customer relationship and proprietary TeamSystem brand. The Company recorded an impairment of goodwill for the year ended 31 December 2012.

Operating result

Operating result consists of profit (loss) for the year, before tax, financial income and expenses.

Finance income

Finance income consists of interest income on banks balances, from valuation of derivative instruments (interest rate swaps) and variance in the fair value of vendor loan debt toward minority shareholders.

Finance cost

Finance cost primarily consists of costs of interest on the Initial Notes and on bank overdrafts and loans, interest on loans from shareholders, interest on derivative instruments (interest rate swaps) and financing fees and interests on vendor loans.

Income taxes

Income taxes comprises the Italian corporate income tax and certain changes in deferred tax assets and liabilities.

Adjusted EBITDA

EBITDA consists of operating income (loss) reported in the income statement, plus (i) impairment of non-current assets, (ii) other provisions, (iii) depreciation and amortisation of non-current assets and (iv) non-recurring expenses and non-recurring personnel expenses. Adjusted EBITDA consists of EBITDA plus allowance for bad debt. Bad debt consists of the allowance for bad or doubtful debt, as determined by us on the basis of historical trends of overdue receivables and percentages of unpaid receivables as well as specific analysis of overdue receivables with respect to certain customers. Adjusted EBITDA figures presented on a segment basis have been prepared on a basis consistent with the preparation of Adjusted EBITDA.

Total comprehensive profit (loss) attributable to the owners of the Company

Total comprehensive profit (loss) represents attributable to the owners of the Company represents profit (loss) plus the effect of other comprehensive income, net of related taxes, attributable to owners of the Company. The only impact of other comprehensive income was related to the actuarial gains and losses on employee termination indemnities accounted since 31 December 2012.

Results of operations

The Issuer was incorporated on 23 July 2010 but it did not prepare consolidated financial statements in accordance with IFRS prior to the issuance of the Initial Notes on 7 May 2013. Prior to the issuance of the Initial Notes, Group consolidated financial statements were prepared by the Company.

Therefore, the results of operations presented below for the year ended 31 December 2012 have been derived from the historical consolidated financial information for the Company (and not the historical consolidated financial information of the Issuer for the year ended 31 December 2012 presented in our 2013 audited consolidated financial statements), included elsewhere in this offering memorandum and the results of operations presented below for the year ended 31 December 2013 have been derived from the historical consolidated financial information for the Issuer, included elsewhere in this offering memorandum. Our consolidated statement of financial position as of 31 December 2013 includes the statement of financial position of ACG, which was acquired on 31 December 2013. However, our consolidated income statement data, consolidated statement of comprehensive income date and consolidated cash flows data do not reflect the results of operations of ACG for the year ended 31 December 2013.

The material differences between the Issuer's historical consolidated financial information and the Company's historical consolidated financial information relate to the financial liabilities of the Issuer under the Initial Notes and related fees and expenses which constitute financing fees in our financial statements. As a result, the Issuer's consolidated financial information is not directly comparable to the consolidated financial information of the Company for the year ended 31 December 2012 or any prior periods.

Year ended 31 December 2013 compared to year ended 31 December 2012

The table below sets out our consolidated results of operations for the year ended 31 December 2013 of the Issuer, compared to the year ended December 2012 of the Company.

	Year ended 31 December		
(€ in millions, except percentages)	**2012**	**2013[1]**	**Percentage change**
Revenue	150.8	155.7	3.2
Other operating income	1.6	1.5	(6.3)
Total revenue	**152.3**	**157.2**	**3.2**
Consumption of raw and other materials	(18.3)	(17.5)	(4.4)
Cost of service	(28.6)	(29.7)	3.8
Personnel	(47.8)	(51.2)	7.1
—of which non-recurring	—	(0.3)	NM[2]
Other operating expenses	(2.9)	(3.2)	10.3
Non-recurring expenses	(3.8)	(4.6)	21.1
Depreciation and amortisation of non-current assets	(25.1)	(25.6)	2.0
Allowance for doubtful debts and other risks/provisions	(1.9)	(3.0)	57.9
Impairment of non-current assets	(75.0)	—	NM
Operating result	**(51.1)**	**22.5**	NM
Finance income	2.7	1.7	(37.0)
Finance cost	(28.2)	(47.5)	68.4
—of which non-recurring	—	(13.6)	NM
Profit (Loss) before income taxes	**(76.6)**	**(23.4)**	NM
Income taxes			
Current income taxes	(8.2)	(7.6)	(7.3)
—of which non-recurring	1.4	—	NM
Deferred income taxes	(2.0)	2.5	NM
—of which non-recurring	(6.8)	—	NM
Total income taxes	**(10.2)**	**(5.1)**	**(50.0)**
Profit (Loss) for the year	**(86.7)**	**(28.5)**	**(67.1)**
Loss (Profit) attributable to non-controlling interests	**(0.5)**	**(0.1)**	**(80.0)**
Profit (Loss) attributable to owners of the Company	**(87.2)**	**(28.6)**	**(67.2)**
Adjusted EBITDA[3]	**54.7**	**55.9**	**2.2**

(1) Consolidated results of operations for the year ended 31 December 2013 does not include the results of ACG, which was acquired on 31 December 2013.

(2) NM means not meaningful.

(3) Adjusted EBITDA consists of EBITDA plus allowance for bad debt. See "*Presentation of financial and other information*".

Consolidated statement of comprehensive income data

(€ in millions, except percentages)	Year ended 31 December 2012	2013
Profit (Loss) for the year	**(86.7)**	**(28.5)**
Actuarial evaluation of Employees termination indemnities	(1.4)	0.1
Fiscal effect	0.4	—
Other comprehensive profit (loss), net of fiscal effect	**(1.0)**	**0.1**
Total comprehensive profit (loss)	**(87.8)**	**(28.4)**
Loss (Profit) attributable to non-controlling interests	(0.4)	(0.1)
Total comprehensive profit (loss) attributable to the owners of the Company	**(88.2)**	**(28.4)**

Total revenue

Total revenue increased by €4.9 million, or 3.2%, to €157.2 million for the year ended 31 December 2013 from €152.3 million in the year ended 31 December 2012, primarily due to organic growth in our Software and Services business line, as well as due to the first-time consolidation of the revenue of our subsidiary H-Umus Srl, which contributed €1.2 million to our revenue for the year ended 31 December 2013. This increase was offset by a decrease in revenue in our Education and CAD/CAM business lines, which decreased by €1.1 million and €0.6 million, respectively, for the year ended 31 December 2013.

Our total revenue per segment for the year ended 31 December 2013 and 2012 was as follows:

(€ in millions, except percentages)	Year ended 31 December 2012	2013	Percentage change
Software and Services	**118.0**	**124.5**	**5.5**
Direct Channel	65.3	69.4	6.3
—SMEs	45.1	48.8	8.2
—Professionals	20.2	20.6	2.0
Indirect Channel	59.6	63.3	6.2
Software and Services reconciliation(1)	(7.0)	(8.3)	18.6
Education	**14.3**	**13.2**	**(7.7)**
CAD/CAM	**20.8**	**20.2**	**(2.9)**
Reconciliation(1)	(0.7)	(0.7)	—
Total	**152.3**	**157.2**	**3.2**

(1) Reconciliation represents intra-segment revenue.

Software and Services total revenue increased by €6.5 million, or 5.5%, to €124.5 million for the year ended 31 December 2013 from €118.0 million for the year ended 31 December 2012. This increase is primarily due to the organic growth in the business unit and to the acquisition of H-Umus Srl, which contributed €1.2 million of revenue, the results of which were consolidated for the first time in 2013. The remaining increase in total revenue was the result of a net increase in the number of customers, a price increase for our maintenance and service fees (in line with our policy of increasing our prices in line with inflation) and the effect of implementing controls on our price discounting. Direct channel total revenue, gross of intercompany items, increased by €4.1 million, or 6.3%, to €69.4 million for the year ended 31 December 2013 from €65.3 million for the year ended 31 December 2012. Indirect channel total revenue, gross of intercompany eliminations, increased by €3.7 million, or 6.2%, to €63.3 million for the year ended 31 December 2013 from €59.6 million for the year ended 31 December 2012, mainly due to the increase of renewed maintenance and assistance contracts and to the sales of newly-introduced software products.

Education total revenue decreased by €1.1 million, or 7.7%, to €13.2 million for the year ended 31 December 2013 from €14.3 million in the year ended 31 December 2012. This decrease was partially due to the negative impact of the hostile spin-off that occurred in the second half of 2012, which continued to have a negative impact in the initial months of 2013, that affected the Education business line's main training event, as well as to the effects of the negative economic situation in Italy. In particular, our revenues with respect to Paradigma and Optime decreased in the year ended 31 December 2013 compared to the prior year, due to a general reduction in training budgets, particularly with respect to public administrations, which decreased demand for our Education services, as well as relatively few material changes in Italian tax rules and regulations in 2013 as compared to 2012.

CAD/CAM total revenue decreased by €0.6 million, or 2.9%, to €20.2 million for the year ended 31 December 2013 from €20.8 million in the year ended 31 December 2012 due to the ongoing difficult market conditions in the Italian manufacturing market which led to a decrease in the sales of our services in 2013.

As a percentage of our total revenue, the contribution of our business lines in the years ended 31 December 2012 and 2013, respectively, were 77% and 79% for Software and Services, 9% and 8% for Education and 14% and 13% for CAD/CAM.

Consumption of raw and other materials

Consumption of raw and other materials decreased by €0.8 million, or 4.4%, to €17.5 million for the year ended 31 December 2013 from €18.3 million for the year ended 31 December 2012 as a result of lower material costs related to our Education business line, lower costs incurred for the purchase of hardware and an increase in the level of inventories in 2013.

Cost of service

Cost of service increased by €1.1 million, or 3.8%, to €29.7 million for year ended 31 December 2013 from €28.6 million in the year ended 31 December 2012. This change is mainly a result of the consolidation of our subsidiary H-Umus Srl, as well as due to an increase in costs related to consulting, commercial and third-party services, which more than offset a decrease in service costs in our Education business line and a decrease in our transport and shipment costs.

Personnel cost

Personnel cost increased by €3.4 million, or 7.1%, to €51.2 million for the year ended 31 December 2013 from €47.8 million in the year ended 31 December 2012, primarily due to the effect of the consolidation of H-Umus Srl and the increase in personnel, including customer assistance and research and development staff.

Non-recurring expenses

Non-recurring costs increased by €0.8 million, or 21.1%, to €4.6 million for the year ended 31 December 2013 as compared to €3.8 million for the year ended 31 December 2012. Non-recurring expenses in 2013 mainly relate to tax and legal advice and other expenses, including advisory costs related to acquisitions (primarily the ACG Acquisition), incurred in relation to the refinancing and consulting fees related to the review of our product and service offerings.

Depreciation and amortisation of non-current assets

Depreciation and amortisation of non-current assets increased by €0.5 million to €25.6 million for the year ended 31 December 2013 from €25.1 million in the year ended 31 December 2012. The increase is primarily due to higher amortization of development cost incurred in connection with the Product Renewal Project.

Operating result

Operating result amounted to €22.5 million for the year ended 31 December 2013 compared to an operating loss of €51.1 million for the year ended 31 December 2012.

Finance income

Finance income decreased by €1.0 million to €1.7 million for the year ended 31 December 2013 from €2.7 million in the year ended 31 December 2012. The decrease is primarily due to a decrease in depreciation on the vendor loan, which was partially offset by the gain on the early termination of interest rate swaps and options in connection with the refinancing in 2013.

Finance cost

Finance cost increased by €19.3 million, to €47.5 million for the year ended 31 December 2013 from €28.2 million in the year ended 31 December 2012. This change is primarily due to non-recurring financial charges of €13.6 million arising from the expensing of capitalized financing costs for the indebtedness repaid in connection with the refinancing in 2013.

Profit/(Loss) for the year

Loss decreased to €28.5 million for the year ended 31 December 2013 from €86.7 million in the year ended 31 December 2012. In 2012, we recorded a goodwill impairment charge of €75.0 million, reflecting the effects of the economic crisis in Italy.

Adjusted EBITDA

Adjusted EBITDA increased by €1.2 million, or 2.2%, to €55.9 million for the year ended 31 December 2013 from €54.7 million in the year ended 31 December 2012. The increase was due to the €2.3 million growth in Adjusted EBITDA from our Software and Services business line and the €0.4 million contribution from the first-time consolidation of the H-Umus Srl. This increase was partly offset by the €1.0 million decline in Adjusted EBITDA of the Education business line. Adjusted EBITDA for the CAD/CAM business line was flat. Adjusted EBITDA margin decreased by 0.3% to 35.6% for the year ended 31 December 2013 from 35.9% for the year ended 31 December 2012, primarily due to the higher impact of personnel cost, as a percentage of total revenue, as compared to the year ended 31 December 2012, due to an increase in the number of our employees in 2013.

Our Adjusted EBITDA per segment for the year ended 31 December 2013 and 2012 was as follows:

	Year ended 31 December			
(€ in millions, except percentages)	**2012**	**2013**	**Percentage change**	**2013 Adjusted EBITDA margin(2)**
Software and Services	49.8	52.1	4.6%	41.8
Education	2.9	1.9	(34.5)%	14.4
CAD/CAM	2.0	2.0	—	9.9
Total Adjusted EBITDA(1)	**54.7**	**55.9**	**2.2%**	**35.6**

(1) Total Adjusted EBITDA is equal to operating income (loss) reported in the income statement plus (i) impairment of non-current assets, (ii) other provisions, (iii) depreciation and amortisation and (iv) non-recurring expenses and non-recurring personnel expenses, plus allowance for bad debt.

(2) 2013 Adjusted EBITDA margin per segment refers to Adjusted EBITDA divided by revenue by business line.

Our Software and Services Adjusted EBITDA increased in the year ended 31 December 2013 compared to the year ended 31 December 2012, as a result of the consolidation of our subsidiary H-Umus, as well as organic growth in our Software and Services business line. Adjusted EBITDA margin was driven by an increase in the proportion of sales of higher margin software licenses and a lower proportion of hardware sales.

Our Education Adjusted EBITDA decreased primarily due to the negative impact of the hostile spin-off that occurred in the second half of 2012 and which continued to have a negative impact in the initial months of 2013, and affected the Education business line's main training event.

As a percentage of our total Adjusted EBITDA, Software and Services, Education and CAD/CAM contributed 93.2%, 3.3% and 3.5% in the year ended 31 December 2013, as compared to 91.0%, 5.3% and 3.7% in the year ended 31 December 2012.

Total comprehensive profit (loss) attributable to the owners of the Company

Total comprehensive loss amounted to €28.4 million for the year ended 31 December 2013, representing a decrease of €59.8 million from the €88.2 million loss recorded for the year ended 31 December 2012.

Year ended 31 December 2012 compared to year ended 31 December 2011

The table below sets out the results of operations of the Company for the year ended 31 December 2012, compared to the year ended 31 December 2011.

	Year ended 31 December		
(€ in millions, except percentages)	**2011**	**2012**	**Percentage change**
Revenue	141.5	150.8	6.6
Other operating income	1.0	1.6	60
Total revenue	**142.6**	**152.3**	**6.8**
Consumption of raw and other materials	(18.9)	(18.3)	(3.2)
Cost of service	(25.4)	(28.6)	12.6
Personnel	(43.4)	(47.8)	10.1
Other operating expenses	(2.4)	(2.9)	20.8
Non-recurring expenses	(3.1)	(3.8)	22.6
Depreciation and amortisation of non-current assets	(24.9)	(25.1)	0.8
Allowance for doubtful debts and other provisions	(1.8)	(1.9)	5.6
Impairment of non-current assets	—	(75.0)	NM(1)
Operating result	**22.6**	**(51.1)**	**(326.1)**
Finance income	3.9	2.7	(30.8)
Finance cost	(29.7)	(28.2)	(5.1)
Profit (Loss) before income taxes	**(3.2)**	**(76.6)**	**NM**
Income taxes			
—current income taxes	(9.5)	(8.2)	(13.7)
—of which non-recurring		1.4	NM
—deferred income taxes	12.3	(2.0)	(116.3)
—of which non-recurring	3.1	(6.8)	(319.4)
Total income taxes	**2.9**	**(10.2)**	**NM**
Profit (Loss) for the year	**(0.3)**	**(86.7)**	**NM**
Loss (Profit) attributable to non-controlling interests	**(0.4)**	**(0.5)**	**25.0**
Profit (Loss) attributable to owners of the Company	**(0.7)**	**(87.2)**	**NM**
Adjusted EBITDA(2)	**52.4**	**54.7**	**4.4**

(1) NM means not meaningful.

(2) Adjusted EBITDA consists of EBITDA plus allowance for bad debt. See "*Presentation of financial and other information*".

Consolidated statement of comprehensive income data

(€ in millions)	Year ended 31 December 2011	2012
Profit (Loss) for the year	**(0.3)**	**(86.7)**
Actuarial evaluation of Employees termination indemnities	—	(1.4)
Fiscal effect		0.4
Other comprehensive profit (loss), net of fiscal effect	**—**	**(1.0)**
Total comprehensive profit (loss)	**(0.3)**	**(87.8)**
Loss (Profit) attributable to non-controlling interests	(0.4)	(0.4)
Total comprehensive profit (loss) attributable to the owners of the Company	**(0.7)**	**(88.2)**

Total revenue

Total revenue increased by €9.7 million, or 6.8% to € 152.3 million for the year ended 31 December 2012 from € 142.6 million in the year ended 31 December 2011, primarily due to organic growth and to the effect of new acquisitions in the year 2012, of which €7.4 million was the result of acquisitions. In addition to acquisitions, total revenue growth was largely driven by our Software and Services business line. Total revenue for our Education business line was slightly down and total revenue for our CAD/CAM business line was flat compared to the prior year.

Our total revenue per segment for the years ended 31 December 2011 and 2012 was as follows:

(€ in millions, except percentages)	Year ended 31 December 2011	2012	Percentage change
Software and Services	**110.4**	**118**	**6.9**
Direct channel	59.8	65.3	9.2
—SMEs	41.4	45.1	8.9
—Professionals	18.4	20.2	9.8
Indirect channel	56.9	59.6	4.7
Software and Services reconciliation(1)	(6.3)	(7.0)	11.1
Education	**12.2**	**14.3**	**17.2**
CAD/CAM	**20.5**	**20.8**	**1.5**
Reconciliation(1)	(0.6)	(0.7)	16.7
Total	**142.6**	**152.3**	**6.8**

(1) Reconciliation represents intra-segment revenue.

Software and Services total revenue increased by €7.6 million, or 6.9% to €118 million for the year ended 31 December 2012 from €110.4 million in the year ended 31 December 2011, due to the organic growth of the business unit and to the acquisitions of Danea and Digita (representing a combined €3.6 million of revenue), the results of which were consolidated for the first time in the 2012 financial year. The remaining increase in total revenue was the result of a net increase in the number of customers, a price increase for our maintenance and service fees (in line with our policy of price increases according to the rate of inflation) and the effect of stricter controls on our price discounting. Direct channel total revenue, gross of intercompany items, increased by €5.5 million, or 9.2%, to €65.3 million for the year ended 31 December 2012 from €59.8 million for the year ended 31 December 2011. Indirect channel total revenue, gross of intercompany items, increased by €2.7 million, or 4.7%, to €59.6 million for the year ended 31 December 2012 from €56.9 million for the year ended 31 December 2011, mainly due to the increase of renewed maintenance and assistance contracts and to the sales of new software products introduced by the Company. Direct channel total revenue from

SMEs increased by €3.7 million, or 8.9% to €45.1 million for the year ended 31 December 2012 from €41.4 million for the year ended 31 December 2011 and direct channel total revenue from Professionals increased by €1.8 million, or 9.8% to €20.2 million for the year ended 31 December 2012 from €18.4 million for the year ended 31 December 2011. This increase was partly attributable to the introduction of our new software product, Legal Office, which targets legal professionals.

Education total revenue increased by €2.1 million, or 17.2% to €14.3 million for the year ended 31 December 2012 from € 12.2 million in the year ended 31 December 2011. This increase in performance was primarily due to the acquisitions of Paradigma and Optime for €3.8 million, which more than offset the decreased revenues resulting from the spinoff of the a business and the macroeconomic climate and decline in discretionary spending (€1.7 million).

CAD/CAM total revenue amounted to €20.8 million as of 31 December 2012, essentially in line with the previous year (1.5% of increase compared to 31 December 2011). Although we experienced a decline in new CAD/CAM customers, we improved our client retention as we increased the number of our existing CAD/CAM customers that extended and/or upgraded their existing licences. We experienced a slight decrease in total revenue from the sale of CAD/CAM services and commissions from the sale of machinery, which is generally in line with the decline in the manufacturing market. For the year ended 31 December 2012, we generated 78% of our revenue from the resale of SolidWorks products.

As a percentage of our total revenue, the contribution of our business lines remained stable in the years ended 31 December 2011 and 2012, with 77% for Software and Services, 9% for Education and 14% for CAD/CAM.

Consumption of raw and other materials

Consumption of raw and other materials decreased by €0.6 million, or 3.2% to €18.3 million for the year ended 31 December 2012 from €18.9 million for the year ended 31 December 2011 as a result of a different mix of revenue and lower hardware purchases as a result of lower hardware sales.

Cost of service

Cost of service increased by €3.2 million, or 12.6% to €28.6 million for the year ended 31 December 2012 from €25.4 million in the year ended 31 December 2011. The increase is consistent with the organic growth of total revenue and is also due to the first-time inclusion of the results of newly-acquired companies, which represented €3.0 million of costs. Advertising and marketing costs also increased as a result of integrating newly-acquired companies.

Personnel cost

Personnel cost increased by €4.4 million, or 10.1% to €47.8 million for the year ended 31 December 2012 from €43.4 million in the year ended 31 December 2011, primarily due to effect of newly-acquired companies and to the investment in personnel during the year in relation to the planned significant investment in new software solutions and products. The number of full time employees grew from 1,052 in the year ended 31 December 2011 to 1,146 in the year ended 31 December 2012. Personnel costs also increased as a result of contract-based increases in salaries.

Non-recurring expenses

Non-recurring costs increased to €3.8 million for the year ended 31 December 2012 as compared to €3.1 million for the year ended 31 December 2011. Of these costs, €1.4 million relate to consulting fees for acquisitions and €1.3 million relate to consulting fees for product and business efficiency improvement. The remaining costs relate to legal and tax advice.

Depreciation and amortisation of non-current assets

The depreciation and amortisation of non-current assets amounted to €25.1 million for the year ended 31 December 2012, essentially in line with the value of €24.9 million in the year ended 31 December 2011. The figure mainly relates to the amortisation of intangibles (such as customer relationship, brand, software) recognised in the purchase price allocation performed with our acquisition in 2010 by HgCapital and Bain Capital.

Impairment of non-current assets

We recorded an impairment charge of €75 million in the year ended 31 December 2012 for the impairment of goodwill. In order to prudently take account of the economic environment, we approved a new business plan showing conservative growth rates for total revenue and EBITDA compared to historical trends achieved by the Group.

We subjected our non-current assets, as stated in the consolidated balance sheet as of 31 December 2012, to impairment tests to verify their recoverability and the outcome showed the need to account for a write-down of a purely accounting nature and without any cash impact, of €75 million, fully adjusted against goodwill.

Operating result

Operating result decreased by €73.7 million to negative €51.1 million for the year ended 31 December 2012 from positive €22.6 million in the year ended 31 December 2011, primarily due to the non-recurring write-down of goodwill.

Finance income

Finance income decreased by €1.2 million, or 30.8% to €2.7 million for the year ended 31 December 2012 from €3.9 million in the year ended 31 December 2011, primarily due to the effect of mark-to-market valuation of derivative contracts (interest rate swaps), that caused a positive financial income in the year 2011 of about €1.8 million, which was not repeated in the year 2012. The decrease is also due to the decrease in value of the vendor loan as a result of the write down of the put and call options.

Finance cost

Finance cost decreased by €1.5 million, or 5.1% to €28.2 million for the year ended 31 December 2012 from €29.7 million in the year ended 31 December 2011. This result was mainly related to the decrease of the Euribor level during the year 2012. In addition, the applicable margin on our senior loan facilities decreased in the second half of the year, taking into account the values of related financial covenants. In addition, a positive effect of mark-to-market valuation of derivatives was recognised as of 31 December 2012 (positive difference of €2.2 million compared to 31 December 2011), partially offset by the negative impact of yearly variations in the fair values of vendor loans debt (negative effect of €1.7 million compared to 31 December 2011).

Profit/(Loss) for the year

Loss increased by €86.4 million to €86.7 million for the year ended 31 December 2012 from €0.3 million in the year ended 31 December 2011. In addition to the decrease in operating result in 2012, this loss was due to a negative effect in deferred taxes, which turned from a positive net amount of €12.3 million as of 31 December 2011 to a negative net value of €2.0 million as of 31 December 2012. This change is primarily attributable to a non-recurring write-down of deferred tax assets of €6.8 million, recorded in prior years and relating to a portion of interest expense temporarily non-deductible in the year it is incurred pursuant to Article 96, paragraph 4 of the Italian tax code. The write-down of this asset and the non-recognition of a deferred tax asset pertaining to the portion theoretically accruing in the year is due to the expected lengthening of the timing of the recoverability thereof, as indicated by forecasts included in the business plan used for testing the Group's goodwill. In addition, in 2011 a non-recurring deferred tax income of about €3.1 million was recognised, due to the step up in the tax basis of "Teamsystem Software" performed by the Company. Current income taxes as of 31 December 2012 were also affected by a non-recurring income of €1.4 million, relating to the IRES refund claim to deduct labour costs from IRAP for the past tax years 2007-2011 (art. 2, paragraph 1, of Legislative Decree 201/2011, converted into Law no. 214/2011—"Monti's maneuver"—plus Legislative Decree no. 16 of 2/3/2012).

Adjusted EBITDA

Adjusted EBITDA increased by €2.3 million, or 4.4% to €54.7 million for the year ended 31 December 2012 from €52.4 million in the year ended 31 December 2011, primarily due to the contributions of newly-consolidated companies in 2012 (Danea, Digita, Paradigma and Optime). Adjusted EBITDA margin decreased by 0.8% to 35.9% for the year ended 31 December 2012 from 36.7% for the year ended 31 December 2011, primarily due to the integration of newly consolidated companies (0.4%), with the remainder due to the increase of staffing to improve the Group's efficiency by reorganising the central hubs.

Our Adjusted EBITDA per segment for the years ended 31 December 2011 and 2012 was as follows:

	Year ended 31 December			
(€ in millions, except percentages)	**2011**	**2012**	**Percentage change**	**2012 Adjusted EBITDA margin[(2)]**
Software and Services	47.4	49.8	5.1	42.2
Education	3.4	2.9	(14.7)	20.3
CAD/CAM	1.6	2.0	25.0	9.6
Total Adjusted EBITDA[(1)]	**52.4**	**54.7**	**4.4**	**35.9**

(1) Total Adjusted EBITDA is equal to operating income (loss) reported in the income statement plus (i) impairment of non-current assets, (ii) other provisions, (iii) depreciation and amortisation and (iv) non-recurring expenses and non-recurring personnel expenses, plus allowance for bad debt.

(2) 2012 Adjusted EBITDA margin per segment refers to Adjusted EBITDA divided by revenue by business line.

Our Software and Services Adjusted EBITDA increased in 2012 as a result of new acquisitions and our CAD/CAM Adjusted EBITDA increased as a result of higher levels of customer retention. Our Education Adjusted EBITDA decreased as a result of the spinoff of the Euroconference business and the softening in the education market.

As a percentage of our total Adjusted EBITDA, Software and Services, Education and CAD/CAM contributed 91%, 5.3% and 3.7% in 2012, as compared to 90.5%, 6.5% and 3.0% in 2011.

Total comprehensive profit (loss) attributable to the owners of the Company

Total comprehensive loss of the Group amounted to € 88.2 million for the year ended 31 December 2012. The only movement in the other comprehensive income relates to the negative effect of the actuarial evaluation of the period, with a total net effect of €1.0 million. The Company voluntarily decided to apply the new accounting standard IAS 19 revised earlier than required; consequently, we were required to charge the actuarial gains and losses of the year within the other comprehensive income. No restatement was necessary for the year ended 31 December 2011 because the amount of actuarial gains and losses were immaterial.

Liquidity and capital resources

Following the consummation of the Transactions, we expect that our principal sources of liquidity will be our existing cash and cash equivalents, cash generated from operations and any borrowings under the Revolving Credit Facility. The Revolving Credit Facility Agreement contains various conditions that must be satisfied in order for the RCF Lenders to make a loan under the Revolving Credit Facility. Our principal uses of cash after the consummation of the Transactions will be to fund capital expenditures and other research and development costs, provide working capital, meet debt service requirements and to fund integration costs following the Acquisitions, and potential future acquisitions.

We believe that our operating cash flows and borrowing capacity under the Revolving Credit Facility will be sufficient to meet our requirements and commitments for the foreseeable future. However, we are highly leveraged and have significant debt service obligations. Our actual financing requirements will depend on a number of factors, many of which are beyond our control. See "*Risk factors—Risks related to our financial profile—We may not be able to generate sufficient cash to meet our debt service obligations*".

The following table illustrates our cash flows from the indicated sources:

	Year ended 31 December		
(€ in millions)	**2011**	**2012**	**2013**
Consolidated Cash Flow Statement			
Cash flow generated from operations	39.0	46.9	43.6
Cash flow from (used in)/generated from investing activities	(14.0)	(15.7)	(26.0)
Cash flow from (used in)/generated from financing activities	(19.5)	(18.2)	(11.8)
Cash flow from taxes	(10.5)	(10.9)	(9.8)
Cash and cash balances from consolidation of new subsidiaries at the date of acquisition	1.6	3.2	2.3
Total cash flow generated in the period	**(3.4)**	**5.2**	**(1.7)**
Cash and cash balances at the end of the year	**13.8**	**19.1**	**17.5**

Cash flow generated from operations

Our cash flow from operating activities increased by €7.9 million to €46.9 million for the year ended 31 December 2012 from €39.0 million for the year ended 31 December 2011. €4.6 million of the increase is due to the collection of sales receivables on the first business day of 2012 with respect to bank cash orders due on 31 December 2011. The remaining increase of €3.3 million was due to the inclusion of newly acquired companies and reflects a high cash flow conversion, characterised by a low level of cash absorbed by working capital.

Our cash flow from operations decreased by €3.3 million to €43.6 million for the year ended 31 December 2013 from €46.9 million for the year ended 31 December 2012. The decrease is due to increased capitalised development costs related to the Product Renewal Project and increased trade receivables on account of higher revenues and the longer periods experienced in 2013 for the receipt of customer payments. Cash flow from operations in the year ended 31 December 2012 was positively impacted by the receipt in 2012 of payments due on 31 December 2011; this effect did not occur in the year ended 31 December 2013.

We have low levels of working capital because we have a low level of inventory and we are able to forecast cash collection of receivables related to maintenance and assistance services and education services not yet delivered allowing us to be disciplined in our working capital.

Cash flow (used in)/generated from investing activities

As of 31 December 2011 our cash flow used in investment activities amounted to €14.0 million for the year ended 31 December 2011, reflecting €13.0 million used in for the acquisitions of TeamSystem Communication, ISP and Danea (which acquisition was completed in December 2011).

Our cash flow used in investing activities was €15.7 million for the year ended 31 December 2012 due to investments in ordinary tangible assets of €1.1 million, in intangibles of €2.0 million (mainly related to the acquisition of the source of a software component used in our products for approximately €1.6 million) and investments in participations of €12.7 million.

Our cash flow used in investing activities was €26.0 million for the year ended 31 December 2013 compared to €15.7 million in the year ended 31 December 2012. In 2013, we acquired ACG for €24.0 million. In 2012, we acquired Digita S.r.l, Education Team S.r.l, Paradigma S.r.l and Optime S.r.l for an aggregate cost of €12.7 million.

Cash flow (used in)/generated from financing activities

Our cash flow used in financing activities was €19.5 million for the year ended 31 December 2011, which mainly related to interest and reimbursement paid on banks and shareholders loans, and to the dividends paid in respect of minority interests in our subsidiaries.

Our cash flow used in financing activities was €18.2 million for the year ended 31 December 2012 due to interest and reimbursement paid on banks and shareholders loans to make payments on the Mezzanine Credit Facility. This cash use was partially offset by a cash inflow due to the drawing of €15.5 million under of acquisition facility mainly related to the acquisitions of Paradigma (€7.0 million) and H-Umus (€2.5 million).

Our cash flow used in financing activities was €11.8 million for the year ended 31 December 2013 compared to €18.2 million that was used for the year ended 31 December 2012. The increase in cash used in financing activities for the year ended 31 December 2013 was mainly related to the issuance of the Initial Notes, partially offset by the cash used in the acquisition of certain minorities interests in some of our subsidiaries, including TeamSystem Ancona S.r.l. and TeamSystem Emilia S.r.l.

Working capital

We focus on the management of our working capital. The following table sets forth the components of our working capital as of 31 December 2011, 2012 and 2013.

	As of 31 December		
(€ in millions)	**2011**	**2012**	**2013**
Trade Receivables	46.9	46.5	48.7
Trade Payables	(16.1)	(15.9)	(18.5)
Inventory	1.6	1.3	1.4
Other receivables	6.1	6.7	7.7
Other current liabilities	(21.1)	(22.4)	(27.6)
Working Capital	**17.4**	**16.2**	**11.7**

Due to the nature of our contractual arrangements, our net working capital is seasonal. Net working capital is generally cash generative in the second and, to a lesser extent, in the third quarter. This is due to the timing of the collection of trade receivables. Direct channel customer invoicing is particularly concentrated in January, when most of the annual fees related to maintenance and assistance contracts are invoiced. Due to this seasonality, net working capital is generally at its maximum in the first quarter. Deferred income, included in "Other liabilities", has the same seasonality as the invoicing of sales, with an inverse correlation to trade receivables (i.e. it is amortised on a straight line basis through the end of the year). As a result of the seasonality of our net working capital, we plan for fixed capital expenditures for employee salaries and VAT payments, which are due monthly and, with respect to VAT, at the time the invoice is raised (despite the delay in customer payment).

Working capital decreased by approximately €1.2 million from €17.4 million as of 31 December 2011 to €16.2 million as of 31 December 2012, due to the effect of the timing of collection of banks cash orders from December 2011 to January 2012 in an amount of €2.3 million, which partially offset the increase related to newly acquired companies and increase in revenue.

Working capital decreased by approximately €4.5 million from €16.2 million as of 31 December 2012 to €11.7 million as of 31 December 2013, mainly due to the increase in trade payables in an amount of €2.6 million, as well as due to the increase of other current liabilities in an amount of €5.2 million. The increase in other current liabilities primarily resulted from the €3.2 million increase in deferred revenues, principally due to our acquisition of ACG (which accounted for €1.5 million of deferred revenues). The increase in other current liabilities was also attributable to an increase in personnel costs and expenses, including wages, payroll expenses, social security and other similar charges with respect to our personnel.

Capital expenditure

We define capital expenditure as the total amount of investments in tangibles and intangibles incurred during the period (including capitalisation of development costs).

We have historically low capital expenditure requirements, which we believe to be in line with our industry. As a part of our Product Renewal Project, a five-year programme that we launched in 2012, we expect to invest approximately €16 million through 2016. As a result, we increased our capital expenditure spending in 2012 and 2013 and expect to continue these incrementally higher levels throughout the duration of the project. We spent €2.0 million on the Product Renewal Project for the year ended 31 December 2012 and €4.3 million for the year ended 31 December 2013. We anticipate investing approximately €4.4 million in 2014, €3.0 million in 2015 and €2.2 million in 2016 on the Product Renewal Project.

Our capital expenditure incurred during the years ended 31 December 2011, 2012 and 2013 is set out below:

	Year ended December 31		
(€ in millions)	**2011**	**2012**	**2013**
Development capital expenditure	2.3	4.3	7.1
Other tangible assets	0.7	1.1	1.1
Intangible assets	0.3	2.0	0.9
Total capital expenditures	**3.3**	**7.4**	**9.1**

Contractual obligations

The following table summarises our material contractual obligations as of 31 December 2013 as adjusted to give effect to the Transactions and the use of proceeds from the Notes offered hereby.

(€ in millions)	**Within 1 year**	**Between 2 and 4 years**	**Over 5 years**	**Total(1)**
Notes offered hereby	—	—	130.0	130.0
Initial Notes(2)	—	—	300.0	300.0
Operating leases(3)	4.0	9.1	7.2	20.3
Total	4.0	9.1	437.2	450.3

(1) Does not include put and call option agreements and any earn out payments. Including our put and call and earn out agreements, our total contractual obligations would be €469.0 million (of which €18.7 million is represented by the vendor loans).

(2) Represents the aggregate principal amount of the Initial Notes.

(3) Represents operating leases of certain of our office facilities, equipment and vehicles.

The table above does not include guarantee obligations in the ordinary course of business or contingent liabilities.

The Company is party to put and call option agreements in respect of the shares held by non-controlling shareholders in certain of its controlled subsidiaries. The strike price of these options will be determined based on normalised earnings parameters of the companies plus or minus the net financial position for the period in which the put or call option will be exercised. The best estimate of discounted future disbursements has been recognised in our consolidated financial statements under the “vendor loan” debt caption.

Off-balance sheet arrangements

We are not party to any material off-balance sheet arrangements.

Qualitative and quantitative disclosures about market risk

Our activities and debt financing expose us to a variety of financial risks, the most significant of which are interest rate risk, price risk, credit risk and liquidity risk. Our overall risk management strategy seeks to minimize the potential adverse effects of such risks.

Foreign exchange risk

Our Group operates almost exclusively in Italy. We therefore have no material foreign exchange risk.

Interest rate risk

We are subject to interest rate risk mainly as a result of our Revolving Credit Facility, which accrued interest at floating rates.

Liquidity risk

The two main factors that determine the dynamics of the Group’s liquidity are, on one hand, the resources generated/absorbed by operating and investment activities and, on the other hand, the maturity and renewal of financial liabilities. Management of these risks is carried out by the finance department of the Company.

Among the procedures adopted with the intention of optimizing cash flow management and of reducing the liquidity risk, the following should be noted:

- the maintenance of an adequate level of available liquidity;
- the adoption of cash-pooling at Group level; and
- adequate borrowing facilities being put in place.

The financial projections of the Group do not indicate any critical factors impacting the ability to generate sufficient liquidity in 2014 to meet our commitments.

Credit risk

We believe that our credit risk is reduced by the lack of concentration of our direct and indirect customer base and high degree of customer loyalty. Our payment terms and billing practices also reduce our exposure to credit risk. We also use procedures to limit overdue balances and send customers reminders when balances are due. Our maximum exposure to credit risk is represented by the carrying value of trade receivables as presented in our financial statements, as well as residual financial receivables recorded in current and non-current financial assets. We use an aging list in order to classify and control our trade receivables and we organize the aging list according to most recent overdue accounts (0-30 days) to oldest (over 180 days). With respect to overdue receivables, any write-down recorded in our financial statements is determined based on an analysis of doubtful debts. Our credit collection performance has historically been successful and losses incurred in the past have been relatively modest. We increased our bad debt provision during 2013 due to the expected effects of the Italian economic crisis. However, due to the low level of concentration of our receivables among our customer bases, the recognized losses on receivables incurred in the past periods have been relatively low.

Critical accounting policies

The preparation of financial statements according to IFRS requires management to apply accounting policies and methods, which, in certain circumstances, depend on difficult and subjective assessments that may be based on past experience and on assumptions that, from time to time, are considered reasonable and realistic based on relevant circumstances. The application of these estimates and assumptions affects the amounts presented in the financial statements, comprising the statement of financial position, the income statement and cash flow statement, as well as the disclosures provided. The actual amounts of the financial statement components, for which estimates and assumptions have been used, may differ from those reported, due to the uncertainty of assumptions and the conditions on which estimates are based.

The following accounting and measurement policies are those we regard as material factors that influence the presented financial data of our business.

Business combinations

Acquired subsidiaries are accounted for in accordance with the acquisition method as provided for by IFRS 3. The cost of the acquisition is determined by the sum of acquisition-date fair values of the consideration transferred, liabilities incurred or assumed and financial instruments issued by the Group for the change in control of the business acquired.

All other costs associated with a transaction are expensed.

Identifiable assets, liabilities and contingent liabilities of the businesses acquired, which meet the conditions for recognition under IFRS 3, are measured at their acquisition-date current values, except for non-current assets (or disposal groups) classified as held for sale in accordance with IFRS 5 and which are recorded and measured in accordance with applicable accounting standards.

Goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the value of the acquisition-date amounts of the assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest and the fair value of the acquirer's previously-held equity interest in the acquiree, the surplus is recognised immediately in the income statement as income arising from the completed transaction.

In the event that it is only possible to make a preliminary determination of the fair value of the contingent assets and liabilities at the acquisition date, the business combination shall be recognised using these preliminary amounts. Any adjustments arising from the final determination of the foregoing shall be recognised within twelve months of the acquisition and the related comparatives shall be restated.

Non-controlling interests at the acquisition date may be measured at fair value or the non-controlling interest's proportionate share of net assets of the acquiree. The option is available on a transaction by transaction basis

The Group, normally at the same time as the acquisition of majority / controlling stakes in an investee, enters into put and call option agreements for the residual stake held by non-controlling owners of the acquiree. For those cases where part of the acquisition takes place through the stipulation of a binding option agreement, with the simultaneous presence of put and call clauses, the investee is consolidated, since the substance of the binding option agreement is that of the payment of deferred consideration for part of the investee's capital, as evidenced by a series of transactions completed in the past. Accordingly, the estimated value of the exercise price of the put / call is included in the cost of acquisition and contributes to the overall determination of goodwill. This accounting method applies only where the Group has acquired majority control of the voting rights of the companies acquired and where no doubt arises as to the distribution of relevant amounts of dividends in the period up to the date the option is exercised. In view of the recognition of goodwill related to these options, the Group accounts for, as a financial liability, the payable (so-called vendor loan) related to the estimated actual consideration for the exercise of the options. In accordance with this principle, subsequent changes in the fair value of the payable, due to amendments made to the initial assessment of the exercise consideration, are recognised in the consolidated income statement, as is the case for the notional charges deriving from the gradual decrease of the effect of discounting. To note that, in absence of a clear accounting rule for the accounting of non-controlling interests in the case of put and call arrangements, following also the IFRIC and IASB debate, the Issuer has decided to use the described method, acceptable under current framework and positions.

Any acquisitions of non-controlling interests subsequent to having achieved control are accounted for as transactions between shareholders, with the pertinent goodwill recorded as a reduction of the Group's equity, in compliance with the requirements of IFRS 3.

Business combinations involving entities or businesses under common control are excluded from the scope of IFRS 3. A business combination involving entities or businesses under common control is a combination in which all the entities or businesses are controlled by the same party or when the controlling party before and after a business combination is the same and control is not of a temporary nature. The existence of a non-controlling interest in each of the entities being combined, before or after the business combination, is not relevant for the determination of whether the business combination involves entities under common control. Transactions of this type (excluding transactions between companies included in the same scope of consolidation, since, in such a case, the principle of continuity of values applies) and which do not have a significant impact on future cash flow from the net assets transferred, are accounted for in accordance with the principle of continuity of carrying values, otherwise they fall within the scope of IFRS 3.

Research and development expenses

In accordance with IAS 38, research expenses are charged to income as incurred.

Development costs incurred in relation to a determined project are capitalised only when the Issuer can demonstrate, by means of appropriate analysis, the technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

After initial recognition, development costs are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised with reference to the period for which it is envisaged that the associated project will generate revenues for the Group. During the period in which an asset is no longer in use, it is assessed annually to ascertain if there has been any impairment.

Other development expenses that do not meet the above requirements are expensed as incurred. Development costs that have previously been expensed are not accounted for as an asset in subsequent periods.

Capitalised development costs are amortised (as from the start of the production or marketing of the product) on a straight line basis over their residual useful life (estimated to be between 3 and 5 years).

Use of Estimates

The preparation of the consolidated financial statements requires the Group to apply accounting policies and methods, which, in certain circumstances, depend on difficult and subjective assessments that may be based on past experience and on assumptions that, from time to time, are considered reasonable and realistic based on relevant circumstances. The application of these estimates and assumptions affects the amounts presented in the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement and consolidated cash flow statement, as well as the disclosures provided. The actual amounts of the consolidated financial statement components, for which estimates and assumptions have been used, may differ from those reported, due to the uncertainty of assumptions and the conditions on which estimates are based. In particular, the uncertainty caused by the current economic and financial crisis has led to the need to make difficult assumptions regarding future business performance as reflected in the Business Plan.

Set out below is a listing of consolidated financial statement components that, more than others, require greater subjectivity, on the part of the Issuer, in the application of estimates and, for which, a change in the conditions of underlying assumptions used may have a significant impact on the financial statements of the consolidated companies:

- Business combinations (IFRS 3) and measurement of acquired assets and assumed liabilities: the process of allocation of Goodwill to the assets of the Group following a business combination is based on estimates and assumptions derived from the professional judgement of the management. Professional judgement is also used to determine the most appropriate methodologies for measurement of assumed assets and acquired liabilities (including the contingent ones), and in certain cases provisional initial accounting has been opted for, as permitted by the accounting standard.

- Goodwill and other intangible assets: goodwill and other intangible assets with an indefinite useful life are tested annually for impairment and during the course of the year if there is any indication thereof. Other intangible assets are tested annually for impairment when there are indications that the carrying amount may not be recovered. When value in use needs to be computed, the management estimate the cash flows expected from an asset or from the cash generating unit and choose an adequate discount rate in order to calculate the present value of the cash flows. Accordingly, the impairment test for fixed assets is performed using forecasts, which are naturally subject to uncertainty, of cash flow included in business plans approved by the relevant Board of Directors or in projections prepared by management of the Group companies in periods in which the business plan has not been updated for the insights needed to make strategic choices.

- Development expenses: the initial capitalisation of costs is subject to confirmation of the judgement of management as to the technical and economic feasibility of the project, usually when the project has achieved a precise phase of the development plan. To determine the amount to be capitalised, the Issuer applies various assumptions regarding expected future cash flows from the asset, the discount rate to apply and the periods in which the expected benefits will occur.

- Employee benefits: The cost of employee benefit plans is determined using actuarial assessments. An actuarial assessment requires the application of assumptions with respect to discount rates, the expected yield from investments, future wage increases, mortality rates and future increases in pensions. Due to the long term nature of these plans, the estimates are subject to a significant degree of uncertainty;

- Derivatives: the fair value of financial instruments not traded on an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Issuer applies their own professional judgement to select the valuation methodology and the related assumptions based on market conditions at the end of each financial year.

Industry

Overview

We provide ERP and business management software to SMEs and Professionals based in Italy. In 2012 this market was estimated to be worth €1.1 billion.

Prospective competitors wishing to operate in this market face clear barriers to entry with larger incumbent players deriving benefit from economies of scale. Some of the most important market characteristics include:

- the importance of building strong distribution networks to maximize market penetration and proximity to customers;
- the key role of scale in determining the availability of resources to consistently invest in R&D to ensure that the underlying legal, tax and accounting content of software is up to date. Technological updates are required less regularly and typically take place every five to ten years;
- high switching costs of existing customers stemming from the training required to familiarize employees with new software. The transition to an alternative supplier also exposes customers to significant data migration risk; and
- limited price sensitivity. Customers in this market are primarily concerned with quality of services and the availability of product support: system maintenance and regular product updates are paramount. This limited price sensitivity is also driven by customers' need for suitable training to be made available by suppliers to ensure that employees are able to use software both efficiently and effectively.

The factors listed above result in a steady demand for this type of software that is resilient to the changes in the macro-economy.

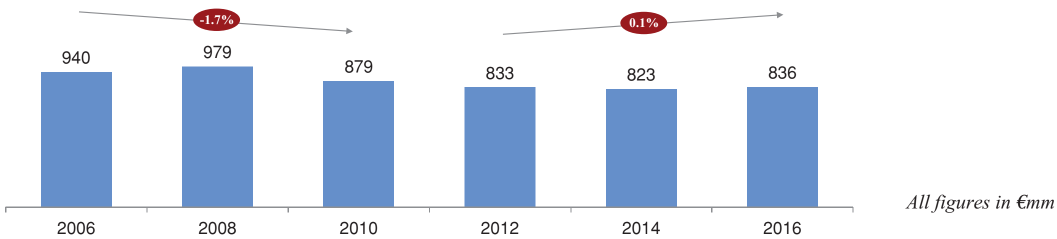
Within the Italian ERP and business management software market, our main two target segments are SMEs and Professionals.

ERP and Business Management Software for SMEs

As of 31 December 2011, the Italian SMEs market comprised approximately 4.4 million firms each employing fewer than 500 employees. Of those enterprises, 239,000 fell in the small and medium sized enterprise category, employing 10 to 49 people and 50 to 499 people respectively. The remaining businesses, over 4.1 million, were categorized as micro enterprises (employing 1 to 9 people). Compared to other Western European markets, Italian SMEs represented a relatively large segment of the domestic market. Italy had approximately twice the number of SMEs when compared with the UK and over 40% more than those operating in France. SMEs play a major role in global economic growth, providing more jobs globally than any other form of business. In 2011, over 95% of OECD enterprises are SMEs, which account for 60-70% of employment in most countries.

Two main factors have traditionally driven the Italian ERP and business management software market for SMEs. Firstly, companies are increasingly seeking to improve their ability to drive, monitor and analyse data and key operating and financial processes. By doing so these firms anticipate an increased propensity to improve operations, competitive position and profitability. Secondly, the market is driven by the requirement for firms to be compliant with tax and legal requirements. ERP software allows companies to automate processes such as invoicing, accounting, production, warehousing, logistics, sales and CRM. These functions are considered critical for the day-to-day operations of a business.

The SMEs segment for ERP and business software in Italy generated € 833 million in 2012. The SMEs software segment includes licences, maintenance and project services related to product delivery and support.



SMEs require ERP and business management software solutions tailored to their individual requirements. Since these software solutions are important for the day-to-day running of these businesses and involve high switching costs, customers are incentivised to remain loyal to their current supplier.

In most European markets, including Italy, VARs play an important role in the ERP and business management distribution and service. VARs are resellers of software and product licences on behalf of the ERP providers and usually operate on an exclusive basis. VARs install the relevant software and provide maintenance and assistance to customers. The provision of these business services is particularly important to small firms which do not usually have the necessary in-house capabilities to efficiently start up and maintain a new software system or to train the staff tasked with using it. The software applications can also be sold via other distributors, through direct sales channels or via web sales (usually dedicated to microbusinesses). It is common for small businesses to first purchase software applications designed for financial management and then to gradually expand functional coverage until potentially upgrading to a broad ERP software solution.

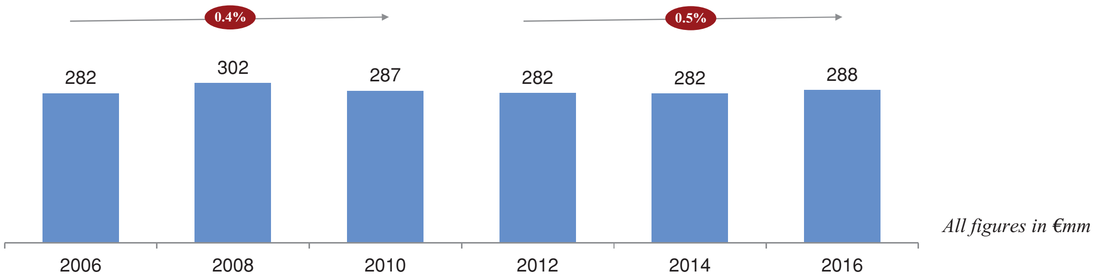
Within the SMEs market, manufacturing companies have a specific need for computer aided manufacturing (CAM) and computer aided design (CAD). Specifically, CAM/CAD products are deployed to customers operating in architecture and design, engineering, procurement, construction and operations management. Through these software tools users are able to design products and control manufacturing processes. Manufacturing customers increasingly require CAM/CAD to be fully integrated with their ERP systems. Vertical CAM/CAD software is therefore fundamental to manufacturing firms' operations.

Business Management Software for Professionals

This segment consists of professional advisors providing legal, tax, labour and accounting advice to corporations and private individuals. This market segment generated an estimated €282 million in 2012. The Professionals software segment can be divided into two main target groups:

- **Fiscal and accounting software:** This group consists of professional advisors providing tax and accounting advice to corporations and private individuals.

- **Payroll software:** This group consists of labour consultants who provide advice and services relating to payroll and HR matters to companies and professional organisations.



Regular and timely software updates are even more critical for professional advisors in comparison with SMEs. Business management software must constantly be updated to accommodate changes in tax, accounting and labour regulation. In addition, the Professionals market is even more resilient to macro-economic cycles due to a mix geared towards licences, maintenance and assistance rather than project services. With the exception of the legal profession, which still has a low penetration rate, the Professionals market is even more highly penetrated than the SMEs market. Penetration of software for fiscal and labour advisors reached 100% over the last 10-years with such development driven by compulsory electronic filing to the Italian tax and pension authorities.

Key Trends and Growth Drivers in Italian Business Management Software for SMEs and Professionals

Key trends and growth drivers in this market include:

- **Stability due to mission critical nature of services:** The market is more stable in comparison with the general software and IT market because ERP and business Software and Services are fundamental to the day-to-day activities of the business. Italian SMEs have become increasingly sophisticated which has driven demand for a broader range innovative management solutions that monitor key company activities.

- **Continued changes in fiscal, accounting and labour regulations:** The recurrent regulatory changes and fiscal interventions in Italy have resulted in a continuous demand for software updates that reflect the latest requirements. These changes also drive a constant pipeline of new products. The complexity and ongoing evolution of labour regulation has also given rise to a demand for payroll IT solutions and expertise.

- **Continued growth in the underpenetrated micro segment:** Based on the most recently available data, in 2011, the microbusiness segment had a low management software penetration as compared to the larger SMEs segments, with a penetration rate of approximately 13% in Italy as compared to a penetration rate of 97% and 61% in the medium and small enterprises, respectively, for the same period. Based on these figures, we believe there is potential for growth which can be captured in this market, especially when compared with other Western European countries. In the future, penetration may be increased by extending the product offering to microbusinesses beyond basic accounting ERP.

- **Demand for SaaS, multi-device and web-based services:** The software marketplace continues to evolve, with opportunities in the areas of cloud computing/SaaS, multi-device and web-based services. These solutions allow for improved software performance, improved business processes, cost reduction, access to real time information and improved employee productivity. In addition, portability and scalability are increasingly important within ERP and business management software.

Competition

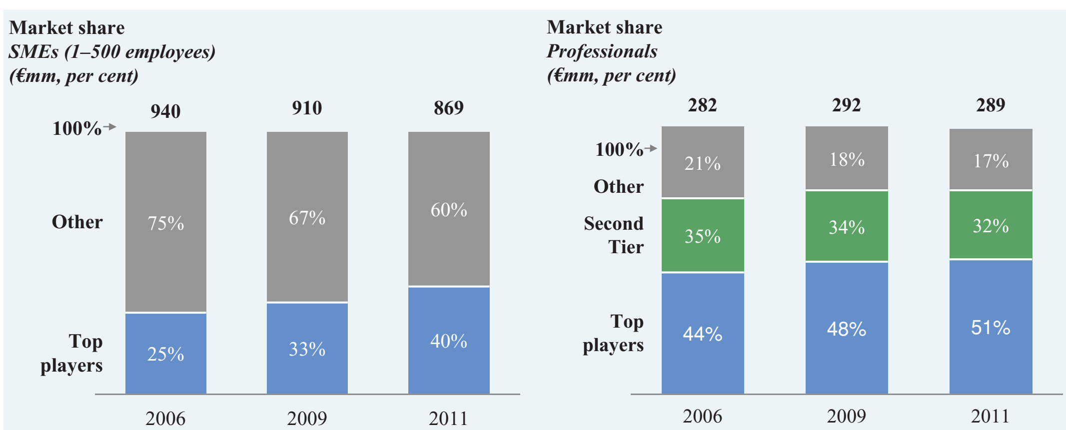
Based on the most recently available data, in 2011, we were the market leader in the SMEs and Professionals segment with a combined market share of 20.5%, based on number of users. Our main competitors include the Zucchetti Group and Gruppo WKI. International players currently active in the Italian market include Microsoft. The remaining market is divided amongst many smaller ERP and management software providers.

The competitive dynamic within the ERP SMEs software segment depends on a number of key differentiating characteristics such as relative dimension, size of customer base, flexibility, breadth of product offering, number of users for each software application, software functionality and industry sector specialization. Only a small number of companies are capable of offering software application solutions tailored for all customer segments.

Based on the most recently available data, in 2011, the ERP market for SMEs was highly fragmented with the top 10 market players in Italy accounting for 34% of the market in 2011. Large players are best positioned to take advantage of this fragmented market. This is due to several factors. Firms with wider resources are suited to conducting operations on a larger scale, can offer a wider range of services, support greater geographical reach and deliver a higher quality of customer service. Finally, customers are likely to be less concerned about the risk that their services will be discontinued when dealing with larger providers. As a result, top 10 market players increased their aggregate SME market share from 25% in 2006 to 34% in 2011.

While the Professionals market is even more stable and mature compared to the SMEs market, large players are still best positioned to take advantage of the fragmented market. This is due to several factors. Firms with wider resources are better suited to conducting operations on a larger scale, can offer a wider range of services, support greater geographical reach and deliver a higher quality of customer service. In addition, larger firms are better placed to promptly implement software updates. This superior brand strength may be leveraged to both attract new custom and retain existing customers. The two companies with the largest presence in this market segment have increased their aggregate market share from 44% in 2006 to 51% in 2011.

Market share of top players[(1)(2)]



(1) Based on number of users; Top 10 for SMEs, top two for Professionals.

(2) Second tier players within Professionals segment include WKI Osra, Sistemi and Buffetti.

ERP solutions offered by large international software providers are primarily aimed at large businesses and are often expensive to purchase, standardized and inflexible and/or complicated to install and maintain. Consequently small and medium sized businesses usually select smaller local suppliers as preferred suppliers. Local ERP SMEs software firms compete with larger international software providers by offering a combination of lower prices, superior local tax and accounting knowledge, proximity and more flexible vertical specific solutions.

Business

Overview

We are the leading designer and distributor of mission critical ERP and business management software and related value-added services for SMEs and professional advisors in Italy as of 2011 (the most recent period for which data is available to us). In total, we have a large and diverse customer base with approximately 126,000 unique end customers. Based on the most recently available data, we had a 17% share in the Italian SME software market and a 31% share in the Italian professional advisor software market. When combining our SME and Professional business lines, we had more than twice the market share of our nearest competitor. From 2006 to 2011, we grew our market share in the SME market by approximately 9.9 percentage points and in the professional advisors market by approximately 4.7 percentage points. We have consistently grown our revenues and EBITDA since 2001, despite various economic cycles in the Italian economy. Our total revenue and Adjusted EBITDA for year ended 31 December 2013 were €157.2 million and €55.9 million, respectively, representing an Adjusted EBITDA margin of 35.6%.

For the year ended 31 December 2013, after giving effect to the Acquisitions as if they had occurred on 1 January 2013, our *pro forma* total revenues and *pro forma* Adjusted EBITDA including synergies would have been €240.1 million and €78.1 million, respectively. Moreover, based on the most recently available data, in 2011, as adjusted to give effect to the Acquisitions, we would have had a market share of approximately 36% in the Professionals market and a market share of approximately 25% in the SME software market, representing an increase of 5 percentage points and 7 percentage points, respectively, compared to our market share in these segments prior to the Acquisitions.

Our software solutions help our customers manage and develop their business and operations by automating and integrating business processes. These solutions are mission critical for the day-to-day operations of our customers. Together with this, the breadth of our product range, our high quality customer service and regular software updates result in a historically stable and low churn level among our Software and Services customers (excluding microbusiness) of approximately 4% to 5% per year over the past three years.

We have developed an extensive distribution and service network throughout Italy comprised both of a direct channel and an indirect channel (consisting of VARs). We have strong cash flow visibility underpinned by multi-year contracts with our VARs and maintenance and assistance fees from our direct channel clients. This results in approximately 63% of recurring revenues.

Our core business line is Software and Services, which represents approximately 93% of our Adjusted EBITDA, and is complemented by two other lines that complete our product offer: Education and CAD/CAM. Our client base is highly fragmented with our single largest direct channel end customer in 2013 representing approximately 0.1% of our total revenues. Our SME customer base includes micro, small and medium businesses with up to 500 employees and our Professional customer base includes accountants, labour advisors, and lawyers.

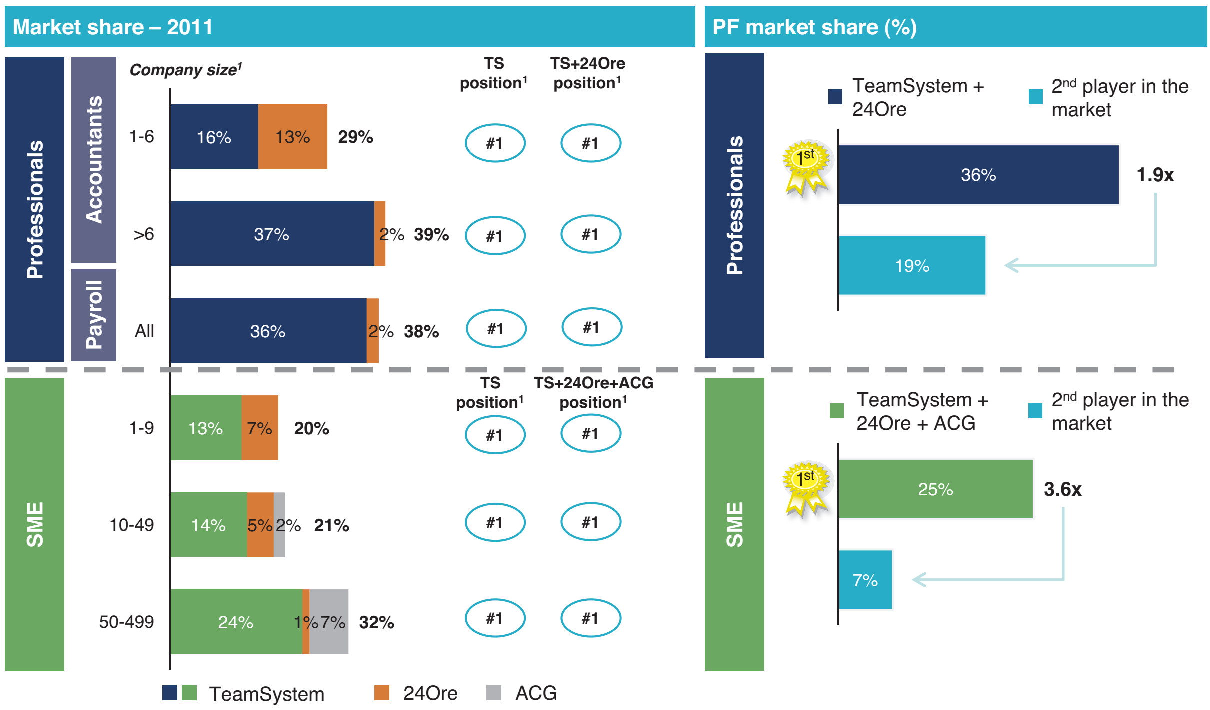
Strengths

We believe we have the following key strengths:

Market leader in a stable and fragmented market with key competitive advantages

We are the leading Italian business management software provider for SMEs and Professionals based on number of users. For the year ended 31 December 2011, we had a 17% share in the Italian SME software market and a 31% share in the Italian professional advisor software market. When combining our SME and Professional business lines, we had more than twice the market share of our nearest competitor. For the year ended 31 December 2011, within the SME market, we held the leading market shares of 13%, 14% and 24% of the market for micro, small and medium businesses, respectively. Within the Professionals market, based on the number of users, we held a leading market share with 30% of the accounting software market and 36% of the payroll software market. From 2006 to 2011, we grew our SME market share by approximately 9.9 percentage points and our Professional market share by approximately 4.7 percentage points.

Furthermore, the Acquisitions will contribute to consolidating our leading position in each market segment in which we operate. For example, based on the most recently available data, in 2011, as adjusted to give effect to the Acquisitions, we would have had a market share of approximately 36% in the Professionals market and a market share of approximately 25% in the SME software market, representing an increase of 5 percentage points and 7 percentage points, respectively, compared to our market share in these segments prior to the Acquisitions. In particular, the 24 Ore Software Acquisition will strengthen our market position in the microbusiness segment, in which we have a relatively lower market share. The chart below shows our market share position prior to and following the Acquisitions for each sub-segment:



¹ Based on number of seats

Furthermore, the 24 Ore Software Acquisition will allow us to enter into two complementary segments: the engineering and construction segment and CAF segment. We believe there is still significant room for growth across all of our business lines, for which we are well positioned to capture as a result of the breadth and quality of our product offering, along with our ability to timely and quickly update our software based on legislative, tax and accounting changes.

We believe we have significant competitive advantages that make it difficult for competitors to expand their business in, or enter into, the Italian business management software market. The size of our operations allows us to benefit from extensive economies of scale in key areas such as research and development, distribution and customer service. By leveraging our scale, we achieve high returns, which, in turn, enable us to constantly invest in broadening and improving our product offer, our standards of service, our R&D capabilities and our distribution network. For this reason, we believe that most of our smaller competitors are increasingly unable to compete with us in these areas and therefore in the market. In addition, we believe that our localised sales, delivery and maintenance presence is essential to servicing the SME market and that larger competitors struggle to provide specialised products on a local level.

Our significant investment in research and development and our ability to respond with rapid and accurate updates of our software based on legislative, tax and accounting changes are difficult for new market entrants to replicate. We also believe that the depth, quality and reliability of our comprehensive product range, the scale and reach of our distribution network (which covers the entire nation) and our focus on customer service constitute a business model that is difficult to replicate. Furthermore, we believe our customers would experience high switching costs if they decided to use another software provider because they would need to purchase new software, train employees and migrate data, which each come with related risks. As a result, we believe our customers and end-users are unlikely to switch software providers. This is evidenced by our low direct customer churn rate, which historically has been in the range of 4 to 5% (of which only 1% resulted from customers switching to a competitor offering a similar product).

We also believe we have a high degree of VAR loyalty because of our multi-year agreements with fixed fee pricing models, which encourage VARs to build expertise in our products and create high switching costs for our VARs. Historically, we have managed to maintain a VAR churn rate measured by revenues of approximately 1%.

Proven resilience despite the economic downturn

Despite the negative 1.3% CAGR from 2010 to 2013 in Italy's real GDP, our total *pro forma* revenues grew at a CAGR of 7% over the same period, which we believe demonstrates the resiliency of our business model. We believe our customers continue spending on our products during lean economic times because we provide business management software critical to the continuation of their businesses.

Recurring revenues with high visibility of EBITDA and cash flow visibility

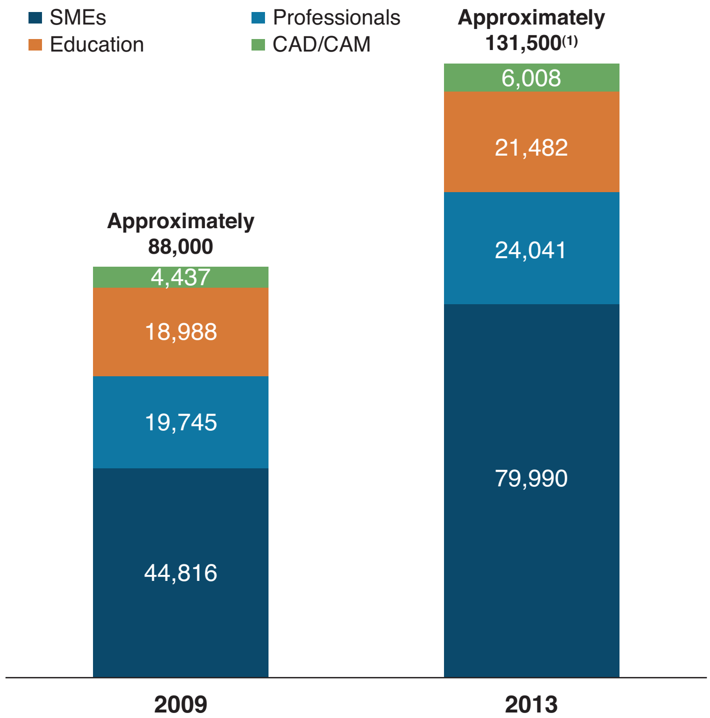
We consider approximately 63% of the revenues generated by our business in 2013 to be recurring. In particular, within our Software and Services business line, which represented 93% of our 2013 Adjusted EBITDA, 66% of our revenues were recurring. As part of our business model, when we sell software products to our direct end-customers, the initial software licence sale is typically linked to the sale of contracts covering maintenance and assistance. Contract renewal usually takes place at the beginning of the year, thus providing a high level of visibility on maintenance revenue. Most of our contracts are automatically renewed unless cancelled with three to six months prior written notice (depending on the particular contract); historically, we have renewed between 95% and 96% of our Software and Services contracts.

As a result of renewing contracts at the beginning of the year, the majority of our Software and Services revenue is invoiced at the beginning of the year and paid within the first half of the year, resulting in strong cash flow visibility during the first months of each year (during our annual budgeting process). Therefore, we are able to confidently predict and monitor our EBITDA and cash flow levels throughout the business cycle. In addition, most of our contracts with VARs have a term of three years, with yearly fixed fees and predetermined yearly increases.

Furthermore, we expect that the Acquisitions will optimize our stable and highly predictable revenue stream. For example, 24 Ore Software derives a significant proportion of its revenues from recurring revenues relating to annual fees and repeating sales activities, which derive from ongoing, regular software licences and services revenues.

Large, growing and diverse customer base with no revenue concentration

As of 31 December 2013, we had approximately 131,500 end customers (including approximately 5,400 customers overlapping across business lines), representing an increase of approximately 43,500 customers since 2009. Excluding our microbusiness line, which is relatively small and operates with a different service model, we achieved a Software and Services customer retention rate of approximately 95% to 96%, thereby demonstrating the resilience of our business model. We have grown our number of VARs from 320 in 2005 to 612 in 2013, resulting in a CAGR of 8.4%. The chart below shows the distribution of our clients across our business lines and types of Software and Services customers.



(1) Number of customers including approximately 5,400 overlapping customers.

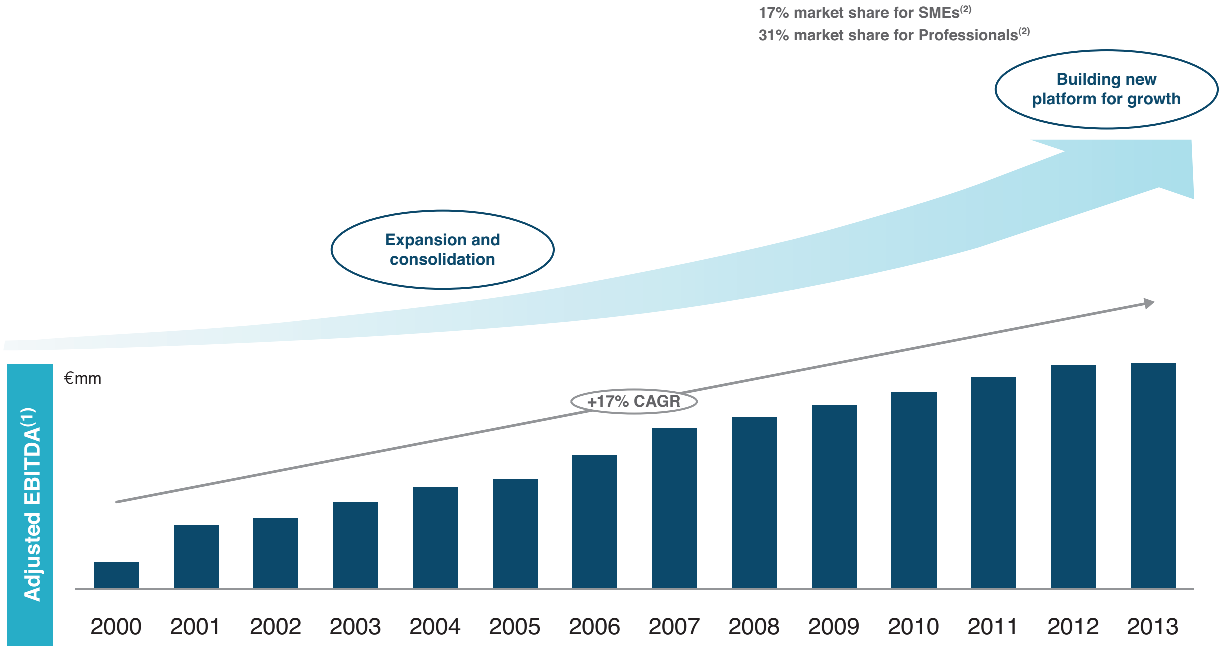
Moreover, the Acquisitions will further increase our customer base. In 2013, ACG had approximately 6,000 users, and of these approximately 3,500 regularly use its applications. In addition, in 2013, 24 Ore Software had approximately 49,000 users.

Our customers are also diverse across industries, resulting in a low customer concentration and diverse revenue base by product. In our Software and Services business line, our top 10 direct channel end customers represented approximately 1% of our revenue for the year ended 31 December 2013, with the largest customer representing approximately 0.1%.

While our growing customer base supports the growth of our business and allows us to benefit from economies of scale related to product development and updates, we believe the diverse nature of our clients and product base helps to insulate our business against declines in product demand in one particular industry and reliance on revenues from a small number of key customers.

Experienced and proven management team

We benefit from the significant experience of our senior management team, which has contributed to the success of the company throughout its history. The majority of the management team have more than 10 years of experience within the company. Our management team has demonstrated its ability to grow our business and improve operating performance as evidenced by the increase in our revenues and EBITDA over a long period, including in the face of a global economic downturn and recent economic instability.



(1) Adjusted EBITDA refers to EBITDA plus allowance for bad debt.

(2) Software and Service market share for 2011.

Our strategy

We aim to increasingly utilise our current market leadership to consolidate our position and better serve our customers, by continuing to provide them with resources for achieving and preserving competitive advantages in their businesses. In order to achieve this goal, we will pursue a growth strategy based on three key pillars:

- Organic growth: we plan to utilise our current resources and strengths to sustain our core business. This pillar will constitute the main driver of our future growth, through new customer addition, obtaining additional value from our existing customers (through, for example, cross-selling), reinforcement of our VARs and direct networks and improvement of our product offering to generate cash flow;

- New business: we will evaluate further growth opportunities, aiming both at complementing our offering to our core customer segments by making additional services available (e.g., payslips processing outsourcing) and at expanding into new, attractive, adjacent software markets;

- Acquisitions: from time to time, we may make selective opportunistic acquisitions, such as the ACG Acquisition and 24 Ore Software Acquisition. We make such acquisitions with the aim of strengthening our leading position and market share in our existing segments, diversifying our customer base and achieving operational and cost efficiencies. After making such acquisitions, we are focused on integrating our recently acquired businesses and implementing strategic measures in order to realise expected synergies. For further information regarding the Acquisitions, see "*Summary—The Acquisitions*" and "*The Acquisitions*". In addition to identifying businesses that bolster our leading position and market share in our existing segments, from time to time we may undertake acquisitions that allow us to expand our core offering (either through specific vertical acquisitions or through products we can cross-sell to our customers), given that such acquisitions can be easily integrated into our operations.

Our plan for achieving this strategy includes a number of initiatives, the majority of which are already in progress. The most important of these initiatives are briefly described below.

Enhance our direct sales network and implement a uniform pricing model

We are in the process of further improving the effectiveness of our direct network, to enhance its delivery quality and efficiency. This is being achieved through a significant review and improvement of our business processes (including specialisation and incentive schemes) and tools (including CRM) and through a centralisation of our service delivery activities and of our customer support activities in regional hubs.

In addition, we have also improved our direct distribution and service networks' pricing and discount policies by setting up a structured discount control process and implementing automatic inflation-linked price increases. As a result of our direct channel discount controls implemented in 2013, we estimate that we added €1.7 million to our EBITDA.

Improve our indirect sales channel and provide new incentives to VARs

We intend to increase the level of support provided to our indirect distribution and service network.

For example, in March 2014, we commenced work on our Channel Strategy Programme, which we intend to launch in the third quarter of 2014. The Channel Strategy Programme will be implemented over a period of 18 to 24 months and aims to evaluate our current distribution strategy and improve the structure of our indirect channel, by organising VARs by types of customer and segment. In addition, we intend to implement measures to increase support and services provided to our VARs. As part of the integration activities related to the Acquisitions, this programme will seek to achieve the integration and centralization of our indirect sales channel into one single structure.

In 2012 we launched the VAR support programme, aimed at improving the commercial, managerial and technical capabilities of our VARs. Under this programme, we increased the number of programme participants from nine VARs in 2012 to twelve VARs in 2013. As part of the VAR support programme, we introduced an incentive programme that awards VARs for incremental year-on-year growth. VARs achieving a pre-set growth goal receive specific benefits aimed at improving performance, such as free training and marketing support.

Invest in product development to drive product innovation

In 2012 we initiated our Product Renewal Project to evolve our product range and implement the latest available technologies across our entire product offering. As part of our Product Renewal Project, we are in the process of renewing our software development tools in order to increase the efficiency of our development phase, and to standardise our technology across product lines and research and development teams. As a result of these initiatives, we believe we will be able to continue to offer modular, highly scalable and flexible software in light of recent technological advances, simplify our software management, implement common components across our product line and reduce application development time, thereby decreasing the time it takes to bring a product or upgrade to market and lower development costs.

The Product Renewal Project aims to renovate our entire line of products through a gradual evolution of existing products, providing our customers with a smooth transition from the current to the new generation product suite. We have been releasing product updates and innovations as they are available, with the goal of providing clients with the immediate benefits of new technology that we have integrated into our products.

As part of our Product Renewal Project, we expect to launch a range of new advanced products for SMEs and Professionals in 2014. Such new range of products will be based on POLYEDRO, our new technology platform, including: (i) ALYANTE Enterprise and ALYANTE Start, which are ERP solutions especially designed for small Italian companies, (ii) LYNFA Azienda, an accounting, tax and payroll solution that allows businesses and professionals to share data in real time, and (iii) LYNFA Studio, which consists of an integrated management system for

Professionals, including accounting, tax and payroll management, covering both small professional studios and those with more than 100 employees. Furthermore, in 2013 we developed certain mobile and tablet applications, cloud solutions and an innovative platform for application development.

Continue to exploit the cross-selling potential of our active customer base and synergies among our product offering with an aim toward further increasing customer loyalty

We believe there is potential for revenue growth and margin improvement through increased cross-selling of our products. Our goal is to further increase the penetration of our existing client base by expanding the range of products and services offered through our traditional distribution and service network and by increasing the use of new sales channels, such as telephone and internet sales, to increase penetration of specific add-on modules for our professional software. We are planning up to six dedicated sales campaigns each year to capture the potential of increasing customer penetration in these new sales channels. Furthermore, we believe that the expansion of our range of products and services as a result of the Acquisitions will optimize our ability to cross-sell a wider range of products and services to a diversified pool of customers. We intend to leverage our expanded product offering to improve our cross-selling opportunities and to use agents to cross-sell modules and services to the migrated customer base.

Further expand into the microbusiness market

We aim to capture significant further value from our microbusiness segment, leveraging on the high growth potential of the market and improving our leading market share position. Based on the most recently available data, in 2011, the microbusiness segment had a low management software penetration as compared to the larger SMEs segments, with a penetration rate of approximately 13% in Italy as compared to a penetration rate of 97% and 61% in the medium and small enterprises, respectively, for the same period. Based on these figures, we believe there is potential for growth which can be captured in this market, especially when compared with other Western European countries. Over the next five years, we intend to implement a comprehensive microbusiness growth plan with the goal of (i) continuously improving our microbusiness offer by increasingly providing value-added services, such as e-payments and by completing and launching our SaaS solution, (ii) strengthening our various distribution channels, both on the internet and through new physical channels, such as stores and resellers, and (iii) helping to expand the wider market for microbusiness software through marketing and communication activities. We intend to implement a comprehensive growth plan for our microbusiness segment, with the aim of (i) improving our microbusiness offer by providing value-added services, such as e-payments, mobile solutions and by the launch of our SaaS solution, (ii) strengthening our distribution channels, both through the internet and through new physical channels, such as stores, resellers and bank branches and (iii) expanding the market for microbusiness software through the use of marketing and communication activities as well as social media.

In addition, as a result of the 24 Ore Software Acquisition, we expect to significantly increase our market share in the microbusiness line of the Professional and SME markets. Based on the most recently available data, in 2011, 24 Ore Software had a market share of approximately 13% and approximately 7% of the Professional accountant microbusiness market and SME microbusiness market, respectively.

Continue our current successful strategy based on opportunistic bolt-on acquisitions in our core business areas

Given our recent opportunistic acquisition of ACG and our planned acquisition of 24 Ore Software, our main aim is to focus on our organic growth and integrate these businesses. However, from time to time we may consider bolt-on acquisitions that allow us to expand our core offering (either through specific vertical acquisitions or through products we can cross-sell to our customers), given that such acquisitions can be easily integrated into our operations. We intend to continue our successful track record of bolt-on acquisitions in our core business, based on our well-defined and disciplined approach. We plan to selectively seek attractive partnerships with, or acquisitions of, companies that complement our business and offer significant operational and commercial synergies, with the key strategic goal of expanding our core offer either in selected vertical products, serving specific customer segments, or cross-segment products, thereby enabling us to better serve our current customer base. Accordingly, our typical targets will be small companies featuring excellent quality products, technologies, know-how and people with the potential to be easily integrated in our business model. This approach will continue to be the core pillar of our acquisition strategy. We actively consider potential acquisition opportunities aligned to this strategy, which we evaluate on a continuous basis.

History

Our business dates back to 1979, when we were established as a distributor in Italy for Triumph Adler, a German hardware and software producer. In the early 1980s, following Triumph Adler's decision to exit the software market, we began developing software products and services and grew as a result of both organic growth and acquisitions.

During the 1980s we launched GeCom Multi and GeCom Redditi, our core products for tax advisors and accountants, and GeCom Paghe, our core product for labour advisors. We grew rapidly throughout the 1990s and became a leading software provider for tax advisors, accountants and labour advisors in Italy.

In 2001, we entered the SME market with the launch of Gamma Enterprise, an innovative ERP system designed as a fully featured product tailored to the Italian SME market. The following year we further expanded in the small business segment with the launch of Gamma Sprint and Gamma Plus.

In 2004 we rolled out ArchivaPlus and ArchiScan, our electronic storage and archiving solutions. In 2005, we entered the legal software market with the establishment of our Lexteam company. In 2009 we entered the microbusiness market with the introduction of our Facile09 software. In 2011, we launched our TeamSystem Service, which provides payroll outsourcing services to our labour advisor customers.

In addition to this organic growth, we have carried out a number of acquisitions. These acquisitions were pursued in order to achieve three main strategic goals:

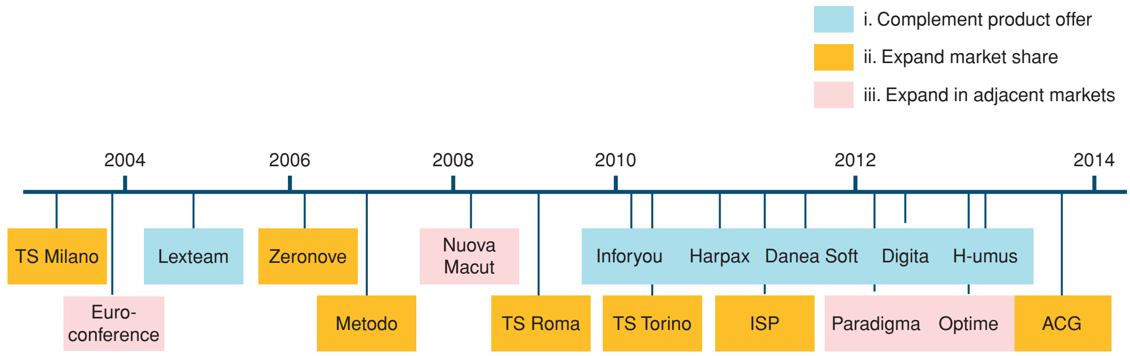
(i) to complement our product offering to Professionals and SMEs through the acquisition of small software businesses with excellent technical know-how: Lexteam (in 2005), Inforyou (in 2010), Harpax (in 2011), Danea Soft (in 2011), Digita (in 2012) and H-Umus (in 2012);

(ii) to expand our market share and direct network through the acquisition of VARs such as Unixon (in 2004, now TS Milano, Unibyte (in 2008, now TS Roma), Delta Computer (in 2010, now TS Torino) and ISP (in 2011), as well as companies operating in our core software segments such as Zeronove (in 2006) and Metodo (in 2007); and

(iii) to expand our offering to core market customers through the acquisition of businesses in adjacent markets. Such acquisitions include Euroconference (in 2004), NuovaMacut (in 2008), Paradigma and Optime (in 2012) and ACG (in 2013).

We are currently in the process of completing the 24 Ore Software Acquisition. See "*The Acquisitions—24 Ore Software Acquisition*" for more information.

The table below shows our acquisition track record since 2004.



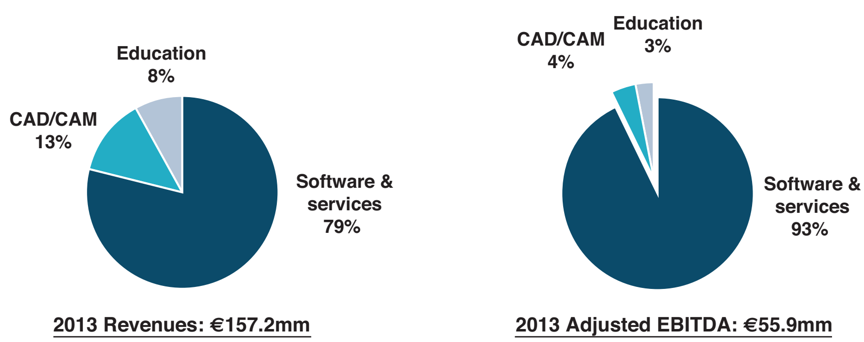
Our business lines

We offer our products and services through three business lines: (i) Software and Services, (ii) Education and (iii) CAD/CAM. Our Software and Services business is our core business line, accounting for 79% of total revenue and 93% of consolidated Adjusted EBITDA in 2013.

Both our Education and CAD/CAM business lines offer additional services and products to our traditional Software and Services markets. The Education business offers updates to professionals, companies (especially large tax and legal firms) and financial institutions, while the CAD/CAM business facilitates the integration of our products by SMEs operating in the manufacturing sector, for which CAD/CAM software quality is mission critical.

The following charts show our revenue and EBITDA breakdown by business line for the year ended 31 December 2013:

2013 Revenue and Adjusted EBITDA split



Software and Services

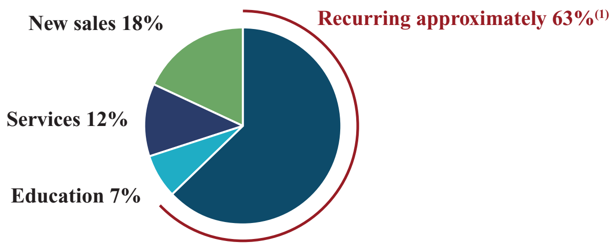
Our Software and Services business line designs, develops, distributes, installs and services modular, highly scalable and flexible software applications. Our core markets are SMEs (businesses with up to 500 employees), and Professionals, principally accountants, lawyers and labour advisors.

Our Software and Services product offering includes business management software solutions, providing our clients with a comprehensive set of applications covering financial and tax management, procurement, logistics, production, sales and distribution. These products and applications are designed to manage, analyse and improve our clients' businesses. Our software solutions automate and integrate critical business processes, facilitating collaboration among customers, partners, suppliers and employees. These products are modular, integrated applications that are capable of running on most operating systems and can easily be customised to address our clients' specific business needs. In addition, both the organic growth and selected acquisitions carried out to date have allowed us to develop tailored vertical products to assist customers in specific niches (for example, athletics, furniture and fashion).

For SMEs, the current business environment requires corporate functions and information flow to be constantly under control. For Professionals our products are mission critical, as they are strictly needed for Professionals to offer their services. As such, our Software and Services business line's key products are embedded at each stage of the value chain of our core customers. Our critical role in the regular execution of daily business activities consequently makes our business stable.

We market our software directly, either through our branch network or the internet, and indirectly through our network of VARs. Our Software and Services business generates revenue from (i) granting licences for our software products (ii) providing customer-specific delivery and implementation (such as product set-up, customisations and product training), (iii) providing ongoing assistance, maintenance and product updates and (iv) the supply to our clients of complementary hardware such as servers, laptops and printers.

The chart below illustrates the sales percentages breakdown of recurring and non-recurring components for the year ended 31 December 2013.



(1) Recurring sales include maintenance and assistance, recurring sales from indirect channel, Euroconference and NuovaMacut

Assistance and maintenance contracts generate a substantial portion of our recurring revenue. For the year ended 31 December 2013, 66% of our Software and Service revenue was recurring. This was the result of an extremely low end-customer churn rate, averaging 4 to 5% in the last three years. Of this 4 to 5%, only approximately 1% related to churn arising from customers switching to a competitor offering a similar product, while the remaining 3 to 4% of end-customer churn was due to exogenous causes, such as customers merging, choosing to outsource this function or going out of business.

In addition to our traditional Software and Services business line, since 2011 we have also been developing a payroll outsourcing division, TeamSystem Service. This division offers a payroll outsourcing service to our labour advisor clients. Since this service is offered only to labour advisors and not to their final clients, we do not compete with labour advisors themselves. On the contrary, we offer labour advisors a way to improve their efficiency by leveraging our scale and expertise in payroll processing while allowing them to focus their relationships with their customers on value-added activities.

SMEs

Companies of different sizes have different needs that cannot be properly served by a single software solution. As a result, we offer a wide range of software products designed to serve microbusinesses as well as small and medium sized companies.

Small and Medium Businesses

Our consolidated offering of products is based on a full range of scalable ERP solutions with verticals, customisations and functional modules, including CRM and switchboards. ERPs are software solutions that integrate internal and external management of information across an entire business by providing finance and accounting support, operations support (including warehouse management, manufacturing, procurement and logistics) as well as sales and post-sale support. The purpose of ERP software is to facilitate the flow of information across a company's various business functions, enabling the driving and control of business processes and activities and the management of communications and interactions with external parties and clients. We also offer human resources and payroll modules in order to complete our integrated ERP offering to our customers.

Our solutions can be used by SMEs in virtually any industry and our client base has no specific concentration.

Our key SME products are summarised below:

- *Gamma Enterprise:* First launched in 2001, this product is an ERP software solution for SMEs, which covers a wide range of integrated functions for the management of internal and external processes in SMEs, including customer management and sales analysis. The software facilitates an efficient control of the management of the different processes within a business and reduces the time SMEs spend managing their administrative and business procedures. As of and for the year ended 31 December 2013, Gamma Enterprise was used by approximately 3,400 customers and represented 9.8% of our total revenue.

- *Gamma Sprint:* Gamma Sprint is designed as a downsized version of Gamma Enterprise, targeting small businesses with limited operating and administrative complexity. Gamma Sprint is a modular and flexible product designed to provide our customers with an easy-to-use, intuitive interface. As of and for the year ended 31 December 2013, Gamma Sprint was used by more than 5,000 customers and represented 1.2% of our total revenue.

- *Gamma Evolution:* Gamma Evolution is an ERP designed for small business. Its functional coverage is similar to Gamma Sprint. Although less advanced from a technological perspective, it features native integration with GeCom applications for accountants, allowing customers to regularly exchange information (such as invoices) with their accountants. As of and for the year ended 31 December 2013, Gamma Evolution was used by more than 20,000 customers and represented 0.5% of our total revenue.

- *CRM:* Our CRM solutions are offered to all SMEs, but are principally targeted toward medium sized businesses. We offer CRM solutions through our Tustena software. As of and for the year ended 31 December 2013, Tustena was used by approximately 250 customers, and represented approximately 0.4% of our total revenue.

- *Gymnasium System:* This product is tailored to customers in the sports, health and leisure industries and is sold through Inforyou. As of 31 December 2013, Gymnasium System was used by approximately 1,000 customers, and represented 2% of our total revenue.

We intend to increase our revenues per customer by cross-selling newly acquired products, such as CRM, e-catalogues and switchboards, as well as additional modules and functionalities.

We expect to launch the following additional ERP products based on POLYEDRO and targeted at SMEs in 2014. POLYEDRO is our new technology platform, which is exclusive to our Company, and which consists of a web-native platform which improves the flexibility and ease of use of our applications, allowing our customers to work on mobile smartphones, tables and notebooks. POLYEDRO also includes a special tool that allows processes to perform more efficiently and support users by assisting them in the use of our software.

- *ALYANTE Enterprise:* This ERP solution manages key business processes and represents, both functionally and technologically, the evolution of our Gamma Enterprise product. It is regularly updated with recent Italian regulations. ALYANTE Enterprise is modular, flexible and capable of evolving, according to the needs of the business. ALYANTE Enterprise is cloud-based, and its web native interface is designed to improve the user experience. Using our new technology platform POLYEDRO, every system inside the ERP is naturally linked, from accounting to HR management, procurement, customer support, such that all functions, applications and procedures are all-in-one.

- *ALYANTE Start:* This ERP solution is especially designed for small Italian companies and represents, both functionally and technologically, the evolution of our Gamma Sprint product. ALYANTE Start is user friendly and benefits from the advantages of our new platform POLYEDRO, including cloud architecture, collaboration, workflow, making them accessible to small firms.
- *LYNFA Azienda:* This ERP solution links businesses and professional firms. LYNFA Azienda is a software that allows businesses and professionals to work together, allowing them to share data in real time. LYNFA Azienda represents, both functionally and technologically, the evolution of our Gamma Evolution product.

Microbusinesses

We offer management software to microbusinesses (businesses with less than 10 employees), which we believe to be a market with high growth potential due to its large, total market size (including approximately four million companies) and low penetration rate (13% as of 31 December 2011, as compared to 97% and 61% in mid and small enterprises as of 31 December 2011, respectively). In line with our growth plans, for the year ended 31 December 2013, our microbusiness offering generated €4.0 million of revenue and an EBITDA of €1.7 million representing an increase of 18% in revenue and 21% in EBITDA compared to the year ended 31 December 2012.

We first entered the microbusiness software market in 2009 with the introduction of Facile09. After assessing the market potential for growth, we significantly increased our presence in December 2011 through the acquisition of Danea Soft. Danea Soft is the market leader in Italy for microbusiness solutions, with approximately 95,000 licences sold in Italy as of 31 December 2013, out of which approximately 26,800 pay us an annual subscription fee to access phone support and value added services.

Our software solution for microbusinesses is Easyfatt. This product is tailored for independent professionals and micro-sized enterprises. The basic version of the software includes key administrative functionality such as invoicing activities, VAT management and tax withholding calculations and product delivery. An enhanced version of Easyfatt (Easyfatt Professional) features additional functionality, including management of logistics, manufacturing and warehousing. The most advanced version, Easyfatt Enterprise, includes features to assist microbusinesses having multiples workplaces or a small network of branches. Our customers may also subscribe to our value-added services, which offer additional features such as switchboard integration and electronic payments integration.

Due to the nature of the products required by microbusinesses, our products are generally available through internet downloads. Unlike Professional products and, to some extent, small or medium business products, microbusiness products are less dependent on regulatory changes. Therefore, maintenance and assistance are not mandatory. Furthermore, products do not require customisation, on-site delivery or specific training. Therefore, most of our microbusiness revenues are generated from licence fees. This means that revenues from this business are less recurring, but with higher margins as compared with other SMEs segments.

As a result of the different functional coverage and the different distribution channels for our microbusiness products as compared to other SMEs segments, we believe there is only a small risk of cannibalisation with other SME software.

We are currently managing our exposure to piracy risk by issuing individual licence keys to our customers. This risk will be significantly reduced as we move to a full SaaS offer, which will enable us to track each individual access in real time, thus making illicit use of our software virtually impossible.

Professionals

We offer specific mission critical products with constant regulatory-driven updates to Professionals, principally to labour advisors and accountants. Italian labour advisors prepare and certify payslips, confirm that appropriate tax and other contributions are properly accounted for in payslips and provide support and consultancy on legal matters concerning labour. In Italy, the target end-user market consists of approximately 81,000 Professionals, whose need for our software and related updates is driven by the complex and frequently-evolving Italian accounting, tax and legal regulations. Accountants use our software products to support their bookkeeping, tax calculation and compliance procedures.

In addition, we also have dedicated software solutions for lawyers and for building managers.

We offer an integrated and modular product line that provides our Professional clients with a comprehensive set of services and content, ranging from consultancy and management software to accounting and inventory management. With the exception of the legal profession, which still has a low penetration rate, the Professionals market is even more highly penetrated and mature than the SME market, yet generally produces higher margins. These higher margins are mainly attributable to (i) typically higher maintenance fees due to the need for frequent updates and (ii) lower installation costs as compared to SMEs, as Professional software installation can usually be done within a day. In particular, software updates are vital to our Professional customers' ability to maintain compliance with constantly changing legislation in Italy. Therefore, maintenance and assistance fees with regards to direct channel sales, which are recurring by nature, are included within the initial licence fee for Professionals, while for SMEs, maintenance and assistance fees are an addition of about 33% to the initial licence fee.

Our key software solutions for Professionals are summarised below:

- *GECOM Evolution Multi:* This product is tailored to accountants and includes modules for basic accounting and inventory management, balance sheet analysis, tax analysis and amortisation processes. As of and for the year ended 31 December 2013, this application was used by approximately 17,000 customers and represented 8.2% of our total revenue.

- *GECOM Evolution Redditi:* This product is tailored to tax advisors and is aimed at tax filing. This product is often sold together with GECOM Evolution Multi. As of and for the year ended 31 December 2013, this application was used by approximately 16,500 customers and represented 6.3% of our total revenue.

- *GECOM Evolution Paghe:* This product is tailored to labour advisors and SMEs and assists in human resources management by providing accurate, efficient and secure payroll processing, monitoring of employee attendance, automated administration of employee benefit plans as well as controlling eligibility and enrolment. As of and for the year ended 31 December 2013, this application was used by approximately 10,500 customers and represented 4.2% of our total revenue.

- *Legal System (Lextel):* This application is tailored for lawyers and legal firms, and is designed to manage office activities as well as interact with and fulfil the necessary processes in the Italian public administration and judiciary. This includes providing web access to the databases of the different courts and tribunals in Italy, to each of the entities of the judiciary and to their newsletters and updates. As of and for the year ended 31 December 2013 this application was used by approximately 2,100 customers, and represented 0.6% of our total revenue.

- *Domustudio:* This application, developed by Danea Soft, is tailored to the requirements of building managers, and provides a platform for the main accounting, tax and other management issues for such Professionals. As of and for the year ended 31 December 2013, this application was used by approximately 3,300 customers, and represented 0.6% of our total revenue.

We expect to launch additional ERP products targeted at Professionals in 2014, including LYNFA Studio. These products consist of an integrated management system for Professionals, covering both small professional studios and those with more than 100 employees. Based on the technology platform POLYEDRO, LYNFA Studio represents, both functionally and technologically, the evolution of our GECOM products. It is designed to offer ease of use, remote accessibility, as well as sharing and collaboration tools.

Software licence sales

Our software products are licenced to end-users under yearly, non-transferable licence agreements that stipulate which modules can be used and how many concurrent or named users may use them. Furthermore, most of the licence agreements provide us with a right to withdraw at any time with six months' prior notice.

Revenue from sales of new licences amounted to €26.2 million for the year ended 31 December 2013, representing 17% of our total revenue.

Assistance & maintenance support

We offer technical support for our products, technical improvements and software updates in order to improve their features and to respond to legislative, tax and accounting changes. Most of these updates are critical for our customers. We also provide support regarding questions and concerns about new functionality and features related to our products, as well as new regulations. For these reasons, maintenance and assistance fees represent our largest and most stable, recurring source of revenues. For the year ended 31 December 2013, 66% of our Software and Services revenues were generated from assistance and maintenance support activities.

We also provide assistance services to VARs, which in turn provide delivery and assistance and maintenance services to customers in the indirect distribution and sales network. Although our VARs exclusively manage the relationship with their customers, we are able to track the end users of our software as we hold the licences.

Below is a description of the assistance services we deliver to our direct customers and to our VARs.

Assistance to Direct Clients. We provide assistance and maintenance support to our direct customers through a dedicated customer service unit, which is organised by type of product and employed approximately 180 staff as of 31 December 2013. Through this unit, as part of our assistance services, we offer technical and product error reporting and resolution support covering each of our applications. We also answer questions regarding new legislative, tax and accounting regulations, as well as the interpretation and implementation of such regulations. Our assistance and maintenance service is delivered by telephone conference between the client and one of our technical support representatives. Conference slots are booked in advance through WebReCall, a proprietary ticket management and tracking system that also enables clients to file error reports online and to access a database of error reports and recommended solutions. Through TeamCast, an email distribution software application, we also offer a service whereby product updates, new releases, new versions and corrections are emailed to clients. We also serve our clients through our branches which, together with our customer service department, consists of more than 300 employees dedicated to product delivery, customer training and on-site support.

Our direct customers typically enter into a contract for the provision of maintenance and assistance services at the time of initial sale of our software products. The contract includes periodic software updates, technical support related to our products and direct support regarding questions and doubts on any new regulation related to our products. Unless a customer gives three to six months prior notice of cancellation (depending on the terms of the particular contract), the assistance contract is automatically renewed on an annual basis. We typically invoice customers at the start of each calendar year, and generally receive payment within between 90 and 120 days from the date of our invoice. If a customer cancels its assistance contract or does not pay its invoice within the required time, we have the right to terminate the assistance service and cease to provide any further support, improvements or updates. Due to our customers' need to keep abreast of legislative, tax and accounting developments and the rapid obsolescence of our software products if they are not continually updated to take account of such developments, assistance contracts are generally renewed by customers throughout the lifecycle of our products. Historically, 95 to 96% of our Software and Services end-users (excluding microbusiness end-users) renew their licences every year.

Assistance to VARs. VARs independently offer their customers a first-level assistance service similar to the one we provide to our direct customers. We in turn provide VARs with second-level assistance on complex technical matters. We provide such assistance to VARs through a dedicated unit in our R&D department. This department provides VARs with assistance both online and by telephone for (i) technical and product error reporting and resolution, (ii) online access to a database of error reports (iii) product updates and new releases and (iv) new versions and product corrections. In order to ensure that the quality of the services delivered to end-customers is consistent with the high standards we strive to offer, we constantly monitor the number and the quality of the issues in relation to which each VAR seeks our advice. Although our VARs exclusively manage the relationship with their end-users, they allow us to keep track of end users of our software. We also offer technical training courses on our products and on managerial best practices.

Education

We entered into the Education business line in 2004 with the acquisition of Euroconference and enhanced our offer substantially in 2012 through the acquisitions of Paradigma and Optime. We believe the Education business line presents synergies with our core software offering. We provide professional training to accountants, labour advisors, lawyers, notaries and business managers . Through our Education business line, we also provide continuing education courses for Professionals that are required by law or professional association rules to attend courses for a specified number of hours of courses in order to maintain their Professional licence. Considering the clear overlap with the target market of our Software and Services business line, we believe that the Education business line represents a complementary market for the Group.

Euroconference. Euroconference is a leading provider of educational services and publications for Professionals in Italy, providing training to chartered accountants, labour consultants and lawyers. With approximately 18,700 clients as of 31 December 2013 and a full range of training products and services primarily focused on tax, company, administrative and labour law, Euroconference offers a range of seminars, conferences, training programmes and a variety of publications targeted at professionals and company managers. The training is primarily focused on current developments and changes in tax, accounting, labour and fiscal rules. Our education services are provided primarily through instructor-led classroom events, as well as through our self-paced e-learning platform. Our key product is the *Master Breve*, which provides a 7-day course for tax advisors which covers the yearly mandatory requirements for such profession. As a result of the compulsory nature of these courses and our leadership position in the market, Euroconference was able to increase revenues and EBITDA year on year from 2008 to 2011 by 13% and 7%, respectively, despite the overall adverse economic conditions in Italy. We have launched a customer loyalty programme for Euroconference. Under the customer loyalty programme, we award our best clients with discounts *Master Breve* and with additional targeted and specific offers on our other training programmes and publications.

In 2012 Euroconference suffered a hostile spin-off by employees that subsequently established a company (Didactica Professionisti S.p.A.) that directly competes with Euroconference. As a result of this spin-off, revenues and EBITDA decreased by 14% and 36%, respectively in 2012 and by 6% and 33%, respectively in 2013. We replaced management at the beginning of 2013 and commenced a legal action against our former employees who undertook the spin-off and on 7 January 2013, the Court of Turin ordered this spin-off to cease all marketing and sales activities relating to the single lectures included in its *Master Breve* product (but not relating to *Master Breve* as a whole) and to publish the decision in *Il Sole 24 Ore,* a leading Italian economics newspaper. On 16 July 2013, the Company filed a claim in the Court of Torino, alleging, *inter alia*, trademark infringement, misappropriation of confidential information and unfair competition and seeking damages in an amount of €3.2 million with respect to the conduct of Didactica, as well as against the former employees and independent contractors involved. The first judicial hearing regarding the claim against Didactica is currently scheduled on 17 May 2014. We aim to restore our Euroconference business to its previous level of profitability in within the next two years.

Paradigma and Optime. Our Education offer was enhanced in 2012 with the acquisitions of Paradigma and Optime. Both companies provide and organise seminars and conferences for members of the senior management of large businesses, financial institutions, public administrations and professional firms. Seminars are designed and held with the contribution of highly qualified academic and professional experts. Topics include tax, accounting, privacy, compliance and labour laws. Furthermore, we sell publications with content derived from the seminars and e-learning modules.

CAD/CAM

CAD/CAM (computer aided design/computer aided manufacturing) software is business critical for manufacturing companies. The core business of CAD/CAM users revolves around the design and production of physical goods. CAD/CAM software plays an integral role in these activities by providing computer-based, high quality and efficient product design as well as fully automated machine set up and control. Our CAD/CAM business started with the acquisition of NuovaMacut in 2008. With approximately 6,000 clients as of 31 December 2013, NuovaMacut is primarily engaged in the automation business. NuovaMacut sells and delivers CAD/CAM software mainly purchased under a non-exclusive distribution arrangement with SolidWorks Inc. Based on the most recently available data, in 2011 NuovaMacut was the largest SolidWorks value added reseller in Italy and in Europe. In addition to CAD/CAM, NuovaMacut also sells fluid-dynamic analysis, product data management ("PDM") and documentation management software from SolidWorks, and develops and sells personalised libraries for SolidWorks CAD and a proprietary PDM solution. NuovaMacut is also engaged in the machine tools business as an exclusive agent for manufacturing companies in the Emilia Romagna, one of the Italian regions with the highest concentration of such companies.

Due to our manufacturing customers' high level of reliance on CAD/CAM software, we believe that such customers view their CAD/CAM supplier as the primary supplier for their additional software requirements. As such, our CAD/CAM business offers the opportunity to cross-sell our Software and Service products to our CAD/CAM customers and we have been able to cross-sell our ERP solution for SMEs to an increasing number of our CAD/CAM clients. We estimate that revenues coming from cross-selling are in the range of approximately €1 million per year and we believe there is significant room for further cross-selling and penetration of our CAD/CAM customer base in the coming years. As demonstrated by our contract renewal rate, which has increased from 80.7% in 2010 to 83.6% in 2013, our CAD/CAM customer base has also proved to be increasingly loyal over time.

Sales and marketing

Software and Services

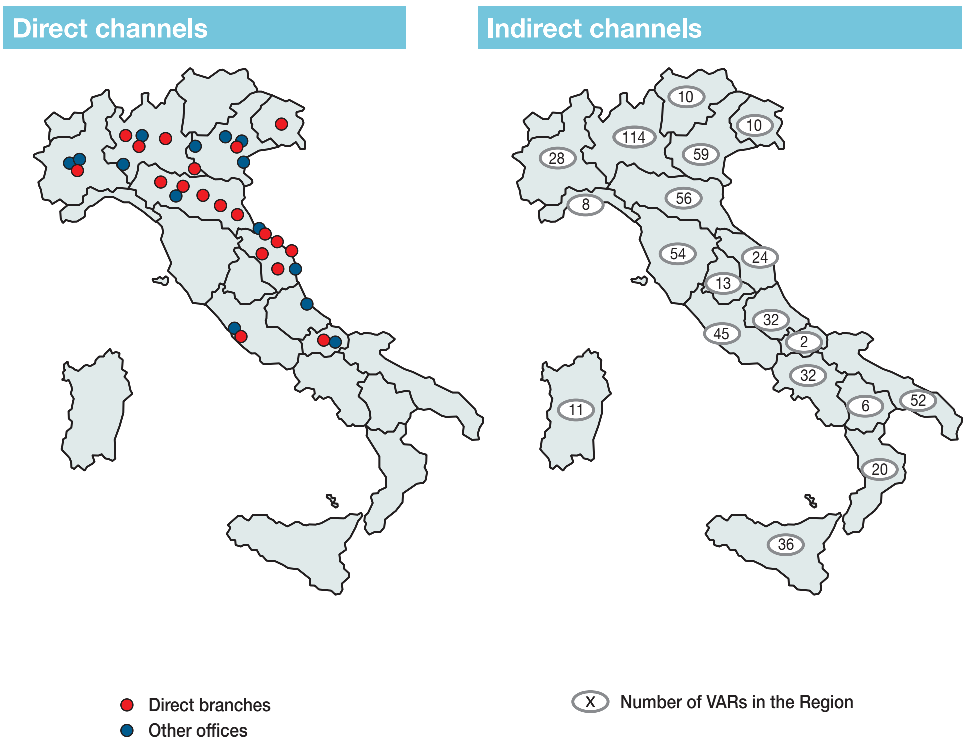
Sales distribution channels

We market our Software and Services business line through our direct and indirect channels. As of 31 December 2013, we had an indirect network of over 600 VARs and a direct network of

20 commercial branches and offices employing a staff of over 500 people, of which about 90 are dedicated to sales, about 400 are dedicated to maintenance, customer support and delivery and about 30 are dedicated to general administration.

Our direct and indirect channels represented approximately 52% and 48% of our Software and Services business line revenues in 2013, respectively.

We believe that the combination of our direct and indirect distribution and service networks has enabled us to build a significant competitive advantage and barrier to entry. Our direct distribution and service network enables us to maintain a direct relationship with end customers and to identify customers' needs promptly and accurately. Our indirect distribution and service network, through our unique network of VARs, allows us to increase our customer base while optimising the use of our resources and minimising commercial costs.



Direct distribution and service network

Our direct sales offices provide software solutions and related maintenance services, including installation, start-up, and post-sale support, directly to our clients. As of 31 December 2013, our direct network offices consisted of 20 commercial branches and offices. As of 31 December 2013, our customer support unit consisted of over 300 people, more than 100 of which operate locally in order to continuously monitor quality standards and provide local delivery and customisation. Our direct sales team is complemented by dedicated teams focused solely on horizontal niche markets (such as switchboards and CRM) as well as some selected vertical markets (such as fitness centres). In order to improve the quality of service delivered to our customers, maximise the effectiveness of our salesforce, share best practices and benefit from economies of scale, we are in the process of organising our direct sales branches into four hubs (three of which are already active).

In order to complement our software product offering and to offer a complete product solution to our customers, we also sell hardware (mainly servers, laptops and printers) and hardware-related maintenance and assistance services. While our complementary hardware offering contributes only a small portion of our revenue compared to our software products, this offering allows us to establish closer relationships with our clients and reduces the potential of our clients' exposure to competitors.

As of 31 December 2013, our direct channel had approximately 47,000 active clients, including SMEs, microbusinesses and Professionals (but excluding payslips outsourcing).

Furthermore, we see potential to further expand our direct channel penetration in Italy, with a particular focus on those regions presenting the most significant growth opportunities.

Indirect distribution and service network

In addition to our direct sales force, we enter into distribution arrangements with VARs to benefit from their resources, reach and customer base. As of 31 December 2013, we had 612 VARs throughout Italy, representing an increase of six VARs since 31 December 2011. We believe that our VAR contractual model provides for highly predictable and recurring revenues.

As of 31 December 2013, our VARs had approximately 57,000 active clients. New VARs are recruited by our regional managers, mostly through converting early-stage VARs of our smaller competitors. We believe that the breadth, the quality and the loyalty of our VAR network is one of our key strengths. Switching costs for VARs are typically even higher than those for direct customers, and a churning VAR incurs a high level of risk for its business. In cases of churning VARs, we have historically maintained approximately 90% of our end-users, representing an immediate loss for the VAR in terms of related maintenance fees, which represent the bulk of a VAR's total revenue. In addition, churning VARs have limited potential for attracting new customers, as they lack a knowledge base of the new product and may lack credibility in the market in relation to the new product. Marketing our products through our VARs constitutes an effective way of targeting clients because it allows us to reach a larger number of potential customers while optimising commercial costs and focusing our resources on value-added activities and services, such as product development and service improvement.

Our VARs market and promote our software products and typically provide delivery, customisation, direct assistance and other related services to their end-customers. In turn, we offer centralised second-level assistance and technical support to VARs. We also engage in joint marketing programmes, presentation of seminars, attendance at trade shows and the hosting of conferences with many of our VARs. We periodically meet with our major VARs in order get their customer insight, local market dynamics and to keep them updated with our developments and performance.

There is a trend in Italy towards the consolidation of VARs and 81 of our VARs have merged since 2010. We believe the trend toward consolidation is due to efficiency and scale synergies generated through VAR mergers. We believe VAR mergers result in increases in the operating efficiency of our indirect distribution and service network.

Due to the importance of VARs to the sale of our software products, we intend to increase the level of support provided to our indirect service and distribution network. To this end, 2012 we launched the VAR support programme (the "VAR support programme"), aimed at improving the commercial, managerial and technical capabilities of our VARs. Under this programme, we increased the number of programme participants from nine VARs in 2012 to twelve VARs in 2013. We charge VARs a fee for attending the training programmes, which we believe increases their commitment to the programme.

As another component of the VAR support programme, we introduced an incentive programme that awards VARs for incremental year-on-year growth. VARs achieving a pre-set growth goal receive specific benefits aimed at improving performance, such as free training and marketing support.

Furthermore, in March 2014, we commenced work on our Channel Strategy Programme, which we intend to launch in the third quarter of 2014. The Channel Strategy Programme will be implemented over a period of 18 to 24 months and aims to evaluate our current distribution strategy and improve the structure of our indirect channel, by organising VARs by types of customer and segment. In addition, we intend to implement measures to increase support and services provided to our VARs. As part of the integration activities related to the Acquisitions, this programme will seek to achieve the integration and centralization of our indirect sales channel into one single structure.

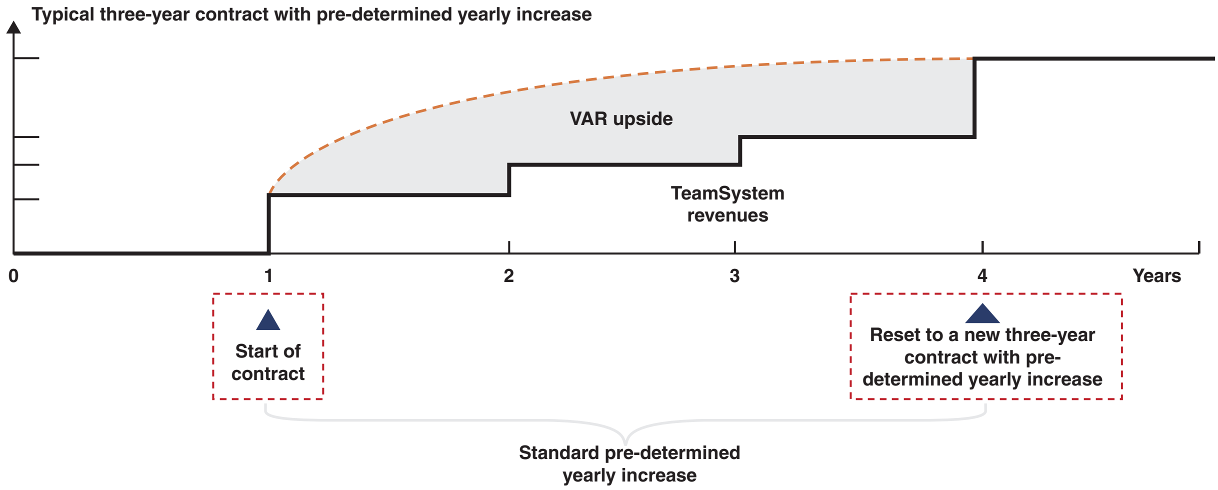
Contractual arrangements with VARs

VARs typically pay us an annual pre-determined amount pursuant to fixed fee contracts with predetermined yearly increases, although a minority of our VARs pay us a per-licence fee. In almost all cases, VARs are prohibited from selling competing products. Exceptions to this are driven by specific business needs. The vast majority of our contracts with VARs are multiyear contract arrangements, which typically have a three-year term. We believe such long-term contracts strengthen our relationship with the VAR network. We believe that our extensive distribution network comprised of our dedicated direct sales force and our network of motivated VARs allows us to provide the high level of customisation, localisation and commitment to service and support that our clients require.

Fixed fee contracts with predetermined yearly increases Since the 1980s, we have been using a model whereby we enter into contracts with VARs specifying a fixed fee with predetermined yearly increases. A large portion of our contracts with VARs are fixed fee contracts, which accounted for approximately 88% of the revenue we generated from our indirect distribution and service network in 2013. These agreements represent the core of our unique distribution model. They provide for payment of a fixed fee with pre-determined annual increases and are generally entered into for a period of at least three years. The fees paid by the VARs under such arrangements are not dependent on the number of licences sold to end customers.

Under the fixed fee contract, each VAR pays an annual fixed fee (typically invoiced quarterly), which increases every year and is independent of the number of licences sold during the course of the contract. The amount of each annual fixed fee is determined at the time the contract is signed. The fee for the first year is based primarily on the VAR's number of active assistance contracts. In the following years, the fee automatically escalates based on an assumption the VAR's number of customers will increase. The budgeted growth is agreed with the VAR up front and reflects each VAR's market potential. Upon expiry of the contract, fees are renegotiated based on the active customer base of the VAR at such time and its expected growth. Therefore, if a VAR attracts a higher number of new customers than budgeted in the contract, it will obtain additional revenue for the new licences and assistance contracts with no additional payment due to us. Therefore, new customers are highly profitable for the VARs and these contractual arrangements provide VARs with a powerful incentive to expand their customer base. We benefit directly from the growth of each VAR's customer base when the fixed fee contract expires and is renewed, and indirectly through the sale of products not included in the fixed fee contract.

The chart below shows the structure of the typical three year fixed fee contract with predetermined yearly increases:



Approximately one third of our contracts with VARs expire each year and, historically, the vast majority of these contracts with VARs are renewed. In the rare event that a contract with a particular VAR is not renewed or is terminated we can take action to migrate customers to a direct branch or to another VAR in the area. If a VAR does not pay its licencing fee or if it goes out of business, we inform end-users that the VAR is no longer a licenced distributor of our products and will no longer be receiving product updates or maintenance services. We then appoint a direct branch or another VAR within our network as the distributor for the clients of the former VAR. Prior to such VAR receiving an appointment, we usually require this new VAR to pay us an amount equal to or greater than the amount owed by the former VAR.

We believe that because of the clear incentive provided to VARs to expand their end-customer base, combined with the non-compete undertakings of the contract, the flat-fee contract model represents one of the key drivers of our growth in the indirect channel.

Our VAR retention rate is high and has historically been stable, with a VAR churn rate representing only 1% of total VAR revenues (with churning VARs typically being very small in size). If a VAR decides to change software providers, the VAR would incur significant start-up costs (i.e. training employees as to the new product’s technical requirements). A VAR changing software providers would also incur significant risk of client churn because, as these clients would have a high switching cost in turn; we have a strong likelihood of being able to divert such end customers to another one of our VARs in the same region or to our direct channel. As a result, we rarely lose a VAR to a competitor. The primary reason for VAR churn is therefore as a result of a VAR going out of business or becoming insolvent, in which case we are generally able to retain the end-customer.

Consumption Fee We also enter into non-fixed fee arrangements with VARs under which we are paid fees based on the number of the products licenced or the number of additional customers that subscribe for assistance services. Ancillary and independent products are also sold under more standard “per licence” fee contractual arrangements. These arrangements accounted for approximately 12% of our revenues in the indirect channel in 2013.

Education

Sales in our Education business line are mainly procured through telemarketing, and we generally advertise our products in major newspapers (*Il Sole 24 Ore*), targeted mail and advertising emails.

CAD/CAM

Sales in our CAD/CAM business line are achieved through our direct sales branches of NuovaMacut. As of 31 December 2013, NuovaMacut had 10 branches dedicated for such purpose.

Customers

We have a highly diversified customer base across a wide range of industries. Between 31 December 2011 and 31 December 2013, our customer base increased from approximately 98,000 customers to approximately 131,500 (including the approximately 4% of customers overlapping between business lines). Of this total figure, approximately 104,000 customers correspond to our Software and Services business line, approximately 21,400 to our Education business line and approximately 6,000 to our CAD/CAM business line.

There is no particular industry or segment on which we rely for our customer base. Our top 10 direct customers and VARs represented approximately 1% of our revenue for 2013, with the top customer representing only 0.1%. We benefit from an extremely low customer and end-user churn rate, historically ranging between 4 and 5%, from which only approximately 1% related to churn arising from customers switching to a competitor offering a similar product, while the remaining 3 to 4% of end-customer churn was due to exogenous factors, such as customers merging, choosing to outsource this function or going out of business.

We had more than 53,000 SME customers (not including microbusinesses) as of 31 December 2013 and ACG had 6,000 SME customers as of 31 December 2013. 24 Ore Software had approximately 49,000 customers as of 31 December 2013, which was comprised of more than 18,000 Professionals and approximately 23,000 SMEs (not including microbusinesses).

Suppliers

We purchase certain products which we offer to our direct customers and VARs from a range of suppliers, such as hardware (for example servers, computers and printers), optical storage, business intelligence, operating systems and antivirus programmes. Although they do not justify a direct investment by us in their development and production processes, these third-party products complement our software offering and we believe provide us with opportunities to strengthen the quality of our offering. In particular, in our indirect distribution and service network, we bundle third-party products with our software products, which allows us to offer a competitive sales position and to attain significant margins. Additionally, we undertake joint marketing initiatives and VAR recruiting activities with some of our suppliers, which allow us to leverage the distribution channels of these suppliers in the marketing of our products.

We believe that, although our supply arrangements represent an opportunity to foster the growth of our business, we are not dependent on any of our suppliers, with the exception of NuovaMacut, where we act as the largest Italian reseller of SolidWorks.

Research and development

The majority of our software products are developed internally. Our goal is to develop products based on user experience and customer requirements. In certain limited circumstances, we also purchase or licence intellectual property rights from third parties. Internal development allows us to maintain technical control over the design and development of our products.

Our research and development department is divided into three segments: ERP software; Professional software; and web and utility software. Our web and utility software is offered through our TeamPortal product, which offers customers one point of access for multiple applications and databases. Our research and development department is located in four factories: Pesaro, Senigallia, Fabriano and Campobasso, each one specialising in specific development areas. As of 31 December 2013, we had 350 employees in our research and development department, of which 329 are in dedicated to development and VAR support and 21 are dedicated to special on-site developments for customers. Occasionally, we engage external consultants specialising on specific topics (we currently have 30 consultants).

Within each segment, our employees have specialised skills and knowledge of our product technology and our employees are responsible for the design, analysis and implementation of the following activities:

- extending our software capabilities with respect to regulatory and legal updates, thereby providing a fundamental component of our Professional software where our customers require quick responses to frequently changing legislation;
- performing technical upgrades to our existing products; and
- broadening our product range to extend current functional coverage, introduce new functionalities and enter new market segments, with the goal of providing increasingly comprehensive software solutions to customers with different requirements.

Our recent acquisitions also contribute to our research and development efforts. As part of our acquisition strategy, we seek to acquire companies bringing us valuable competencies and skills, as well as cutting edge technologies with the goal of applying such acquired technologies to our existing product offering and expanding our knowledge and products in segments that are complementary to our existing segments. Our acquisitions of DaneaSoft and Digita enhanced our knowledge of SaaS technology, which we can now use throughout our research and development activities. We expect to achieve synergies with respect to our research and development costs following the completion and integration of the Acquisitions. In particular, we expect to increase the efficiency of our research and development factories and to reduce our use of outsourced research and development activities. In addition, we expect to the 24 Ore Software Acquisition to expand our scope of research and development activities into new segments including engineering and construction software and CAFs, while reducing our overall research and development costs.

We make substantial investments in research and software product development. Research and development costs are generally expensed in our results of operations, with the exception of our research and development costs related to new product developments, which are capitalised. Research and development expenditures were €8.7 million, €9.2 million and €10.1 million in 2011, 2012 and 2013, respectively. Capitalised research and development costs were €2.3 million, €4.3 million and €7.1 million in 2011, 2012 and 2013, respectively. These costs include costs related to second level assistance to VARs, but excludes other indirect costs and other costs attributable to research and development. We believe our level of investment and commitment to research and development, particularly during the current economic downturn in Italy, provides us with a competitive advantage over our competitors that are unable to make such investments.

Product Renewal Project

In 2012 we launched our Product Renewal Project, a five-year, €16 million investment plan to build our new technology platform, which has and will continue to improve our product offering. We have identified medium-term key technology trends, such as SaaS solutions and multi-device capability, and designed our technology roadmap with these trends in mind. During the five-year term of the Product Renewal Project, we expect, over the course of the next three years, to evolve our product range and implement the latest available technologies across our entire product offering. As part of our Product Renewal Project, we are in the process of renewing our software development tools in order to increase the efficiency of our development phase, and to standardise our technology across product lines and research and development teams. As a result of these initiatives, we believe we will be able to continue to offer modular, highly scalable and flexible software in light of recent technological advances.

These initiatives will also allow us to simplify our software management, implement common components across our product lines and reduce application development time, thereby lowering development costs and decreasing the time it takes to upgrade a product or bring a product to market.

The Product Renewal Project will renovate our entire line of products through a gradual evolution of existing products, providing our customers with a smooth transition from the current to the new generation product suite. We have been releasing product enhancements and innovations as they are available, with the goal of providing clients with the immediate benefits of new technology that we have integrated into our products.

In order to implement our Product Renewal Project, we have hired, on average six new people per quarter for the year ending 31 December 2013 and have hired 90 people in relation to the Product Renewal Project to date. These new employees will primarily focus on implementing initiatives related to the Product Renewal Project. Starting in the second half of 2014, we expect to begin to move such newly hired employees back to customary duties within our research and development department.

We invested €2.0 million and €4.3 million in the years ended 31 December 2012 and 2013, respectively, in connection with the Product Renewal Project. We expect that the Product Renewal Project will require a further investment of €9.6 million investment in research and development over the next three years. We expect that this renewal programme will allow us to better compete in the market and believe that it will sustain our growth and increase our market share to the detriment of our competitors that are unable to afford such an investment.

We have been releasing product updates and innovations as they are available, with the goal of providing clients with the immediate benefits of new technology that we have integrated into our products. As part of our Product Renewal Project, we expect to launch a range of new advanced products for SMEs and Professionals in 2014. Such new range of products will be based on POLYEDRO, our new technology platform, including: (i) ALYANTE Enterprise and ALYANTE Start, which are ERP solutions especially designed for small Italian companies, (ii) LYNFA Azienda, an accounting, tax and payroll solution that allows businesses and professionals to share data in real time, and (iii) LYNFA Studio, which consists of an integrated management system for Professionals, including accounting, tax and payroll management, covering both small professional studios and those with more than 100 employees. Furthermore, in 2013 we developed certain mobile and tablet applications, cloud solutions and an innovative platform for application development.

Other R&D initiatives

We are currently exploring a number of possible segments for expansion through the development of new ancillary products, such as industry-specific vertical applications for SMEs and cross-segment features that can complete functional coverage of our core ERP. While enhancing the functionality of existing applications, these products offer significant cross-selling potential. We plan on continuing to dedicate a significant amount of resources to research and development efforts to maintain and improve our competitive position in these markets.

Intellectual property

We regard certain aspects of our internal operations, software and documentation as proprietary, and rely on a combination of contract, copyright, trademark and trade secret laws to protect our proprietary information. Existing copyright laws afford only limited protection. We believe that, because of the rapid pace of technological change in the computer software industry, trade secret and copyright protection is less significant than factors such as the knowledge, ability and experience of our employees, frequent software product enhancements and the timeliness and quality of assistance services. We cannot guarantee that these protections will be adequate or that our competitors will not independently develop technologies that are substantially equivalent or superior to our technology.

Competition

The software industry is intensely competitive and evolving rapidly. We believe that the key competitive factors affecting our market include:

- depth, breadth and quality of offering;
- superior scale in distribution and customer service network;
- extensive and loyal VAR network;
- ability to invest in new products due to R&D scale;
- sufficient brand equity in a critical product;
- ability to offer better value for money; and
- substantial local tax and accounting knowledge.

We believe we have several competitive advantages over a number of our competitors. Some of these advantages include the breadth and completeness of our software functionality, our focus on each of our targeted industries, our substantial distribution footprint, the industry knowledge and expertise of the members of our sales, marketing and services teams and the strong customer support services we offer.

Minority shareholders in our subsidiaries

As part of our acquisition strategy, when we acquire new businesses, we typically acquire a majority interest and offer sellers the option to become minority shareholders (as occurred, for example, with the acquisitions of Danea Soft, TeamSystem Communication, Digita and H-Umus). In order to incentivise such minority shareholders we typically enter into agreements with them providing for, *inter alia*, (i) our undertaking to hire individual sellers or appoint them as directors of the company, (ii) put and call option rights with a strike price to be calculated on the basis of the results of the company, and (iii) non-compete undertakings of the sellers with respect to the activities carried out by the company in which we acquired the majority interest. We believe managers and employees are incentivised to perform at high levels as a result of the above acquisition strategy. See note 28 to our consolidated financial statements for the year ended 31 December 2013 included elsewhere in this offering memorandum. In certain cases, we also undertook to make yearly distributions of dividends upon the approval of our financial statements.

Properties

We currently own approximately 4,000 square meters and rent approximately 19,500 square meters of office and other commercial space across several locations in Italy. We do not have properties under capital leases. If required, suitable additional or alternative space will be available on commercially reasonable terms to accommodate expansion of our operations. We also lease more than 30 branches and commercial offices around Italy.

Employees

(in thousands)	As of 31 December 2011	2012	2013
Software and Services	852	940	1,012
Education	61	81	80
CAD/CAM	139	125	121
Total	**1,052**	**1,146**	**1,213**

We have not experienced any labour-related work stoppages during the past three years.

Legal and other proceedings

We are subject to various legal and other proceedings. Below is a description of the pending disputes that we consider material.

In 2012, Euroconference suffered a hostile spin-off by certain employees and independent contractors who established a company, Didactica Professionisti S.p.A., ("Didactica") that directly competes with Euroconference. On 1 October 2012, Euroconference brought an urgent petition before the Court of Turin against Didactica, and certain of Euroconference's former employees and independent contractors. The basis of the claim was unfair competition, infringement of trademarks related to our *Master Breve* product and illicit use of our confidential information and data base. On 7 January 2013 the Court of Turin ordered Didactica to cease all marketing and sales activities relating to the single lectures included in *Master Breve* (but not relating to *Master Breve* as a whole) and to publish the decision in *Il Sole 24 Ore,* a leading Italian economics newspaper. On 16 July 2013, the Company filed a claim in the Court of Torino alleging, *inter alia*, trademark infringement, misappropriation of confidential information and unfair competition and seeking damages in an amount of €3.2 million with respect to the conduct of Didactica, as well as against the former employees and independent contractors involved. The first judicial hearing regarding the claim against Didactica is currently scheduled on 17 May 2014.

Our subsidiary, Metodo was subject to a tax inquiry in relation to costs incurred for sponsorship agreements it entered into between 2003 and 2006, prior to our acquisition of 70% of the share capital of Metodo in 2007. As of the date of this offering memorandum, Metodo has received tax assessment deeds with reference to fiscal years 2003 and 2004. The total maximum liability that could arise from such tax assessments and inquiries is estimated approximately at €1.1 million. No provision has been made in the financial statements of Metodo due to the seller indemnity provisions included in the related share purchase agreement, which require the sellers to indemnify us pro-rata for certain liabilities which we may incur related to Metodo's activities prior to our acquisition. Furthermore, on 8 January 2014, the shares still held by the sellers in Metodo's share capital were pledged in favour of the Company for the purposes of securing the indemnification obligations of the sellers in relation to the above tax assessment. Metodo has filed a claim before the competent tax courts with regard to the tax assessment for fiscal year 2003, the first instance judgment has been resolved in our favour. Metodo has also initiated a settlement procedure with the Italian tax authorities ("*accertamento con adesione*") with respect to fiscal year 2004. We cannot guarantee that tax assessments will not be received for subsequent periods preceding our acquisition.

Insurance

We maintain insurance to cover risks associated with the ordinary operation of our business, including coverage for injuries and accidents, civil liability claims (including claims brought in connection with errors and omissions) and information technology, such as damage to hardware, software and databases. We have directors' and officers' civil liability insurance for members of our board of directors, the board of statutory auditors and the other managers of the Group's companies. Certain of our companies also maintain coverage relating to the specific risks of their business. We regularly conduct periodic reviews of our insurance cover to ensure that we have adequate coverage and that our deductibles and premiums are at reasonable levels.

We do not have insurance coverage for all business interruptions and operational risks because we believe that these risks cannot be insured or can only be insured on unreasonable terms. We do not have insurance protection against the risk of failure by customers to pay.

Management

Board of directors of the Issuer

The Issuer holds the entire issued share capital of the Company.

The following table lists individuals who are the current directors of the board of the Issuer together with their age, title and other roles they hold.

Name	Age	Title
Lisa Stone	52	Chairman
Federico Leproux	43	Managing Director and Chief Executive Officer
Vincenzo Ferrari	55	Director and Chief Financial Officer
Luca Bassi	43	Director
Kai Romberg	36	Director

Lisa Stone Lisa Stone joined HgCapital in 1999 and became the chairman in November 2013. Prior to joining HgCapital, she was Director of Strategy and Business Planning at LucasVarsity and a management consultant with Kalchas and Bain & Co. Ms. Stone is currently director of Achilles and Lumesse. She holds a B.A. from the University of Oxford.

Federico Leproux was appointed Chief Executive Officer of the Group in 2009 and was reappointed Director in April 2013 and Chief Executive Officer in April 2013, and has held positions in the Company since 2007, where he also served as General Manager until 2011. From 2004 until 2007, he worked as an Engagement Manager at McKinsey & Company focused on sectors including energy and private equity. From 2002 until 2004, Mr. Leproux worked as a Senior Consultant at Bain & Company, where he was in charge of projects in the automotive and retail industries. Between 1996 and 2002, Mr. Leproux held different positions at Procter & Gamble, primarily in the operations and product supply fields. Mr. Leproux holds a Degree in Mechanical Engineering from La Sapienza University in Rome, Italy.

Vincenzo Ferrari was appointed as a Director in June 2011 and was reappointed Director in April 2013 and Chief Financial Officer in April 2013, and has held positions in the Company since 2000. He was a member of the board of directors of AMPS, an energy distribution company and he has also held various positions in other energy companies like Bonatti, Stayer Group and the Bonfiglioli Group. Mr. Ferrari holds a degree in Economics from the University of Parma and a Masters in Business Administration from Università Commerciale Luigi Bocconi.

Luca Bassi was appointed as a Director in April 2013. He is currently also a director of WorldPay PLC, and has served previously as director on other companies, including Cerved Group S.p.A., Lince S.p.A. and the Company, in which he served as director from 2004 to 2010. Mr. Bassi is a Managing Director of Bain Capital, where he joined in 2003. Prior to that, Mr. Bassi worked for Goldman Sachs & Co. in London and Bain & Company in Milan. He holds a BS in Business Administration from Università Commerciale Luigi Bocconi and an MBA from Columbia Business School.

Kai Romberg was appointed as a Director in April 2013. He joined HgCapital in 2004, and is currently in charge for TMT investments in DACH. Prior to joining HgCapital, Mr. Romberg worked at The Boston Consulting Group in Vienna. He currently is a director in the boards of Lumesse and P&I. Mr. Romberg holds a degree from the London School of Economics and the Vienna University of Economics and Business Administration.

The Company

The Company is a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy. The following is a summary of certain information concerning the management of the Company and certain provisions of Italian law regarding corporate governance. This summary is qualified in its entirety by reference to such by-laws and/or Italian law, as the case may be, and it does not purport to be complete.

The Company is managed by a board of directors (*Consiglio di Amministrazione*) which, within the limits prescribed by Italian law, the Company's by-laws and resolutions of the Company's shareholders, has the power to manage the Company, legally represent the Company in its dealings with third parties and to delegate its general authority to an executive committee and/or one or more managing directors (including the chief executive officer). In addition, the Italian Civil Code requires the Company to have a board of statutory auditors (*Collegio Sindacale*) which functions as a supervisory body (see below).

Board of directors

The following table lists individuals who are the current directors of the board of the Company together with their age, title and other roles they hold within the Group.

Name	Age	Title
Stephen Warshaw	65	Chairman
Federico Leproux	43	Managing Director and Chief Executive Officer
Vicenzo Ferrari	55	Director and Chief Financial Officer
Gianandrea de Bernardis	49	Director
Ivano Sessa	36	Director
Vincenzo Morelli	59	Director

Summarised below is a brief description of the experience of the individuals who serve as members of the board of directors of the Company:

Stephen Warshaw Stephen Warshaw was appointed as Chairman in 2011 and was reappointed on 12 April 2013. Mr Warshaw was, until the end of 2013, Chairman of Cambridge Education Group and also a part time Director at Hg Capital. He was Chairman of Iris Software Limited until its sale in 2007. From 2002 to 2006, Mr. Warshaw was the Chief Executive Officer of MediMedia International (subsequently CMPMedica, a subsidiary of United Business Media plc) and before that held senior management positions at, inter alia, Oxford University Press, Reed Elsevier plc, Informa plc and Veronis Suhler Stephenson International. Mr. Warshaw holds a BA in French and Russian from Keele University, as well as a post-graduate certificate in education (PGCE) from New College, Oxford University.

Gianandrea De Bernardis was appointed as a Director in June 2011 and was reappointed on 12 April 2013. Prior to that, he served as Chief Executive Officer of our Company from 2001 to 2009. Since 2009, he has also served as a member of the board and the chief executive officer of Cerved Group, a provider of credit information to financial institutions and corporations in Italy. Mr. De Bernardis holds a degree in electrical engineering from the Politecnico di Milano and an MBA from the Università Commerciale Luigi Bocconi.

Ivano Sessa was appointed as a Director in September 2011 and was reappointed on 12 April 2013. Since 2004, Mr. Sessa has served as a principal at Bain Capital. Prior to that, Mr. Sessa was a consultant with Bain & Company in New York, Atlanta and Milan and is a board member of Bravida and IMCD. Mr. Sessa received a BS in Business Administration from Università Commerciale Luigi Bocconi.

Vincenzo Morelli was appointed as Director in March 2014. He is also a Partner Emeritus and Senior Advisor at TPG Capital, having served as European Operating Partner in their London office from 2005 until 2012. He is currently also a director of Télédiffusion de France S.A., a broadcasting company in which funds managed by TPG Capital own 42% of the equity. He has also served as chairman or director of several other companies, including Mey Içki, Bally International SA, TIM Hellas S.à. r.l. and Republic Retail Ltd., a fashion retail company that was controlled by funds advised by TPG Capital. Prior to his association with TPG in 2004, Mr Morelli managed several companies, including GE's European Medical Systems business and several mandates as Chairman and Chief Executive Officer of various privately held companies. He holds an M.A. from the University of Oxford and an MBA from Stanford University.

Senior Management

In addition to the Chief Executive Officer and Chief Financial Officer of the Company, the following individual is a member of the senior management team of the Company:

Name	Age	Title
Giuseppe Busacca	33	M&A and Business Development Director

Giuseppe Busacca joined the Company in 2011 as M&A and Business Development Director and sits on the board of certain subsidiaries of the Company, including TeamSystem Communication DaneaSoft, Paradigma, Digita and Optime. He is also Managing Director of ACG. Prior to that, he held several positions at McKinsey & Company from 2005 to 2011 leaving as Engagement Manager. He holds an MSc in Engineering from Politecnico di Milano and an MBA from INSEAD (France/Singapore).

Board of statutory auditors

The board of statutory auditors currently in place was appointed until the approval of the financial statements of the Company for the year ending 31 December 2014. The following table lists individuals who are the current members of the board of statutory auditors of the Company:

Name	Age	Title
Claudio Sanchioni	55	Chairman
Fabio Landuzzi	43	Statutory auditor
Daniela Marchionni	40	Statutory auditor
Marco Cecilioni	43	Alternate auditor
Cristina Amadori	46	Alternate auditor

Compensation

For the year ended 31 December 2013, the Company paid its board of directors and senior management team aggregate remuneration and other benefits of €2.9 million.

Principal shareholders

General

As of the Issue Date, all of the outstanding shares of the Issuer will be held by Titan 1.

The breakdown of ordinary shares of Titan 1 as of 31 December 2013, was as follows:

	Number of ordinary shares	Percentage
HgCapital	1,955,584	53.3
Bain Capital	850,000	23.2
ICG	262,500	7.2
Current and former management, directors and employees	599,102	16.3
Total	**3,667,186**	**100**

Investment Agreement

HgCapital, Bain Capital, ICG and certain executives have entered into an Investment Agreement dated 29 September 2010 (the "Investment Agreement"), relating to the management and administration of the affairs of the Group, which governs, among other things:

- the rights of members to designate persons for appointment to the board of directors of Titan 1, our ultimate parent company;
- decisions which must be made with the prior written consent of the board of directors of Titan 1; and
- transfer restrictions in respect of shares held by each investor.

Board composition

The Board of directors of Titan 1 is the main policy making and oversight board of the Group. Pursuant to the Investment Agreement, the members have the right to designate individuals for appointment to the board of directors of Titan 1 as follows: (i) HgCapital may appoint and remove individuals as it may reasonably nominate and upon removal appoint other individuals in their place, (ii) so long as ICG or one of its affiliates retains securities of Titan 1, ICG may appoint (and remove and replace) one individual, and in the case such individual is not an employee of ICG or its affiliates, such appointment shall be subject to the reasonable consent of HgCapital and (iii) so long as Bain Capital or one of its affiliates holds 10% of the shares of Titan 1, Bain Capital may appoint (and remove and replace) one individual and an additional individual for each full 10% of shares of Titan 1 it holds in the aggregate, and in the case such individual or individuals are not employees of Bain Capital or its affiliates, such appointment shall be subject to the reasonable consent of HgCapital. HgCapital has the right to appoint and remove the Chief Executive Officer and the Chief Financial Officer of the Group, subject to prior consultation with ICG and the rights of such officers under their respective employment agreements.

Consent matters

Pursuant to the Investment Agreement, questions arising at any meeting of the board of directors are decided by the majority of votes cast and at least two directors, including one HgCapital-appointed director, are required to be present in order to constitute a quorum. Certain matters, including the following, before taken by any member of the Group, require the prior consent of the board of directors of Titan 1: (i) any change to the articles of association of a member of the Group, (ii) any change in the share capital of any member of the Group or any issuance of shares or the right to subscribe for or convert any instrument into shares or securities, (iii) any reduction of the share capital or variation of the voting rights attaching to any class of shares or any redemption or other acquisition of any shares or other securities of any member of the Group, (iv) the entry into a material joint venture or similar arrangement outside the ordinary course of business and the business plan, (v) the merger of any member of the Group with any other company, (vi) certain acquisitions or disposals of any member of the Group, (vii) capital expenditures over a specified threshold, which is not provided for in the business plan and (viii) the payment or declaration of any dividend or other distribution.

Transfer restrictions

The members have agreed not to transfer any of securities in the Group other than in accordance with the Investment Agreement. No member may transfer securities unless consented to by HgCapital (acting reasonably), unless the transfer is to a family member or a family trust, or unless otherwise permitted pursuant to certain provisions of the Investment Agreement. HgCapital has standard drag rights and may cause any members to transfer their pro rata portion of any securities HgCapital has decided to transfer. Each member has a standard tag right to transfer a pro rata portion of any securities proposed to be transferred by HgCapital and, in the event any transfer would result in HgCapital holding less than 50.1% of the total shares issued by Titan 1, a member may transfer all of their securities.

Certain relationships and related party transactions

In the year ended 31 December 2013, the Issuer incurred €38,000 in fees to the audit committee and no fee to our board of directors.

In the year ended 31 December 2013, the Company incurred €88,000 in fees to our audit committee and €57,000 in fees to our board of directors.

In connection with the refinancing in 2013, approximately €48.5 million of PIK Notes owned by shareholders of the Issuer were repaid.

Description of other indebtedness

The following is a summary of the material terms of our principal financing arrangements after giving effect to the Transactions. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. We recommend you refer to the actual agreements for further details, copies of which are available upon request.

Revolving Credit Facility

The following is a summary of the provisions of the Revolving Credit Facility under our super senior revolving credit facility agreement (the "Revolving Credit Facility Agreement") entered into with, among others, the Company as original borrower, UniCredit Bank AG, Milan Branch as agent (the "RCF Agent") and UniCredit Bank AG, Milan Branch as security agent, on 7 May 2013. The Issuer, the Company and Gruppo Euroconference S.p.A. are guarantors under the Revolving Credit Facility Agreement, each guaranteeing, subject to certain limitations, the obligations of the Company as borrower and the other guarantors.

Overview

The Revolving Credit Facility Agreement provides for committed financing in the form of a €45.0 million Revolving Credit Facility. In addition, the Company may elect to request additional uncommitted financing being made available under the Revolving Credit Facility Agreement up to a maximum principal amount of €15.0 million. As of 31 December 2013, the outstanding principal amount of indebtedness under the Revolving Credit Facility was €24.0 million, which excludes any accrued and unpaid interest and break costs. As part of the Transactions, we intend to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment. For the avoidance of doubt, borrowings under the Revolving Credit Facility can be re-drawn following repayment of borrowings up to the termination date of 15 November 2019, upon which all amounts drawn are required to be repaid in full.

We use the Revolving Credit Facility to finance the general corporate purposes of the Issuer and its Restricted Subsidiaries (the "Restricted Group") and/or the working capital needs of the Restricted Group including, without limitation, for making acquisitions and for capital expenditure purposes.

Utilisation

To date, the Revolving Credit Facility has been utilised by the Company, as borrower. Any member of the Restricted Group organised under the laws of the Republic of Italy, the Grand Duchy of Luxembourg, The Netherlands or a jurisdiction approved by all the lenders under the Revolving Credit Facility (the "RCF Lenders"), may become an additional borrower of the Revolving Credit Facility.

The Revolving Credit Facility may be utilised in euro or any other currency agreed by the RCF Lenders (an "Optional Currency").

The Revolving Credit Facility Agreement contains various conditions that must be satisfied in order for the RCF Lenders to make a loan under the Revolving Credit Facility. One such condition requires, in respect of non-rollover utilisations under the Revolving Credit Facility, the Company to comply with a "minimum EBITDA condition" in certifying that, on the quarter-end date most recently preceding the utilisation date for which quarterly financial statements of the Group are available, the consolidated EBITDA of the Restricted Group for the twelve month period ending on such quarter-end date was not less than €35.0 million.

Availability period

The Revolving Credit Facility may be utilised until and including 15 October 2019, which is the business day falling one month prior to the date falling six months before the scheduled maturity date of the Notes.

Interest and fees

Loans under the Revolving Credit Facility initially bore interest at rates per annum equal to EURIBOR (or, in relation to a loan in an Optional Currency, LIBOR) plus certain mandatory costs, if any, plus a margin of 4.00% per annum. Provided that a period of at least twelve months has expired since 7 May 2013, the original date of the Revolving Credit Facility Agreement, and no event of default has occurred and is continuing, the margin on loans under the Revolving Credit Facility will be subject to reduction if certain leverage ratios are met.

If at any time the rate of interest payable by an borrower organised under the laws of the Republic of Italy (an "Italian Borrower") in respect of a loan under the Revolving Credit Facility exceeds the maximum rate of interest permitted by Italian Law No. 108 of 7 March 1996 (the "Italian Usury Legislation") at that time and that would constitute a breach of Italian Usury Legislation, then the rate of interest payable by that Italian Borrower in respect of the relevant loan will be capped, for the shortest possible period, at the maximum rate permitted under the Italian Usury Legislation.

A commitment fee is payable on the aggregate undrawn and uncancelled amount of the Revolving Credit Facility from the Initial Issue Date to the end of the availability period for the Revolving Credit Facility at a rate of 40% of the applicable margin for the Revolving Credit Facility. The accrued commitment fee will be payable quarterly in arrears, on the last day of the availability period of the Revolving Credit Facility and on the date the Revolving Credit Facility is cancelled in full or on the date on which an RCF Lender cancels its commitment.

Default interest will be calculated as an additional 1% on the overdue amount.

The Company is also required to pay customary agency fees to the RCF Agent and the Security Agent in connection with the Revolving Credit Facility Agreement.

Repayments

Loans under the Revolving Credit Facility must be repaid in full on the last day of the interest period relating thereto, subject to a netting mechanism against amounts to be drawn on such date. All outstanding amounts under the Revolving Credit Facility will be repaid on the termination date of 15 November 2019, which is the date falling six months before the scheduled maturity date of the Notes.

Prepayments

The Revolving Credit Facility Agreement allows for voluntary prepayment (subject to *de minimis* amounts) of the Revolving Credit Facility.

The Revolving Credit Facility Agreement also allows for voluntarily prepayment of the Revolving Credit Facility with the net cash proceeds received by the Restricted Group from certain disposals of assets, to the extent that such net cash proceeds have not been applied for other permitted purposes.

The Revolving Credit Facility Agreement permits each lender thereunder to require the mandatory prepayment and cancellation of all amounts due to such lender under the Revolving Credit Facility upon a "change of control". The term, "change of control" is defined in the Revolving Credit Facility Agreement to comprise, generally, the scenarios (x) as set out under the definition of "Change of Control" under the caption "*Description of the Notes—Certain definitions*", (y) where prior to an initial public offering, HgCapital and Bain Capital (together, the "Investors") and management investors in the Restricted Group together cease to control and beneficially own more than 50% (provided that Investors shall not account for less than 38.5%) of the issued share capital and/or voting rights of the Issuer and (z) where following an initial public offering, the Investors and management together cease to control or own, legally and beneficially, more than 30% (provided that Investors shall not account for less than 23%) of the issued share capital and/or voting rights of the Company.

Guarantees

Each of the Issuer, the Company and Gruppo Euroconference S.p.A. guarantees of all amounts payable to the RCF Agent (each, an "RCF Guarantee" and together, the "RCF Guarantees"), the Security Agent, the mandated lead arranger and the lenders under the Revolving Credit Facility as well as the counterparties to certain hedging agreements.

Subject to the Agreed Security Principles, within 60 days after the date of delivery of each annual audited consolidated accounts of the Restricted Group, the Revolving Credit Facility Agreement requires that:

(a) each member of the Restricted Group that has earnings before interest, tax, depreciation and amortisation representing 5% or more of consolidated EBITDA of the Restricted Group or gross assets representing 5% or more of the gross assets of the Restricted Group (such member, a "Material Company") become a guarantor under the Revolving Credit Facility Agreement (an "RCF Guarantor");

(b) any member of the Restricted Group that is a holding company of any Material Company (other than the Issuer) become an RCF Guarantor;

(c) any member of the Restricted Group that is a Guarantor under the Notes become a RCF Guarantor; and

(d) any member of the Restricted Group necessary to ensure that the RCF Guarantors represent not less than 75% of each of the consolidated EBITDA and the gross assets of the Restricted Group (subject to certain exceptions) (the "Guarantor Coverage Test"), respectively, become an RCF Guarantor until the Guarantor Coverage Test is satisfied.

Security

The Revolving Credit Facility is secured by first-ranking security interests granted on an equal and ratable first-priority basis over (i) the entire issued share capital of each of the Issuer and the Company, (ii) 91.66% of the issued share capital of Gruppo Euroconference S.p.A. (iii) the Issuer's rights in respect of the Funding Loan, (iv) the Issuer's rights under the Company Shareholder Loan, (v) certain intellectual property rights of the Company, (vi) certain intercompany receivables of the Company and (vii) a special lien (*privilegio speciale*) granted by the Company.

Representations and warranties

The Revolving Credit Facility Agreement contains certain customary representations and warranties (subject to certain exceptions and qualifications and with certain representations and warranties being repeated), including status, binding obligations, non-conflict with constitutional documents, applicable laws or regulations or other obligations, power and authority, validity and admissibility into evidence, governing law and enforcement of "finance documents" (as such term is defined in the Revolving Credit Facility Agreement), accuracy of most recent financial statements delivered, pensions and centre of main interests and establishments.

Covenants

The Revolving Credit Facility Agreement contains certain of the incurrence covenants and related definitions (with certain adjustments) that are set forth in the section entitled "*Description of the Notes—Certain covenants*".

The Revolving Credit Facility Agreement requires certain members of the Restricted Group to observe certain affirmative covenants, including covenants relating to:

- maintenance of *pari passu* ranking of the Revolving Credit Facility;
- maintenance of insurance;
- maintenance of intellectual property;
- compliance with the "Guarantor Coverage Test" (see "*—Guarantees*" above); and
- further assurance with respect to security interests granted in favour of the transaction documents.

The Revolving Credit Facility Agreement also requires certain members of the Restricted Group to observe certain negative covenants, including covenants relating to:

- restrictions on making certain acquisitions; and
- changing the centre of main interests of certain obligors party to the Revolving Credit Facility in such capacity.

The Revolving Credit Facility Agreement also contains an information covenant under which, among other things, the Company is required to deliver to the RCF Agent annual financial statements, quarterly financial statements, compliance certificates and an annual budget.

Notes purchase condition

The Revolving Credit Facility Agreement contains a "notes purchases" covenant, which provides, subject to certain exceptions set out in the Revolving Credit Facility Agreement, that the Company may not, and shall procure that no other member of the Restricted Group will, repay, prepay, purchase, redeem, defease or otherwise acquire any Notes (or any replacement or refinancing indebtedness thereof as permitted under the Revolving Credit Facility Agreement from time to time) prior to the scheduled repayment date. The exceptions to such notes purchases covenant include, *inter alios*, (i) Notes purchases funded with certain new equity, permitted payments or permitted indebtedness under the Revolving Credit Facility Agreement, (ii) Notes purchases that do not exceed 50% of the original aggregate principal amount of the Notes on the Initial Issue Date and (iii) Notes purchases that exceed 50% of the original aggregate principal amount of the Notes on the Initial Issue Date *provided* that the Revolving Credit Facility is reduced and cancelled on a pro rata basis with the amount of Notes purchased and, in each of the forgoing instances, *provided further* that no event of default is continuing or would result from such Notes purchase under the Revolving Credit Facility Agreement.

Financial covenant

The Revolving Credit Facility Agreement contains a "minimum EBITDA condition", requiring that the consolidated EBITDA for the Restricted Group for the twelve month period ending on each quarter-end date is not less than €35.0 million, however, non-compliance with such condition will only give rise to a default under the Revolving Credit Facility Agreement if any utilisations are outstanding thereunder on the relevant quarter-end date or the date of delivery of the financial statements in respect of the relevant quarter-end date.

There are no other financial maintenance covenants under the Revolving Credit Facility Agreement.

Events of default

The Revolving Credit Facility Agreement contains events of default, with certain adjustments, as those applicable to the Notes as set forth in the section entitled "*Description of the Notes—*

Events of Default". In addition, the Revolving Credit Facility Agreement contains the following events of default:

- breach of the financial covenant under the Revolving Credit Facility, subject to a 20 business day equity cure period;
- breach of the requirement to deliver financial statements and compliance certificates, subject to a 15 business day grace period;
- representations or warranties found to be untrue or misleading, subject to a 60 day grace period;
- cross-default to certain third party financial indebtedness in excess of €10.0 million;
- expropriation of assets;
- cessation of business;
- invalidity, unlawfulness or repudiation of the "finance documents" (under and as defined in the Revolving Credit Facility Agreement); and
- breach of a material term of the Intercreditor Agreement, subject to a 20 business day grace period.

Governing law

The Revolving Credit Facility Agreement is governed by English law.

Intercreditor Agreement

The following is a summary of certain provisions of the Intercreditor Agreement entered into between, among others, the Issuer, the Company, the RCF Agent, the Security Agent and the Trustee, on 7 May 2013.

For the purposes of the following summary of the Intercreditor Agreement, references to the Notes shall be deemed to include the Notes offered hereby and the Initial Notes and references to the Senior Secured Noteholders shall be deemed to include holders of Notes and the Initial Notes.

Overview

The Intercreditor Agreement sets out, among other things:

- the relative ranking of certain debt of the Issuer and certain of its subsidiaries (together, the "ICA Group") with regard to the liabilities of the ICA Group in respect of (i) the Revolving Credit Facility and the other Credit Facility Liabilities (as defined below), (ii) the Notes, (iii) any second lien notes (the "Second Lien Notes"), (iv) the Pari Passu Liabilities (as defined below), (v) any Additional Second Lien Debt Liabilities (as defined below), (vi) certain interest rate hedging agreements (each a "Hedging Agreement") entered into in connection with each of clauses (i) through (v) above (together, the "Hedging Liabilities"), (vii) certain intra-group indebtedness other than the Funding Loan (together, the "Intra-Group Liabilities") and (viii) certain liabilities owed by any member of the Restricted Group (each a "Shareholder Creditor") to certain direct and indirect shareholders of the Issuer (together, the "Shareholder Liabilities");
- when payments can be made in respect of certain indebtedness of the ICA Group, including the Revolving Credit Facility, the Notes, the Second Lien Notes, the Intra-Group Liabilities and the Shareholder Liabilities;
- when enforcement action can be taken in respect of the Transaction Security (as defined below) by (i) the lenders under the Revolving Credit Facility, the creditors of the other Credit

Facility Liabilities and the counterparties to certain Hedging Liabilities (such liabilities, "Super Senior Hedging Liabilities") and their respective creditor representatives (together, the "Super Senior Creditors"), (ii) the holders of the Notes (the "Senior Secured Noteholders"), the Trustee, each counterparty to the Hedging Liabilities that are not Super Senior Hedging Liabilities (such liabilities, "Senior Secured Hedging Liabilities") and the creditors of the Pari Passu Liabilities (together, the "Senior Secured Creditors") and (iii) the holders of the Second Lien Notes (the "Second Lien Noteholders"), the creditors of the Additional Second Lien Debt Liabilities (the "Additional Second Lien Creditors") and the trustee for the Second Lien Notes (the "Second Lien Notes Trustee") (together, the "Second Lien Creditors");

- the requirement for the Super Senior Creditors, the Senior Secured Creditors and the Second Lien Creditors to turnover amounts received from enforcement of the Transaction Security, among other things; and
- when the Transaction Security, the Guarantees, the Second Lien Notes Guarantees (as defined below) and the RCF Guarantees will be released to permit an enforcement sale.

The Intercreditor Agreement also contains provisions related to future additional indebtedness permitted to be incurred by members of the ICA Group under the terms of each of the Revolving Credit Facility Agreement, the Intercreditor Agreement, the documents creating the Transaction Security (the "Transaction Security Documents"), the Indenture and the indenture for the Second Lien Notes (the "Second Lien Notes Indenture"), which may also be secured by the Transaction Security. Such indebtedness may either, with respect to enforcement of Transaction Security (and the proceeds thereof): (i) have equivalent rights to the Senior Secured Noteholders under the Intercreditor Agreement, in which case it will vote in, and share in the proceeds of enforcement with, the same class of creditors as the Senior Secured Noteholders (the "Pari Passu Liabilities"); (ii) rank senior to the Notes Liabilities (as defined below), in which case it will vote in, and share in the proceeds of enforcement with, the same class of creditors as the lenders under the Revolving Credit Facility; and (iii) have equivalent rights to the Second Lien Noteholders under the Intercreditor Agreement, in which case it will vote in, and share in the proceeds of enforcement with, the same class of creditors as the Second Lien Noteholders (the "Additional Second Lien Debt Liabilities").

By accepting a Senior Secured Note and a Second Lien Note (as the case may be), the relevant holder thereof shall be deemed to have agreed to, and accepted the terms and conditions of, the Intercreditor Agreement.

The following description is a summary of certain provisions, among others, that are contained in the Intercreditor Agreement and which relate to the rights and obligations of the Senior Secured Noteholders and the Second Lien Noteholders. It does not restate the Intercreditor Agreement in its entirety. As such, you are urged to read the Intercreditor Agreement because it, and not the discussion that follows, defines certain rights of the Senior Secured Noteholders and the Second Lien Noteholders.

Ranking and priority

The Intercreditor Agreement provides that (i) the liabilities owed by the debtors under or in connection with the Revolving Credit Facility Agreement and any other indebtedness which ranks senior to the Notes Liabilities with respect to the proceeds of any enforcement of Transaction Security (excluding any Hedging Liabilities, the "Credit Facility Liabilities"), (ii) the Super Senior Hedging Liabilities (together, with the Credit Facility Liabilities, the "Super Senior Liabilities"), (iii) the liabilities (the "Notes Liabilities") owed by the Issuer and the debtors under the Intercreditor Agreement (other than the Issuer) to the Senior Secured Noteholders and the Trustee (together, the "Notes Creditors") under each of the Indenture, the Notes, the Intercreditor Agreement, the Guarantees and the Transaction Security Documents (together, the "Notes Documents"), (iv) the Senior Secured Hedging Liabilities, (v) the Pari Passu Liabilities (if any) (together, with the Notes Liabilities and the Senior Secured Hedging Liabilities, the "Senior

Secured Liabilities"), (vi) the liabilities (the "Second Lien Notes Liabilities") owed by the Issuer as issuer of the Second Lien Notes (the "Second Lien Notes Issuer") and the debtors under the Intercreditor Agreement (other than the Second Lien Notes Issuer) to the Second Lien Noteholders and the Second Lien Notes Trustee (together, the "Second Lien Notes Creditors") under each of the Second Lien Notes Indenture, the Second Lien Notes, the Intercreditor Agreement, the guarantees of the Second Lien Notes (the "Second Lien Notes Guarantees") and the Transaction Security Documents (together, the "Second Lien Notes Documents"), (vii) the Additional Second Lien Debt Liabilities (if any) (together, with the Second Lien Notes Liabilities, the "Second Lien Liabilities"), (viii) the Intra-Group Liabilities and (ix) the Shareholder Liabilities, will rank in the following order:

- *first*, the Super Senior Liabilities and the Senior Secured Liabilities *pari passu* and without any preference between them;
- *second*, the Second Lien Liabilities *pari passu* between themselves and without any preference between them;
- *third*, the Intra-Group Liabilities *pari passu* between themselves and without any preference between them; and
- *fourth*, the Shareholder Liabilities *pari passu* between themselves and without any preference between them.

Transaction Security

Subject to certain agreed security principles and/or to the extent legally possible (as the case may be), the lenders under the Revolving Credit Facility, the creditors of the other Credit Facility Liabilities, the counterparties to Hedging Liabilities (each a "Hedge Counterparty"), the Senior Secured Noteholders, the Second Lien Noteholders, the creditors of any Pari Passu Liabilities and the creditors of any Additional Second Lien Debt Liabilities may take, accept or receive the benefit of security interests over certain assets and property of any members of the Group (including, in respect of the Revolving Credit Facility and the Notes, a security interest over the shares of the Issuer) (together, the "Transaction Security").

The Intercreditor Agreement provides that the Transaction Security created pursuant to the Transaction Security Documents shall rank and secure the Super Senior Liabilities, the Senior Secured Liabilities and the Second Lien Liabilities (in each case, only to the extent such Transaction Security is expressed to secure those liabilities), in the following order:

- *first*, the Super Senior Liabilities and the Senior Secured Liabilities *pari passu* and without any preference between them; and
- *second*, the Second Lien Liabilities *pari passu* between themselves and without any preference between them.

Unless there is a legal restriction on doing so, the Security Agent shall hold the Transaction Security for the benefit of the lenders under the Revolving Credit Facility, the Hedge Counterparties, the creditors of any Pari Passu Liabilities, the creditors of any Additional Second Lien Debt Liabilities, the Senior Secured Noteholders and the Second Lien Noteholders.

The proceeds from the enforcement of the Transaction Security are to be applied as described below under "*—Enforcement of Transaction Security—Waterfall*".

Restrictions on payments

The Intercreditor Agreement provides that payments may be made in respect of the Revolving Credit Facility, the Notes and the Second Lien Notes in accordance with the terms of such indebtedness, respectively, subject (i) in the case of the Notes, to compliance with the "notes purchase condition" covenant (see "*—Revolving Credit Facility—Covenants—Notes purchase condition*" above) and (ii) in the case of the Second Lien Notes, to the conditions described under "*—Permitted Second Lien Notes payments*" and "*—Permitted Second Lien Notes Payments—Second Lien Notes payment block*" below.

Permitted Second Lien Notes payments

Subject to the conditions described under "*—Second Lien Notes payment block*" below:

(a) prior to the later of the date on which all amounts outstanding in respect of the Super Senior Liabilities are paid and discharged in full (the "Super Senior Discharge Date") and the date on which all amounts outstanding in respect of the Senior Secured Liabilities are paid and discharged in full (the "Senior Secured Discharge Date"), payments may be made in respect of the Second Lien Notes Liabilities in accordance with the Second Lien Notes Documents:

   (i) if:

      (A) the payment is of:

         (I) any principal amount of the Second Lien Notes Liabilities, which is either (1) not prohibited from being paid by any document or instrument evidencing the Credit Facility Liabilities (each a "Credit Facility Document"), the Notes Documents and any document or instrument evidencing the Pari Passu Liabilities (each a "Pari Passu Debt Document") or (2) paid on or after the final maturity date of the Second Lien Notes Liabilities, provided that such final maturity date is no earlier than the maturity date as contained in the Second Lien Notes Indenture as of the date of the Intercreditor Agreement; or

         (II) any other amount which is not an amount of principal or capitalised interest;

      (B) no Second Lien Payment Stop Notice (as defined below) is outstanding; and

      (C) no payment event of default under a Credit Facility Document and in respect of principal, interest or fees exceeding €100,000 (or its equivalent) under the Notes Documents or the Pari Passu Debt Documents (a "Senior Payment Default"), has occurred and is continuing; or

   (ii) if the Majority Super Senior Creditors and the Majority Senior Secured Creditors give prior consent to that payment being made;

   (iii) if the payment is of certain fees, costs and expenses of the Second Lien Notes Trustee (the "Second Lien Notes Trustee Amounts");

   (iv) of costs, commissions, taxes, consent fees and expenses incurred in respect of (or reasonably incidental to) the Second Lien Notes Documents; or

   (v) of costs, commissions, taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any refinancing of the Second Lien Notes Liabilities in compliance with the Intercreditor Agreement, the Credit Facility Documents, the Notes Documents and any Pari Passu Debt Documents; and

(b) on or after the later of the Super Senior Discharge Date and the Senior Secured Discharge Date, payments may be made in respect of the Second Lien Notes Liabilities in accordance with the Second Lien Notes Documents.

Second Lien Notes payment block

The Intercreditor Agreement provides that, until the later of the Super Senior Discharge Date and the Senior Secured Discharge Date, except with the prior consent of the Majority Super Senior Creditors and the Majority Senior Secured Creditors, and subject to certain insolvency exceptions, payments may not be made in respect of the Second Lien Notes (other than the

Second Lien Notes Trustee Amounts and any payment by the Second Lien Notes Issuer referred to in (a)(ii) of "*—Permitted Second Lien Notes payments*" above) if:

(a) a Senior Payment Default has occurred and is continuing; or

(b) an event of default (other than a Senior Payment Default) under a Credit Facility Document, a Notes Document or a Pari Passu Debt Document (a "Senior Event of Default") has occurred and is continuing, from the date on which the RCF Agent or a representative for the creditors of any other Credit Facility Liabilities (each a "Credit Facility Agent"), the Trustee or a representative for the creditors of any Pari Passu Liabilities (as the case may be) (the "Relevant Representative") delivers a notice (a "Second Lien Notes Payment Stop Notice") specifying the event or circumstance in relation to that Senior Event of Default to the Second Lien Notes Issuer, the Security Agent and the Second Lien Notes Trustee, until the earliest of:

  (i) the date falling 179 days after delivery of that Second Lien Notes Payment Stop Notice;

  (ii) the date on which an event of default under and as defined in the Second Lien Notes Indenture occurs for failure to pay principal at the original scheduled maturity of the Second Lien Notes;

  (iii) in relation to payments of Second Lien Notes Liabilities, if a Second Lien Notes Standstill Period (as defined below) is in effect at any time after delivery of that Second Lien Notes Payment Stop Notice, the date on which that Second Lien Notes Standstill Period expires;

  (iv) the date on which the relevant Senior Event of Default is no longer continuing and, if the relevant liabilities have been accelerated, such acceleration has been rescinded;

  (v) the date on which the Relevant Representative delivers a notice to the Second Lien Notes Issuer, the Security Agent, the Second Lien Notes Trustee and any representative for the creditors of any Additional Second Lien Debt Liabilities (an "Additional Second Lien Debt Representative"), cancelling the Second Lien Payment Stop Notice;

  (vi) the later of the Super Senior Discharge Date and the Senior Secured Discharge Date; and

  (vii) the date on which the Second Lien Notes Trustee takes any enforcement action that it is permitted to take under the Intercreditor Agreement.

The ability of a Relevant Representative to deliver a Second Lien Notes Payment Stop Notice and the effectiveness of such notice is subject to a number of conditions, including the following:

(a) unless a waiver is provided by the Second Lien Notes Trustee and the Additional Second Lien Debt Representative(s):

  (i) a new Second Lien Notes Payment Stop Notice may not be delivered unless and until 360 days have elapsed since the delivery of the immediately prior Second Lien Payment Stop Notice; and

  (ii) no Second Lien Notes Payment Stop Notice may be delivered in reliance on a Senior Event of Default more than 60 days after the date the Credit Facility Agent(s), the Trustee or the representative for the creditors of any Pari Passu Liabilities (each a "Pari Passu Debt Representative") (as applicable) received notice of that Senior Event of Default;

(b) the Credit Facility Agent(s), the Trustee and the Pari Passu Debt Representative(s) may serve only one Second Lien Notes Payment Stop Notice with respect to the same event or set of circumstances;

(c) the Credit Facility Agent(s), the Trustee and the Pari Passu Debt Representative(s) may not serve a Second Lien Payment Stop Notice with respect to a Senior Event of Default which had been notified to each of them at the time at which an earlier Second Lien Payment Stop Notice was issued; and

(d) if:

(i) at any time following the issuance of a Second Lien Notes Payment Stop Notice or the occurrence of a Senior Payment Default, that Second Lien Notes Payment Stop Notice ceases to be outstanding and/or (as the case may be) the Senior Payment Default ceases to be continuing; and

(ii) the relevant debtor under the Intercreditor Agreement (the "Debtor") then promptly pays to the Second Lien Noteholders an amount equal to any payments which had accrued under the Second Lien Notes Documents and which would have been permitted payments but for that Second Lien Notes Payment Stop Notice or Senior Payment Default,

then any event of default which may have occurred as a result of that suspension of payments shall be waived and any Second Lien Notes Enforcement Notice (as defined below) which may have been issued as a result of that event of default shall be waived, in each case without any further action being required on the part of the Second Lien Noteholders.

Intra-Group Liabilities

The Intercreditor Agreement permits payments from time to time when due in respect of Intra-Group Liabilities ("Intra-Group Liabilities Payments") if:

(a) at the time of payment, the indebtedness due in respect of the Revolving Credit Facility and the other Credit Facility Liabilities, the Notes, the Second Lien Notes, any Pari Passu Liabilities and any Additional Second Lien Debt Liabilities has not been accelerated (if accelerated, each, an "Acceleration Event"); or

(b) if an Acceleration Event has occurred:

(i) prior to the Super Senior Discharge Date, the relevant Instructing Group (as defined below) has consented to the payment being made; or

(ii) on or after the Super Senior Discharge Date but prior to the Senior Secured Discharge Date, the Majority Senior Secured Creditors (as defined below) consent to the payment being made; or

(iii) on or after the Senior Secured Discharge Date but prior to the later of the date on which all amounts outstanding in respect of the Second Lien Notes Liabilities are paid and discharged in full (the "Second Lien Notes Discharge Date") and the date on which all amounts outstanding in respect of the Additional Second Lien Debt Liabilities are paid and discharged in full (the "Additional Second Lien Debt Discharge Date"), the Second Lien Notes/Additional Second Lien Required Holders (as defined below) consent to the payment being made; or

(iv) to the extent such payment is made to facilitate payment of the Super Senior Liabilities and/or the Senior Secured Liabilities; or

(v) to the extent such payment is made to facilitate payment of the Second Lien Notes Liabilities and/or the Additional Second Lien Debt Liabilities that are permitted to be paid under the terms of the Intercreditor Agreement.

Shareholder Liabilities

The Intercreditor Agreement permits payments to be made on Shareholder Liabilities from time to time when due if:

(a) the payment is not prohibited by the Revolving Credit Facility Agreement and the other Credit Facility Documents, the Notes Documents, the Second Lien Notes Documents, the Pari Passu Debt Documents, and the documents or instruments evidencing the Additional Second Lien Debt Liabilities (the "Additional Second Lien Debt Documents");

(b) prior to the Super Senior Discharge Date, the relevant Instructing Group consent to such payment being made;

(c) on or after the Super Senior Discharge Date but prior to the Senior Secured Discharge Date, the Majority Senior Secured Creditors consent to such payment being made; or

(d) on or after the Senior Secured Discharge Date but prior to the later of the Second Lien Notes Discharge Date and the Additional Second Lien Debt Discharge Date, the Second Lien Notes/Additional Second Lien Required Holders consent to such payment being made.

Enforcement of Transaction Security

The Security Agent may refrain from enforcing the Transaction Security or taking any other enforcement action unless otherwise instructed by:

(a) the relevant Instructing Group (as further described in "*—Super Senior Creditors and Senior Secured Creditors*" and "*—Super Senior Creditors and Senior Secured Creditors—Consultation*" below); or

(b) prior to the later of the Super Senior Discharge Date and the Senior Secured Discharge Date, the Second Lien Notes Trustee or the relevant Additional Second Lien Debt Representative (acting on the instructions of the Second Lien Notes/Additional Second Lien Required Holders) (as further described in "*—Second Lien Creditors*" below).

Super Senior Creditors and Senior Secured Creditors

On or prior to the date on which the Credit Facility Liabilities have been discharged in full (the "Credit Facility Discharge Date"), the Security Agent may refrain from enforcing the Transaction Security unless otherwise instructed by:

(a) the lenders under the Revolving Credit Facility Agreement and the creditors of any other Credit Facility Liabilities (together, the "Credit Facility Creditors"), the aggregate of whose unpaid amounts and undrawn commitments under the Credit Facility Documents, and the Hedge Counterparties, the aggregate of whose Super Senior Hedging Liabilities, together, exceed 66⅔% of the aggregate of all unpaid and undrawn commitments under the Credit Facility Documents and the termination value or assumed termination value of all Super Senior Hedging Liabilities (the "Majority Super Senior Creditors"); or

(b) the holders of the Notes, the creditors of any Pari Passu Liabilities and the Hedge Counterparties, the aggregate of whose Senior Secured Hedging Liabilities, together, represent in the aggregate more than 50% of the outstanding principal amount of the Notes and Pari Passu Liabilities and the termination value or assumed termination value of all Senior Secured Hedging Liabilities (the "Majority Senior Secured Creditors" and, with the Majority Super Senior Creditors, each an "Instructing Group"),

in each case, acting in accordance with the terms of the Intercreditor Agreement.

After the Credit Facility Discharge Date, the Security Agent will only act on the instructions of the holders of the Notes, the creditors of any Pari Passu Liabilities and the Hedge Counterparties, the aggregate of whose Hedging Liabilities, together, represent more than

50% of the outstanding principal amount of the Notes, Pari Passu Liabilities and the termination value or assumed termination value of such Hedging Liabilities.

Consultation

If either of the Majority Super Senior Creditors or the Majority Senior Secured Creditors wish to instruct the Security Agent to commence enforcement of any Transaction Security, the creditor representative(s) thereof shall deliver a copy of the instructions (or proposed instructions) as to such enforcement (the "Enforcement Proposal") to the Security Agent and each of the other creditor representative(s) for the Super Senior Creditors, the Senior Secured Creditors and Second Lien Creditors (as applicable).

The Security Agent shall commence implementation of the Enforcement Proposal provided that (for the period on or prior to the Credit Facility Discharge Date) it has not received any "conflicting enforcement instructions" (which includes a failure to deliver an instruction) in respect of such Enforcement Proposal from the creditor representative of either the Majority Super Senior Creditors or the Majority Senior Secured Creditors (as applicable) prior to the date which is 10 business days (or such shorter period as each relevant creditor representative shall agree) after the date of receipt of such Enforcement Proposal by the Security Agent (such date, the "Proposed Enforcement Instruction Date").

If the Security Agent has received conflicting enforcement instructions as set out above, it shall promptly notify the creditor representative for each of the Super Senior Creditors and the Senior Secured Creditors, following which, such creditor representatives must consult with each other and the Security Agent in good faith during the 30 day period (or such shorter period as each relevant creditor representative shall agree) (such period, the "Initial Consultation Period") following the earlier of (i) the date of the latest such conflicting enforcement instruction and (ii) the date falling 10 business days after the date on which the first Enforcement Proposal was received by the Security Agent, with a view to formulating joint enforcement instructions.

Notwithstanding the foregoing, no such Initial Consultation Period is required if:

(a) any of the Transaction Security has become enforceable as a result of an insolvency event occurring with respect to any of Titan 1, the Issuer and certain other members of the ICA Group (each a "Relevant Company");

(b) the Majority Super Senior Creditors or the Majority Senior Secured Creditors determine in good faith that to do so and thereby delay commencement of enforcement could reasonably be expected to have a material adverse effect on (i) the Security Agent's ability to enforce any of the Transaction Security or (ii) the realisation proceeds of any enforcement of the Transaction Security in any material respect;

(c) a period of not less than six months has elapsed since the Proposed Enforcement Instruction Date and no enforcement is being effected by the Security Agent; or

(d) each creditor representative for the Super Senior Creditors and the Senior Secured Creditors agree that no Initial Consultation Period is required.

If the relevant creditor representatives are able to agree on the terms of joint enforcement instructions following the Initial Consultation Period, then the terms of any previous enforcement instructions shall be deemed revoked and the Security agent shall enforce the Transaction Security in accordance with the terms of the joint enforcement instructions, provided that such enforcement instructions were consented to by the Majority Super Senior Creditors and the Majority Senior Secured Creditors.

If following the Initial Consultation Period, both the Majority Super Senior Creditors and the Majority Senior Secured Creditors are not able to agree on joint enforcement instructions, or if consultation was not required to occur as discussed above, then the Security Agent shall enforce the Transaction Security in accordance with the terms of the enforcement instructions (if any) given by the Majority Senior Secured Creditors, provided that such instructions comply with the Security Enforcement Principles (as defined below), and the terms of all enforcement instructions given by the Majority Super Senior Creditors shall be deemed revoked.

Notwithstanding the foregoing, if, for the period on or prior to the Credit Facility Discharge Date, the Security Agent is obliged to follow instructions provided by the Majority Senior Secured Creditors (in accordance with the immediately foregoing paragraph) and either:

(a) the liabilities of the ICA Group in respect of the Revolving Credit Facility have not been repaid or prepaid in full within six months of the end of the Initial Consultation Period;

(b) the Security Agent has not commenced any enforcement of the Transaction Security within three months of the end of the Initial Consultation Period; or

(c) an insolvency event has occurred with respect to a Relevant Company and the Security Agent has not commenced any enforcement of the Transaction Security or taken any other enforcement action at that time,

then the Security Agent shall, provided that such instructions comply with the Security Enforcement Principles, thereafter follow the enforcement instructions that are subsequently given by the Majority Super Senior Creditors (and the terms of all enforcement instructions previously given by the Majority Senior Secured Creditors which conflict with the instructions provided by the Majority Super Senior Creditors shall be excluded).

Second Lien Creditors

Prior to the later of the Super Senior Discharge Date and the Senior Secured Discharge Date, and except with the prior consent of or as required by the Instructing Group, no Second Lien Noteholder or Additional Second Lien Creditor may direct the Security Agent to enforce or otherwise require the enforcement of any Transaction Security. Subject to certain exceptions relating to the enforcement over shares of a member of the ICA Group providing a guarantee of the Super Senior Liabilities, Senior Secured Liabilities and/or Second Lien Liabilities (an "ICA Guarantor"), the foregoing restriction on pursuing enforcement of Transaction Security by any Second Lien Creditor will not apply if:

(a) an event of default under the Second Lien Notes Documents (a "Second Lien Notes Default") or any Additional Second Lien Debt Document (an "Additional Second Lien Default" and, with a Second Lien Notes Default, each a "Relevant Second Lien Default") is continuing;

(b) the Credit Facility Agent(s), the Trustee and the Pari Passu Debt Representative(s) have received a notice of the Relevant Second Lien Default specifying the event or circumstance in relation to the Relevant Second Lien Default from the Second Lien Notes Trustee or the Additional Second Lien Debt Representative (as the case may be);

(c) a Second Lien Standstill Period (as defined below) has elapsed; and

(d) the Relevant Second Lien Default is continuing at the end of the relevant Second Lien Standstill Period.

Generally, in relation to a Relevant Second Lien Default, a "Second Lien Standstill Period" means the period beginning on the date (the "Second Lien Standstill Start Date") of service of a notice referred to in paragraph (b) above and ending on the earlier to occur of:

(a) the date falling 179 days after the Second Lien Standstill Start Date;

(b) the date enforcement action is taken in relation to an ICA Guarantor, provided, however, that if a Second Lien Standstill Period ends pursuant to this paragraph (b), the Second Lien Noteholders and the Additional Second Lien Creditors may only take the same enforcement action as taken by the Super Senior Creditors and the Senior Secured Creditors (as applicable) against such ICA Guarantor and not against any other member of the ICA Group;

(c) the date of an insolvency event in relation to a Relevant Company owing Second Lien Liabilities against whom enforcement action is to be taken;

(d) the date on which a Second Lien Notes Default or Additional Second Lien Default occurs for failure to pay principal at the original scheduled maturity of the Second Lien Notes or the Additional Second Lien Debt; and

(e) the expiry of any other Second Lien Standstill Period outstanding at the date such first mentioned Second Lien Standstill Period commenced (unless that expiry occurs as a result of a cure, waiver or other permitted remedy).

Prior to the later of the Super Senior Discharge Date and the Senior Secured Discharge Date, and subject to the following paragraph, in order for the Security Agent to enforce the Transaction Security in such manner as requested by the Second Lien Creditors:

(a) it must receive instructions from those Second Lien Noteholders and Additional Second Lien Creditors who together represent in the aggregate more than 50% of the outstanding principal amount of the Second Lien Notes and Additional Second Lien Debt Documents (the "Second Lien Notes/Additional Second Lien Required Holders"), and such instructions must be consistent with the Security Enforcement Principles; and

(b) it must have received instructions by the Instructing Group not to enforce or to cease to enforce the Transaction Security or received no instructions from the Instructing Group and the Instructing Group has not required any Debtor to make a distressed disposal (see "*—Release of liabilities in respect of the Transaction Security, the Notes and the Second Lien Notes*" below).

Notwithstanding the foregoing, if the Second Lien Notes Trustee or the relevant Additional Second Lien Debt Representative has instructed (or indicated an intention to instruct) the Security Agent to enforce the Transaction Security, then either a Credit Facility Agent, the Trustee or a Pari Passu Debt Representative may give the Security Agent instructions to enforce the Transaction Security as such person sees fit in lieu of any instructions to enforce given by the Second Lien Notes Trustee or an Additional Second Lien Debt Representative, and the Security Agent shall instead act on the first such instructions received from such Credit Facility Agent, the Trustee or Pari Passu Debt Representative (as the case may be), provided that such instructions are consistent with the Security Enforcement Principles.

Security Enforcement Principles

A creditor representative of the Majority Super Senior Creditors, the Majority Senior Secured Creditors or the Second Lien Notes/Additional Second Lien Required Holders (as the case may be) may only give enforcement instructions that are consistent with certain security enforcement principles set out in a schedule to the Intercreditor Agreement (the "Security Enforcement Principles"), which include the following principles:

- it shall be the primary and overriding aim of any enforcement of the Transaction Security to achieve the security enforcement objective (being to maximise so far as is consistent with prompt and expeditious realisation of value from enforcement of the Transaction Security, the recovery by the Super Senior Creditors and the Senior Secured Creditors) (the "Security Enforcement Objective");
- without prejudice to the Security Enforcement Objective, the Transaction Security will be enforced such that either (a) all proceeds of enforcement are received by the Security Agent in cash (or substantially in cash) for distribution in accordance with the terms of the Intercreditor Agreement (see "*—Waterfall*" below) or (b) with respect to such actions taken by the Majority Senior Secured Creditors, sufficient proceeds from enforcement will be

received by the Security Agent in cash (or substantially in cash) to ensure that the Super Senior Liabilities are repaid and discharged in full (unless the Majority Super Senior Creditors agree otherwise);

- to the extent that the Transaction Security that is the subject of the proposed enforcement action is:

  (a) over assets other than shares in a member of the ICA Group where the aggregate book value of such assets exceeds €1.0 million (or its equivalent); or

  (b) over some or all of the shares in a member of the ICA Group over which Transaction Security exists,

  then the Security Agent shall (unless such enforcement is made pursuant to a public auction or pursuant to any process supervised by a court of law where there is a determination of value by or on behalf of the court) appoint an internationally recognised investment bank or any one of BDO, Deloitte & Touche, Ernst & Young, Grant Thornton, KPMG or PricewaterhouseCoopers (a "Financial Advisor") to opine as expert to the Security Agent on (i) the optimal method of enforcing the Transaction Security so as to achieve the Security Enforcement Objective and maximise the recovery of any such enforcement action, (ii) that the proceeds received from any such enforcement are fair from a financial point of view after taking into account all relevant circumstances and (iii) that such sale is otherwise in accordance with the Security Enforcement Objective; and

- the Security Agent shall be under no obligation to appoint a Financial Advisor or to seek the advice of a Financial Advisor, unless expressly required to do so by the Intercreditor Agreement.

Waterfall

Subject to certain exceptions, the proceeds of enforcement of Transaction Security and any other amounts received by the Security Agent (including amounts from time to time received pursuant to the provisions described under "*—Turnover*", below) shall be held by the Security Agent on trust and applied in the following order of priority:

(a) *first*, in payment of the following amounts in the following order:

  (i) pro rata and *pari passu* any sums owing to the Security Agent, each Pari Passu Debt Representative in respect of any Pari Passu Liabilities issued in the form of notes, each Additional Second Lien Debt Representative in respect of any Additional Second Lien Debt Liabilities issued in the form of notes, the Trustee in respect of certain of its fees, costs and expenses (the "Notes Trustee Amounts") and the Second Lien Notes Trustee in respect of the Second Lien Notes Trustee Amounts; and then

  (ii) pro rata and *pari passu* to each creditor representative of the Super Senior Liabilities, the Senior Secured Liabilities and the Second Lien Liabilities (to the extent not included in sub-paragraph (i) above and excluding any Hedge Counterparty as its own creditor representative) of the unpaid fees, costs and expenses and liabilities (and all interest thereon) of each such creditor representative and any receiver, attorney or agent appointed by such creditor representative under any Transaction Security Document or the Intercreditor Agreement;

(b) *second*, *pari passu* and pro rata in or towards payment of all costs and expenses incurred by the Super Senior Creditors in connection with any realisation or enforcement of the Transaction Security;

(c) *third*, in or towards payment to each Credit Facility Agent and the Hedge Counterparties of the Super Senior Hedging Liabilities for application towards the discharge of the Credit

Facility Liabilities and the Super Senior Hedging Liabilities, respectively, on a *pari passu* and pro rata basis;

(d) *fourth*, *pari passu* and pro rata in or towards payment to the Trustee, each Pari Passu Debt Representative and the Hedge Counterparties of the Senior Secured Hedging Liabilities (the "Senior Secured Hedge Counterparties") for application towards any unpaid costs and expenses incurred by or on behalf of any Senior Secured Noteholders, any creditors of the Pari Passu Liabilities (the "Pari Passu Creditors") and the Senior Secured Hedge Counterparties in connection with any realisation or enforcement of the Transaction Security;

(e) *fifth*, in or towards payment to the Trustee, each Pari Passu Debt Representative and the Senior Secured Hedge Counterparties for application towards the discharge of the Notes Liabilities, the Pari Passu Liabilities and the Senior Secured Hedging Liabilities, respectively, on a *pari passu* and *pro rata* basis;

(f) *sixth*, *pari passu* and pro rata to the Second Lien Notes Trustee and each Additional Second Lien Debt Representative for application towards any unpaid costs and expenses incurred by or on behalf of any Senior Secured Noteholders and Additional Second Lien Creditors in connection with any realisation or enforcement of the Transaction Security;

(g) *seventh*, in or towards payment to the Second Lien Notes Trustee and each Additional Second Lien Debt Representative for application towards the discharge of the Second Lien Notes Liabilities and the Additional Second Lien Debt Liabilities, respectively, on a *pari passu* and *pro rata* basis; and

(h) lastly, after the latest to occur of the date on which all amounts outstanding in respect of the Second Lien Liabilities are paid and discharged in full (the "Second Lien Discharge Date"), the Super Senior Discharge Date and the Senior Secured Discharge Date, in payment of the surplus to the relevant Debtor or other person entitled to it.

Enforcement of Funding Loan Collateral

The Intercreditor Agreement provides that the Issuer, as lender of the Funding Loan, irrevocably authorises the Security Agent to enforce the Funding Loan Collateral on its behalf. In addition, at all times after the Security Agent has been requested to commence any enforcement action and subject to the terms of the Intercreditor Agreement, the Security Agent is entitled to do all such things in relation to the enforcement of the Funding Loan Collateral to which it or the relevant Super Senior Creditors, Senior Secured Creditors or Second Lien Creditors (as the case may be) may be entitled under the terms of the Funding Loan Collateral, the Intercreditor Agreement and/or applicable law.

Turnover

General

The Intercreditor Agreement, in general, provides that if a Super Senior Creditor, a Senior Secured Creditor or Second Lien Creditor, receives or recovers or otherwise realises the proceeds of any enforcement of any Transaction Security or any other amounts which should otherwise be received, recovered or realised by the Security Agent for application in accordance with "*—Enforcement of Transaction Security—Waterfall*" above, then, subject to certain exceptions (including certain prior actual knowledge qualifications in respect of the Trustee and the Second Lien Notes Trustee, as applicable), it shall:

(a) in relation to receipts or recoveries not received or recovered by way of set-off: (i) hold that amount on trust for the Security Agent and promptly pay that amount or an amount equal to that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (ii) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the

Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(b) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Second Lien Creditors

The Intercreditor Agreement further provides that if any Second Lien Creditor receives or recovers:

(i) any payment or distribution of, or on account of, or in relation to any such Second Lien Liabilities which is not otherwise permitted under the Intercreditor Agreement or made in accordance with "*—Enforcement of Transaction Security—Waterfall*" above;

(ii) other than by way of set-off permitted under the Intercreditor Agreement, any amount by way of set-off in respect of any such Second Lien Liabilities which is not otherwise permitted under the Intercreditor Agreement or which does not give effect to a payment or enforcement action which is otherwise permitted to be made, received or taken by the relevant Second Lien Creditor under the Intercreditor Agreement;

(iii) other than by way of set-off permitted under the Intercreditor Agreement, any amount on account of, or in relation to, any of such Second Lien Liabilities after the occurrence of an Acceleration Event or the enforcement of any Transaction Security (each a "Distress Event") or as a result of any other litigation or proceedings against a Debtor or a member of the ICA Group (other than after the occurrence of an insolvency event in respect of that entity), other than, in each case, any amount received or recovered in accordance with "*—Enforcement of Transaction Security—Waterfall*" above;

(iv) other than by way of set-off permitted under the Intercreditor Agreement, any amount by way of set-off in respect of any of such liabilities after the occurrence of a Distress Event; or

(v) other than by way of set-off permitted under the Intercreditor Agreement, any distribution in cash or in kind or payment of, or on account of or in relation to, any of such Second Lien Liabilities owed by any Debtor which is not made in accordance with "*—Enforcement of Transaction Security—Waterfall*" above and which is made as a result of, or after, the occurrence of an insolvency event in respect of that Debtor,

the relevant Second Lien Creditor will, subject to certain exceptions (including certain prior actual knowledge qualifications in respect of the Second Lien Notes Trustee):

(A) in relation to receipts or recoveries not received or recovered by way of set-off, (1) hold that amount on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and (2) promptly pay an amount equal to the amount (if any) by which receipt or recovery exceeds the relevant liabilities owed to such creditor to the Security Agent for application in accordance with the terms of the Intercreditor Agreement; and

(B) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of the Intercreditor Agreement.

Release of liabilities in respect of the Transaction Security, the Notes and the Second Lien Notes

Distressed disposals

Where an enforcement sale of an asset of a member of the ICA Group or of a holding company of a member of the ICA Group subject to the Transaction Security is being effected, the Intercreditor Agreement provides that the Security Agent is irrevocably authorised:

- to release the Transaction Security, or any other claim over that asset;
- if the asset which is disposed of consists of shares in the capital of an Debtor, to release: (a) that debtor and any subsidiary of that Debtor from all or any part of its Guarantee Liabilities, its liabilities as a principal debtor under the liabilities governed by the Intercreditor Agreement (together, the "Borrowing Liabilities"), or other liabilities it may have to an intra-group lender or Debtor (together, the "Other Liabilities"); (b) any Transaction Security granted by that Debtor or any subsidiary of that Debtor over any of its assets; and (c) any other claim of a lender of Intra-Group Liabilities (an "Intra-Group Lender"), the Funding Loan Lender, a Shareholder Creditor or another Debtor over that Debtor's assets or over the assets of any subsidiary of that Debtor; and
- if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release (a) that holding company and any subsidiary of that holding company from all or any part of its Borrowing Liabilities, its Guarantee Liabilities and Other Liabilities; (b) any Transaction Security granted by that Holding Company and any subsidiary of that holding company over any of its assets; and (c) any other claim of an Intra-Group Lender, Shareholder Creditor, the Funding Loan Lender or another Debtor over the assets of that holding company and any subsidiary of that holding company.

In addition, it is a further condition to the release of any of the Second Lien Notes Guarantees, any Transaction Security over shares in the Issuer or assets of a Second Lien Notes Guarantor or the Issuer and/or any Second Lien Liabilities, that either:

(a) the Second Lien Notes Trustee and each Additional Second Lien Debt Representative has approved the release (acting on the requisite amount of Second Lien Noteholders and creditors pursuant to the Second Lien Notes Indenture and each relevant Additional Second Lien Debt Document, respectively); or

(b) where shares or assets of a Second Lien Notes Guarantor or an Additional Second Lien Debt Guarantor or assets of the Parent are sold:

(i) the proceeds of such sale received by the Security Agent are in the form of cash (or substantially in cash) or if not in cash (or substantially in cash), the requirements in paragraph (iii)(2) below are satisfied;

(ii) all present and future obligations owed to the Super Senior Creditors and the Senior Secured Creditors under the Credit Facility Documents, the Hedging Agreements, the Notes Documents and the Pari Passu Debt Documents by a member of the ICA Group, all of whose shares are pledged in favour of such creditors are sold or disposed of pursuant to such enforcement action, are unconditionally released and discharged or sold or disposed of concurrently with such sale (and are not assumed by the purchaser or one of its affiliates), and all security under the Transaction Security Documents in respect of the assets that are sold or disposed of is simultaneously and unconditionally released and discharged concurrently with such sale, provided that in the event of a sale or disposal of any such claim (instead of a release or discharge):

(1) the Credit Facility Agent(s), the Trustee and the Pari Passu Debt Representative(s) determine acting reasonably and in good faith that the lenders under the under the relevant Credit Facility Documents, the Notes Creditors and the Pari Passu

Creditors (respectively) will recover more than if such claim was released or discharged; and

(2) the Credit Facility Agent(s), the Trustee and the Pari Passu Debt Representative(s) serve a notice on the Security Agent notifying the Security Agent of the same, in which case the Security Agent shall be entitled immediately to sell and transfer such claim to such purchaser (or an affiliate of such purchaser); and

(iii) such sale or disposal (including any sale or disposal of any claim) is made:

(1) pursuant to a public auction; or

(2) where a Financial Advisor confirms that the sale, disposal or transfer price is fair from a financial point of view after taking into account all relevant circumstances, although there shall be no obligation to postpone any such sale, disposal or transfer in order to achieve a higher price.

Non-distressed disposals

The Intercreditor Agreement also provides for the release of the Transaction Security, the Guarantees, the Second Lien Notes Guarantees and the RCF Guarantees under certain circumstances including certain permitted asset disposals. Under certain circumstances it is envisaged that the Security Agent shall effect such release without requiring the consent of the relevant secured creditors (including the Senior Secured Noteholders and the Second Lien Noteholders).

Funding Loan

The following is a summary of the provisions of the Funding Loan. The Issuer originally entered into the Funding Loan, as lender, using a portion of the proceeds of the offering of the Initial Notes, on the Initial Issue Date. The Funding Loan will be amended on or about the Issue Date.

The Issuer, as lender, entered into a loan agreement with the Company, as borrower, pursuant to which the Issuer lent an amount of €180 million from the proceeds received from the offering of the Initial Notes to the Company in order to allow the Company to repay, or procure the repayment of, all indebtedness outstanding under the Group’s former senior facilities agreement plus accrued and unpaid interest and related fees and repayment costs through the date of repayment, which senior facilities agreement was terminated in connection with the refinancing transactions the Group undertook in May 2013. On or about the Issue Date, the Issuer and the Company will enter into an amendment agreement for the Funding Loan to provide for (i) an additional loan of €29.5 million, to be made available by the Issuer, as lender, to the Company, as borrower, on or about the Issue Date from a portion of the proceeds of the Offering, to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment and for general corporate purposes and (ii) an additional loan of €95 million, to be made available by the Issuer, as lender to the Company, as borrower, on the Completion Date from a portion of the proceeds of the Offering, to fund the purchase price of the 24 Ore Software Acquisition. See *“Use of proceeds”.*

Interest on the Funding Loan accrues at a rate of 7.5%. Interest payments received by the Issuer from the Company under the Funding Loan are used to service interest payments under the Notes. The maturity date of the Funding Loan is 15 May 2020.

The Issuer’s rights under the Funding Loan have been pledged on a first-priority basis to secure the obligations under the Revolving Credit Facility and the Initial Notes and will also be pledged on a first-priority basis to secure the obligations under the Notes. The Funding Loan is also be secured by a security interest granted over (i) 91.66% of the issued share capital of Gruppo Euroconference S.p.A., (ii) certain intellectual property rights of the Company and

(iii) certain intercompany receivables of the Company. Such security interest will be confirmed and extended to secure the obligations under the Notes on the Issue Date and on the Completion Date.

The Funding Loan provides that where an amount is paid by the Company pursuant to its Guarantee of the Notes (a "Guarantee Payment"), the obligations of the Company to pay the principal amount due under the Funding Loan will be permanently reduced by the amount of such Guarantee Payment.

The Funding Loan is governed by Italian law.

Company Shareholder Loan

On 30 September 2010, Titan 3 (which was subsequently merged into the Issuer) loaned to Titan Bidco S.p.A. (which entity was subsequently merged into the Company) an aggregate principal amount of €70,000,000, representing a portion of the indebtedness incurred under the Mezzanine Credit Facility and the PIK Notes to finance the acquisition of the Company by HgCapital and Bain Capital in 2010. The agreement for the Company Shareholder Loan was amended and restated on 7 May 2013, in connection with the issuance of the Initial Notes.

The terms and conditions of the Company Shareholder Loan were amended on 7 May 2013. The rights and obligations of Titan 3 under the Company Shareholder Loan were assumed by the Issuer following its merger.

Interest on the Company Shareholder Loan accrues at a rate of 7.5%.

The Issuer's rights under the Company Shareholder Loan have been assigned by way of security on a first priority basis to secure the obligations under the Revolving Credit Facility and the Initial Notes and such security interest will be confirmed and extended to secure the obligations under the Notes on the Issue Date.

Interest payments received by the Issuer under the Company Shareholder Loan are used to service interest payments under the Initial Notes and will be used to service interest payments under the Notes following the Issue Date.

The Company Shareholder Loan is governed by Italian law.

Description of the Notes

You will find definitions of certain capitalized terms used in this "Description of the Notes" under the heading "Certain definitions". For purposes of this "Description of the Notes", references to the "Issuer", "we", "our" and "us" refer only to TeamSystem Holding S.p.A, a joint stock company (società per azioni) organized under the laws of the Republic of Italy, and it successors and assigns.

The Issuer will issue the notes as additional notes (the "New Notes") under an existing indenture dated 7 May 2013 (the "Indenture"), between, *inter alios*, the Issuer, the Guarantor, The Law Debenture Trust Corporation p.l.c., as trustee (the "Trustee"), UniCredit Bank AG, Milan Branch as security agent (the "Security Agent"), and Deutsche Bank AG, London Branch as paying agent. Upon the initial issuance of the New Notes, the New Notes will be guaranteed by TeamSystem S.p.A. ("TeamSystem" or the "Initial Guarantor"). The Indenture does not incorporate or include and is not subject to the U.S. Trust Indenture Act of 1939, as amended.

Subject to compliance with the covenants contained in the Indenture (including the covenant restricting the incurrence of indebtedness (as described below under "*—Certain covenants—Limitation on Indebtedness*"), the Issuer may issue an unlimited principal amount of additional Notes having identical terms and conditions as the Notes (the "Additional Notes"). The New Notes hereby constitute Additional Notes under the Indenture pursuant to which the Issuer issued €300 million aggregate principal amount of 7.375% senior secured notes due 2020 (the "Initial Notes"). The Initial Notes issued in the initial offering and any Additional Notes (including the New Notes) will be treated as a single class for all purposes under the Indenture, including with respect to waivers and amendments, except as otherwise specified with respect to the Notes. Unless the context otherwise requires, in this "*Description of the Notes*", references to the "Notes" include the Initial Notes, the New Notes and any Additional Notes that are actually issued.

The New Notes will be issued bearing temporary ISINs and common codes that differ from the original ISINs and common codes assigned to the Initial Notes, and will also bear an applicable restrictive Securities Act legend referred to under "*Transfer restrictions*" in this offering memorandum. In the case of the New Notes offered hereby in reliance upon Regulation S (and assuming that the Release (as defined herein) has occurred), the applicable temporary ISIN and common code will be replaced with the original ISIN and common code borne by the Initial Notes issued on 7 May 2013 in reliance on Regulation S, and the Regulation S restrictive legend (referred to in clause (4) under "*Transfer restrictions*" in this offering memorandum) will be removed at the earlier of (1) 40 days after the issue date of the New Notes offered hereby and (2) the earliest date or dates permitted under U.S. federal securities laws. In the case of the New Notes offered hereby in reliance upon Rule 144A, the applicable temporary ISIN and common code will be replaced with the original ISIN and common code borne by the Initial Notes, issued on 7 May 2013 in reliance on Rule 144A, and the Rule 144A restrictive legend (referred to in clause (4) under "*Transfer restrictions*" in this offering memorandum) will be removed at the earlier of (1) one year after the issue date of the New Notes offered hereby and (2) the earliest date or dates permitted under U.S. federal securities laws. Following the replacement of the applicable temporary ISINs and common codes, the New Notes will become fully fungible with the Initial Notes.

The Indenture is unlimited in aggregate principal amount. We may, subject to applicable law, issue an unlimited principal amount of Additional Notes; *provided*, that if the Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, the Additional Notes will be issued with a separate ISIN code or common code, as applicable, from the Notes. We will only be permitted to issue Additional Notes in compliance with the covenants contained in the Indenture, including the covenant restricting the Incurrence of Indebtedness (as described below under "*—Certain covenants—Limitation on Indebtedness*"). Except with respect to right of payment and optional redemption, and as otherwise provided for in the Indenture, the

Initial Notes, the New Notes and, if issued, any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, with respect to waivers, amendments, redemptions and offers to purchase.

On the Issue Date, the Issuer made a funding loan to TeamSystem with part of the proceeds of the offering of the Initial Notes to fund the repayment its indebtedness under the Group's former senior facilities agreement (the "Company Funding Loan"). In connection with the issuance of the New Notes, the Issuer will enter into an amendment agreement for the Company Funding Loan on or about the New Notes Issue Date, to provide for: (i) an additional loan of €29.5 million, to be made available by the Issuer, as lender, to the Company, as borrower, on or about the New Notes Issue Date from a portion of the proceeds of the offering of the New Notes, to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment and for general corporate purposes and (ii) an additional loan of €95 million, to be made available by the Issuer, as lender, to the Company, as borrower, on the Completion Date from a portion of the proceeds of the offering of the New Notes, to fund the purchase price of the 24 Ore Software Acquisition.

Pending the consummation of the 24 Ore Software Acquisition, the Initial Purchasers will, concurrently with the closing of the offering of the New Notes (such date, the "New Notes Issue Date"), deposit (i) gross proceeds in an amount of €95 million from the offering of the New Notes, plus (ii) an amount in cash from the proceeds of the offering of the New Notes, which shall be used to fund in part the Special Mandatory Redemption Price payable upon a Special Mandatory Redemption (the "Shortfall Amount"), plus (iii) an amount in cash from the proceeds of the offering of the New Notes that represents a portion of the commission payable to the Initial Purchasers pursuant to the Purchase Agreement (the "Retained Fee"), into a segregated escrow account in the name of the Issuer for the benefit of the holders of the New Notes (the "Escrow Account") pursuant to the terms of an escrow agreement (the "Escrow Agreement") to be dated the New Notes Issue Date among, *inter alios*, the Issuer, the Trustee and Deutsche Bank S.p.A. as Escrow Agent (the "Escrow Agent"). The escrow account will be subject to security on a first ranking basis in favor of the Trustee and the Holders of the New Notes. If the 24 Ore Software Acquisition is not consummated on or prior to 31 May 2014 (the "Escrow Longstop Date"), €90 million in aggregate principal amount of the New Notes, will be redeemed at a price equal to the initial issue price of the New Notes plus accrued and unpaid interest and Additional Amounts, if any, from 15 November 2013 or the most recent date on which interest on the New Notes is paid to the Special Mandatory Redemption Date (as defined below) with respect to such New Notes. See "*—Escrow of proceeds; special mandatory redemption*". The remainder of the New Notes will not be redeemed on this date.

The Indenture is subject to the terms of the Intercreditor Agreement and will be subject to any Additional Intercreditor Agreements (as defined below). The terms of the Intercreditor Agreement are important to understanding the terms and ranking of the Liens on the Collateral securing the Notes.

This "*Description of the Notes*" is intended to be an overview of the material provisions of the Notes, the Indenture, the Notes Security Documents and the Escrow Agreement. Since this description of the terms of the Notes is only a summary, you should refer to the Notes, the Indenture, the Notes Security Documents and the Escrow Agreement for complete descriptions of the obligations of the Issuer and your rights. Copies of such documents are available from us upon request.

The registered Holder of a Note will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the U.S. Securities Act and are subject to certain transfer restrictions.

General

The New Notes will, upon issuance:

- be general senior obligations of the Issuer, secured as set forth under "—*Security*";
- rank *pari passu* in right of payment with any existing and future Indebtedness of the Issuer that is not subordinated to the Notes;
- rank senior in right of payment to any future Indebtedness of the Issuer that is expressly subordinated to the Notes;
- be effectively subordinated to any existing or future Indebtedness or obligation (including obligations to trade creditors) of the Issuer and its Subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness;
- be effectively subordinated to any existing or future Indebtedness or obligation that is secured on a super priority basis, to the extent of the property and assets subject to such super priority;
- benefit from the guarantee given by TeamSystem, which Guarantee is subject to certain limitations on recovery (see "—*Guarantees*");
- be effectively subordinated to any existing or future Indebtedness of the Subsidiaries of the Issuer, other than TeamSystem, including obligations under the Revolving Credit Facility, and any guarantees by the Issuer's Subsidiaries of obligations of the Issuer;
- mature on 15 May 2020; and
- be represented by one or more registered Notes in global form, but in certain circumstances may be represented by Definitive Registered Notes (see "*Book-entry, delivery and form*").

As of the New Notes Issue Date, all of our Subsidiaries will be "Restricted Subsidiaries". However, under the circumstances described below under "—*Certain definitions—Unrestricted Subsidiary*", we will be permitted to designate certain of our Subsidiaries as "Unrestricted Subsidiaries". Our Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

All of our operations are conducted through our Subsidiaries. Our subsidiaries, other than TeamSystem, will not guarantee the Notes or have any obligations in respect of the Notes. Claims of creditors of our Subsidiaries that have not guaranteed the Notes, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of our creditors, including Holders of the Notes. The Notes therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of our subsidiaries that have not guaranteed the Notes. Although the Indenture limits the incurrence of Indebtedness and Disqualified Stock or preferred stock of Restricted Subsidiaries, the limitation will be subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness or Disqualified Stock or preferred stock under the Indenture. See "—*Certain covenants—Limitation on Indebtedness*".

As of December 31 2013, after giving effect to the Transactions, the Issuer and its consolidated Subsidiaries would have had €433.5 million of Indebtedness, of which €430.0 million is represented by the Notes (excluding issue premium with respect to the Notes), and €44 million available for drawing under the Revolving Credit Facility, and no Subsidiaries of the Issuer (other than the Initial Guarantor) Guaranteed any of the Issuer's Indebtedness. The Issuer's

Subsidiaries are subject to substantial other obligations incurred in the ordinary course of business, and have substantial minority interests and/or option rights held by third parties.

Principal and maturity

The Issuer will issue €130 million in aggregate principal amount of New Notes on the New Notes Issue Date. The New Notes will mature on 15 May 2020. The New Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

Interest

Interest on the Notes will accrue at the rate of 7.375% per annum. Interest on the New Notes will:

- accrue from 15 November 2013;
- be payable in cash semi-annually in arrears on 15 May and 15 November, commencing on 15 May 2014;
- be payable to the holder of record of such Notes on the 1 May and 1 November immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year comprised of twelve 30-day months.

The rights of Holders to receive the payments of interest on the Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of receiving payments on the Notes

Principal, interest and premium, if any, on the Global Notes (as defined below) will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to the Notes represented by one or more Global Note registered in the name of or held by a nominee of a common depository for Euroclear and Clearstream, as applicable, will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, interest and premium, Additional Amounts if any, on any certificated securities ("Definitive Registered Notes") will be payable at the specified office or agency of one or more Paying Agents maintained for such purposes in the City of London. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes*".

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more Paying Agents for the Notes in the City of London. The Issuer will also undertake to maintain a Paying Agent in a European Union member state that will not be obligated to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN meeting of 26 and 27 November 2000 regarding the taxation of savings income (the "Directive"), or any law implementing or complying with or introduced in order to conform to, such Directive. The Paying Agent is Deutsche Bank AG, London Branch (the "Principal Paying Agent").

The Issuer will also maintain a registrar (the "Registrar") in Luxembourg, and a transfer agent (the "Transfer Agent") in the City of London. The initial Registrar is Deutsche Bank Luxembourg S.A. and the initial Transfer Agent is Deutsche Bank AG, London Branch. The

Registrar and Transfer Agent will maintain a register reflecting ownership of the Notes outstanding from time to time, if any, and will make payments on and facilitate transfers of the Notes on behalf of the Issuer.

The Issuer may change any Paying Agents, Registrars or Transfer Agents for the Notes without prior notice to the Holders of such Notes. However, for so long as Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notice of any change of Paying Agent, Registrar or Transfer Agent in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxembourg Wort*). Such notice of the change in a Paying Agent, Registrar or Transfer Agent may also be published on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar in respect of the Notes.

Guarantees

The obligations of the Issuer pursuant to the Notes, including any payment obligation resulting from a Change of Control, will (subject to the Agreed Security Principles) be guaranteed by TeamSystem on a senior unsecured basis, and in certain circumstances in the future may be guaranteed by one or more Restricted Subsidiaries of the Issuer (each a "Guarantor" and such guarantee, a "Guarantee"). 24 Ore Software S.p.A. will not guarantee the Notes.

The Agreed Security Principles apply to the granting of guarantees and security in favor of obligations under the Notes. The Agreed Security Principles include restrictions on the granting of guarantees where, among other things, such grant would be restricted by general statutory or other legal limitations or requirements, financial assistance, corporate benefit, fraudulent preference, "thin capitalization" rules, retention of title claims and similar matters. See "*—Security*".

The Guarantee will guarantee the payment obligations of the Issuer under the Notes. The Guarantee will be limited with a view to minimizing the risk that it may be voided or otherwise rendered ineffective or challenged under applicable law. Under the Guarantee granted on the Issue Date, TeamSystem guarantees payment obligations under the Notes corresponding to the share of the proceeds of the offering of the Initial Notes downstreamed through the Company Funding Loan and used to repay its indebtedness under the Group's former senior facilities agreement. Pursuant to a supplemental indenture to be entered into on the New Notes Issue Date, TeamSystem will amend and extend the Guarantee to guarantee payment obligations under the Notes corresponding to the share of the proceeds of this offering of the Notes downstreamed through the Company Funding Loan and used to prepay in full outstanding borrowings under the Revolving Credit Facility, plus accrued and unpaid interest and any break costs through the date of repayment and for general corporate purposes and, if completed, to fund the purchase price of the 24 Ore Software Acquisition. See also "*Risk factors—Risks related to the Notes and our capital structure*" for a more detailed discussion of the legal and contractual limitations on the Guarantees and their enforcement.

In no event will the exposure of TeamSystem exceed €294.5 million under the Guarantee. In addition, the Guarantee will, to avoid any double counting, be reduced by the amount of any repayment made by TeamSystem under the Company Funding Loan. See also, "*Risk factors—Risks related to the Notes and our capital structure*" for a more detailed discussion of the legal and contractual limitations on the Guarantee and its enforcement.

Releases of Guarantees

The Guarantee of any Guarantor will terminate:

- upon a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of the relevant Guarantor (whether by direct sale or sale of a holding company) or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Indenture;
- upon the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary;
- upon defeasance or discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and discharge*";
- in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement;
- as described under "*—Amendments and waivers*";
- as described in the first paragraph of the covenant described below under "*—Certain covenants—Additional Guarantees*"; or
- as a result of a transaction permitted by "*—Certain covenants—Merger and consolidation—The Guarantors*".

The Trustee shall take all reasonably necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications. Each of the releases set forth above shall be effected by Trustee without the consent of the Holders or any other action or consent on the part of the Trustee.

Transfer and exchange

The Notes will be issued in the form of several registered notes in global form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes"). The 144A Global Notes will, on the New Notes Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.
- Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes"). The Regulation S Global Note will, on the New Notes Issue Date, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("Book-Entry Interests") will be limited to persons that have accounts with Euroclear and Clearstream or persons that may hold interests through such participants.

Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer restrictions*". In addition, transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream will be effected by Euroclear and

Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

The New Notes will be issued bearing temporary ISINs and common codes that differ from the original ISINs and common codes assigned to the Initial Notes, and will also bear an applicable restrictive Securities Act legend referred to under "*Transfer restrictions*" in this offering memorandum. In the case of the New Notes offered hereby in reliance upon Regulation S (and assuming the Release (as defined herein) has occurred), the applicable temporary ISIN and common code will be replaced with the original ISIN and common code borne by the Initial Notes issued on 7 May 2013 in reliance on Regulation S, and the Regulation S restrictive legend (referred to in clause (4) under "*Transfer restrictions*" in this offering memorandum) will be removed at the earlier of (1) 40 days after the issue date of the New Notes offered hereby and (2) the earliest date or dates permitted under U.S. federal securities laws. In the case of the New Notes offered hereby in reliance upon Rule 144A, the applicable temporary ISIN and common code will be replaced with the original ISIN and common code borne by the Initial Notes, issued on 7 May 2013 in reliance on Rule 144A, and the Rule 144A restrictive legend (referred to in clause (4) under "*Transfer restrictions*" in this offering memorandum) will be removed at the earlier of (1) one year after the issue date of the New Notes offered hereby and (2) the earliest date or dates permitted under U.S. federal securities laws. Following the replacement of the applicable temporary ISINs and common codes, the New Notes will become fully fungible with the Initial Notes.

Book-Entry Interests in the 144A Global Notes (the "144A Book-Entry Interests") may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes (the "Regulation S Book-Entry Interests") denominated in the same currency only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the New Notes Issue Date, ownership of Regulation S Book-Entry Interests will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to US persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 principal amount, and integral multiples of €1,000 in excess thereof, upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the

Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer restrictions*".

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture requires the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer.

Notwithstanding the foregoing, the Issuer is not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Issuer, the Trustee, the Paying Agents and the Registrar will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries

All the Issuer's Subsidiaries are currently Restricted Subsidiaries. However, in the circumstances described below under "*—Certain definitions—Unrestricted Subsidiary*", the Issuer will be permitted to designate Restricted Subsidiaries (other than TeamSystem) as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Security

General

Pursuant to various security documents, which have been entered into in connection with the Initial Notes and the Revolving Credit Facility, the Security Agent, or the Trustee in its capacity as trustee for the holders of the Notes, have the benefit of security interests granted on an equal and ratable first-priority basis over (i) the shares of the Issuer and TeamSystem; (ii) the Issuer's rights under the Company Funding Loan and (iii) the Issuer's rights under the Company Shareholder Loan (together, the "Notes Collateral"). The Notes Collateral is subject to the Agreed Security Principles and any Permitted Collateral Liens.

The Company Funding Loan is secured by a pledge over: (i) 91.66% of the issued share capital of Gruppo Euroconference S.p.A.; (ii) certain intellectual property rights of TeamSystem; and (iii) certain intercompany receivables of TeamSystem (together, the "Funding Loan Collateral").

The Notes Collateral and the Funding Loan Collateral will be granted in favor of the Security Agent on behalf of the Holders of the Notes on the New Notes Issue Date (each as defined under "*—Security*", and collectively referred to herein as the "Collateral"). The Company Funding Loan will be amended to record the making of the loans to TeamSystem with the proceeds of the New Notes on the New Notes Issue Date and (assuming its occurrence) the Completion Date. Certain of the parties will enter into confirmations and extensions of the Note Security Documents on the New Notes Issue Date. From the New Notes Issue Date to the Completion Date, the Escrowed Property (as defined below) will be subject to security on a first ranking basis in favor of the Trustee and the Holders of the New Notes.

The Notes Collateral also secures on a first-ranking basis the Initial Notes and the Revolving Credit Facility and will also secure certain Hedging Obligations and any Additional Notes and may also secure certain future indebtedness. In addition, the Revolving Credit Facility is also secured by (i) 91.66% of the issued share capital of Gruppo Euroconference S.p.A., (ii) certain intellectual property rights of TeamSystem, (iii) certain intercompany receivables of TeamSystem and (iv) a special lien (*privilegio speciale*) granted by TeamSystem. The lenders under the Revolving Credit Facility and counterparties to certain Hedging Obligations will receive the proceeds from the enforcement of the Collateral in priority to the holders of the Notes and any Additional Notes. See "*—Priority*" below. See also, "*Risk factors—Risks related to the Notes and our capital structure—Creditors under the Revolving Credit Facility, certain hedging obligations and certain debt that we incur in the future may be entitled to be repaid with the proceeds of the Collateral securing the Notes in priority to the Notes*". The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations owed to the holders of the Notes.

Subject to certain conditions, including compliance with the covenants described under "*—Certain covenants—Impairment of Security Interest*" and "*—Certain covenants—Limitation on Liens*", the Issuer will be permitted to grant security over the Collateral in connection with future issuances of Indebtedness of the Issuer or Indebtedness of the Restricted Subsidiaries, including any Additional Notes issued by the Issuer, in each case, as permitted under the Indenture and the Intercreditor Agreement. See "*Risk factors—Risks related to the Notes and our capital structure*".

Any other security interests that may in the future be granted to secure obligations under the Notes, any Guarantees and the Indenture or the Company Funding Loan would also constitute "Notes Collateral", or the "Funding Loan Collateral" as the case may be. All Collateral is or will be subject to the operation of the Agreed Security Principles and any Permitted Collateral Liens.

Notwithstanding the foregoing and the provisions of the covenant described below under "*—Certain covenants—Additional Guarantees*", certain property, rights and assets (other than the Collateral described in the first and second paragraphs of this section) may not be pledged, and any pledge over property, rights and assets may be limited (or the Liens not perfected), in accordance with the Agreed Security Principles. Pursuant to the Agreed Security Principles, a guarantee or security may not be given, or may be limited, due to, among other things, general statutory limitations, regulatory requirements or restrictions, financial assistance, corporate benefit, fraudulent preference, "earnings stripping", "controlled foreign corporation" and "thin capitalization" rules, tax restrictions, retention of title claims, employee consultation or approval requirements, capital maintenance rules and similar principles, as well as the fiduciary duties of management; the applicable cost which shall not be disproportionate to the benefit to the relevant creditors of obtaining such guarantee or security; stamp duty, notarization, registration or other applicable fees, taxes and duties where the benefit to the relevant creditors of increasing the guaranteed or secured amount is disproportionate to the level of such fee, taxes and duties; where there is material incremental cost involved in creating security over all assets owned in a particular category; where giving a guarantee or security would be either impossible or impractical or would unduly disrupt the business of the relevant person concerned to create security over certain categories of assets; or where assets are subject to contracts, leases, licenses, or other third party arrangements which may prevent those assets from being charged; where the grantor is not a Wholly-Owned Subsidiary or it is not within the legal capacity of the relevant person or would conflict with fiduciary duties or contravene legal prohibitions or regulatory conditions or would result in (or in a risk of) personal or criminal liability on the part of any officer; where there are joint venture or similar arrangements or any minority interest.

In relation to any security documents that are subject to Italian law, lists of assets will be provided if, and only to the extent required by local law and local market practice, necessary to perfect or register the relevant security interests and, unless required to be provided by local law or local market practice more frequently, such asset lists will be provided on an annual basis. No perfection action will be required in any jurisdiction other than Italy.

No appraisals of the Collateral have been made in connection with this offering of the New Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk factors—Risks related to the Notes and our capital structure—The Collateral may not be sufficient to satisfy the obligations under the Notes*".

Priority

The relative priority with regard to the security interest in the Collateral that is created by the Notes Security Documents (the "Security Interest") as between (a) the lenders under the Revolving Credit Facility, (b) the counterparties under certain Hedging Obligations, and (c) the Trustee, the Security Agent and the Holders of the Notes under the Indenture, respectively, is established by the terms of the Intercreditor Agreement, the Indenture, the Notes Security Documents and the security documents relating to the Revolving Credit Facility, and certain Hedging Obligations, which provide among other things that the obligations under the Notes will receive proceeds on enforcement of security over the Collateral only after the claims of the Revolving Credit Facility Agreement and certain Hedging Obligations and any future Indebtedness permitted to be secured on a super priority basis in accordance with the terms of the Indenture and the Intercreditor Agreement are satisfied.

In addition, pursuant to the Intercreditor Agreement or any Additional Intercreditor Agreements entered into after the New Notes Issue Date, the Collateral may be pledged to secure other Indebtedness. See "*—Release of Liens*", "*—Certain covenants—Impairment of Security Interest*" and "*—Certain definitions—Permitted Collateral Liens*".

Notes Security Documents

The Notes Security Documents have been entered into among, *inter alios*, the relevant security provider, the Security Agent and the Trustee acting for itself and in its capacity as the Trustee, legal representative *(mandatario con rappresentanza*) under the Indenture and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code.

The Indenture and the Intercreditor Agreement provide that, to the extent permitted by the applicable laws, only the Security Agent will have the right to enforce the Notes Security Documents on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will not be entitled to take enforcement action in respect of the Collateral, except through the Trustee, who will (subject to the provisions of the Indenture) provide instructions to the Security Agent for the enforcement of security over the Collateral. Under the Intercreditor Agreement, the Security Agent will also act on behalf of the lenders under the Revolving Credit Facility and the counterparties under certain hedging agreements in relation to the Security Interest in favor of such parties.

The Indenture provides that, subject to the terms thereof and of the Intercreditor Agreement, the Notes, the Indenture, and the Company Funding Loan, as applicable, are secured by Security Interests in the relevant Collateral until all obligations under the Notes and the Indenture have been discharged. However, please see the section entitled "*Risk factors—Risks related to the Notes and our capital structure*". The validity and enforceability of the Security

Interests will be subject to, *inter alia*, the limitations described in "*Risk factors—Risks related to the Notes and our capital structure*" and "*Limitations on validity and enforceability of the Guarantee and the security interests and certain insolvency law considerations—Republic of Italy—Certain Italian insolvency laws*".

The Notes Security Documents provide that the rights under the Notes Security Documents and the Indenture must be exercised by the Security Agent. Holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Notes Security Documents. The Holders may only act through the Trustee, who will instruct the Security Agent in accordance with the terms of the Indenture.

In the event that the Issuer or its Subsidiaries enter into insolvency, bankruptcy or similar proceedings, the Security Interest created under the Notes Security Documents or the rights and obligations enumerated in the Intercreditor Agreement could be subject to potential challenges. If any challenge to the validity of the Security Interest or the terms of the Intercreditor Agreement was successful, the Holders may not be able to recover any amounts under the Notes Security Documents. See "*Risk factors—Risks related to the Notes and our capital structure*".

Enforcement of Security Interest

The Indenture and the Intercreditor Agreement restrict the ability of the Holders or the Trustee to enforce the Security Interests and provide for the release of the Security Interests created by the Notes Security Documents in certain circumstances upon enforcement by the lenders under the Revolving Credit Facility. These limitations are described under "*Limitations on validity and enforceability of the Guarantee and the security interests and certain insolvency law considerations—Republic of Italy—Certain Italian insolvency laws*". The ability to enforce may also be restricted by similar arrangements in relation to future indebtedness that is secured on the Collateral in compliance with the Indenture and the Intercreditor Agreement.

The creditors under the Revolving Credit Facility, the holders of Notes, the counterparties to certain Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, appointed, also for the purposes of Article 1704 (*Mandato con rappresentanza*) the Security Agent to act as its agent under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Notes Security Documents. The creditors under the Revolving Credit Facility, the holders of Notes, the counterparties to certain Hedging Obligations secured by the Collateral and the Trustee have, and by accepting a Note, each Holder will be deemed to have, authorized the Security Agent to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement and the security documents securing such Indebtedness, including the Notes Security Documents, together with any other incidental rights, power and discretions; and (ii) execute each Notes Security Document, waiver, modification, amendment, renewal or replacement expressed to be executed by the Security Agent on its behalf.

Intercreditor Agreement; Additional Intercreditor Agreements; agreement to be bound

The Indenture provides that the Issuer and the Trustee are authorized (without any further consent of the holders of the Notes) to enter into the Intercreditor Agreement and any Additional Intercreditor Agreements.

The Indenture also provides that each holder of the Notes, by accepting such Note, will be deemed to have:

(1) appointed and authorized the Security Agent and the Trustee to give effect to the provisions in the Intercreditor Agreement and any Additional Intercreditor Agreements;

(2) agreed to be bound by the provisions of the Intercreditor Agreement and the Notes Security Documents; and

(3) irrevocably appointed the Security Agent and the Trustee to act on its behalf to enter into and comply with the provisions of the Intercreditor Agreement.

Please see the section entitled "*Risk factors—Risks related to the Notes and our capital structure—Holders of the Notes may not control certain decisions regarding the Collateral*" and "*Description of other indebtedness—Intercreditor Agreement*".

Similar provisions to those described above may be included in any Additional Intercreditor Agreement (as defined below) entered into in compliance with the covenant described under "*—Certain covenants—Additional Intercreditor Agreements*".

Release of Liens

The Issuer and its Subsidiaries will be entitled to release the Security Interest in respect of the Collateral under any one or more of the following circumstances:

(1) in connection with any sale or other disposition of Collateral to (a) a Person that is not a Parent or a Restricted Subsidiary (but excluding any transaction subject to "*—Certain covenants—Merger and consolidation*"), if such sale or other disposition does not violate the covenant described under "*—Certain covenants—Limitation on sales of assets and subsidiary stock*" or is otherwise permitted in accordance with the Indenture or (b) any Restricted Subsidiary *provided* that this clause 1(b) shall not be relied upon in the case of a transfer of capital stock or of accounts receivable to a Restricted Subsidiary (except to a Receivables Subsidiary) unless the relevant property and assets remain subject to, or otherwise become subject to a Lien in favor of the Notes following such sale or disposal;

(2) in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Guarantor;

(3) as described under "*—Amendments and waivers*";

(4) upon payment in full of principal, interest and all other obligations on the Notes or defeasance or discharge of the Notes, as provided in "*—Defeasance*" and "*—Satisfaction and discharge*";

(5) if the Issuer designates any Restricted Subsidiary to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets, and Capital Stock, of such Unrestricted Subsidiary;

(6) as otherwise permitted in accordance with the Indenture or the Intercreditor Agreement; or

(7) in the case of a merger, consolidation or other transfer of assets in compliance with the covenant described below under "*—Certain covenants—Merger and consolidation*".

In addition, the Security Interest created by the Notes Security Documents will be released (a) in accordance with the Intercreditor Agreement or any Additional Intercreditor Agreement and (b) as may be permitted by the covenant described under "*—Certain covenants—Impairment of Security Interest*".

The Security Agent and the Trustee (if required) will take all necessary action required to effectuate any release of Collateral securing the Notes and the Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Notes Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the Holders or any action on the part of the Trustee (unless action is required by it to effect such release).

Escrow of proceeds; special mandatory redemption

Concurrently with the closing of this offering of the New Notes on the New Notes Issue Date, the Issuer will enter into the Escrow Agreement with, *inter alios*, the Trustee and the Escrow Agent, pursuant to which the initial purchasers will deposit with the Escrow Agent an amount equal to (i) gross proceeds in an amount of €95 million from the offering of the New Notes, plus (ii) the Shortfall Amount, plus (iii) the Retained Fee, into the Escrow Account. The initial funds deposited in the Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Account (less any property and/or funds paid in accordance with the Escrow Agreement) are referred to, collectively, as the "Escrowed Property". The Escrowed Property will be subject to security on a first ranking basis in favor of the Trustee and the Holders of the New Notes.

In order to cause the Escrow Agent to release the Escrowed Property to the Issuer (the "Release"), the Escrow Agent and the Trustee shall have received from the Issuer, on or before the Escrow Longstop Date, an Officer's Certificate to the effect that:

(1) (i) the 24 Ore Software Acquisition will be consummated, promptly following (and no later than the Business Day after) the release of the Escrowed Property and (ii) no material term or condition of the 24 Ore Software Acquisition Agreement has been amended or waived in a manner or to an extent that would be materially prejudicial to the interests of Holders of the New Notes, other than any amendment or waiver made with the consent of Holders of a majority of the outstanding New Notes;

(2) immediately after consummation of the 24 Ore Software Acquisition, the Issuer will own, directly or indirectly, the entire share capital of 24 Ore Software S.p.A.; and

(3) as of the Completion Date, there are no events of bankruptcy, insolvency or court protection with respect to TeamSystem or the Issuer.

The Release will occur promptly upon the satisfaction of the conditions set forth above (the date of such satisfaction, the "Completion Date"). Upon the Release, the Escrowed Property will be paid out in accordance with the Escrow Agreement and the Escrow Account will be reduced to zero.

Pursuant to the New Notes, in the event that (a) the Completion Date does not take place on or prior to the Escrow Longstop Date, (b) in the reasonable judgment of the Issuer, the 24 Ore Software Acquisition will not be consummated on or prior to the Escrow Longstop Date, (c) the 24 Ore Software Acquisition Agreement terminates at any time on or prior to the Escrow Longstop Date or (d) there is there an event of bankruptcy, insolvency or court protection with respect to the TeamSystem or the Issuer on or prior to the Escrow Longstop Date (the date of any such event being the "Special Termination Date"), the Issuer will redeem €90 million in aggregate principal amount of the New Notes (the "Special Mandatory Redemption"), at a price (the "Special Mandatory Redemption Price") equal to the issue price of the New Notes plus accrued and unpaid interest and Additional Amounts, if any, from 15 November 2013 or the most recent date on which interest on the New Notes is paid, to the Special Mandatory Redemption Date (as defined below) (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). The Principal Paying Agent or the Registrar will select Notes for special mandatory redemption on a *pro rata* basis. The Principal Paying Agent, Registrar and Trustee will not be liable for any selections made in accordance with this paragraph.

Notice of the Special Mandatory Redemption will be delivered by the Issuer, no later than one Business Day following the Special Termination Date, to the Trustee and the Escrow Agent, and will provide that the New Notes subject to such redemption shall be redeemed on a date that is no later than the fifth Business Day after such notice is given by the Issuer in accordance with the terms of the Escrow Agreement (the "Special Mandatory Redemption Date"). On the Special Mandatory Redemption Date, the Escrow Agent shall pay to the Principal Paying Agent for payment to each Holder the Special Mandatory Redemption Price for such Holder's New Notes and, concurrently with the payment to such Holders, deliver any excess Escrowed Property (if any) to the Issuer.

To secure the payment of the Special Mandatory Redemption Price, the Issuer will grant in favour of the Trustee and the Holders of the New Notes a security interest in the Escrow Account.

If at the time of such Special Mandatory Redemption, the New Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, the Issuer will notify the Luxembourg Stock Exchange that the Special Mandatory Redemption has occurred and any relevant details relating to such special mandatory redemption.

Optional redemption

Except as described below and except as described under "*—Redemption for taxation reasons*" and "*—Escrow of proceeds; special mandatory redemption*", the Notes are not redeemable until 15 May 2016. On and after 15 May 2016 the Issuer may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days' notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest and Additional Amounts (as defined below), if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on 15 May of the years indicated below:

Year	Redemption Price
2016	103.688%
2017	101.844%
2018 and thereafter	100.000%

Prior to 15 May 2016, the Issuer may on any one or more occasions redeem up to 40% of the aggregate principal amount of the Notes (including the principal amount of any Additional Notes), upon not less than 10 nor more than 60 days' notice, with funds in an aggregate amount (the "Redemption Amount") not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 107.375% of the principal amount of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that:

(1) at least 60% of the original principal amount of the Notes (including the principal amount of the Initial Notes, the New Notes and any Additional Notes) remains outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

In addition, prior to 15 May 2016 the Issuer may redeem all or, from time to time, a part of each of the Notes upon not less than 10 nor more than 60 days' notice at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Any such redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

General

We may repurchase the Notes at any time and from time to time in the open market or otherwise.

Notice of redemption will be provided as set forth under "*—Selection and notice*" below.

If the Issuer effects an optional redemption of Notes, it will, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Sinking fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes.

Redemption at maturity

On 15 May 2020, the Issuer will redeem the Notes that have not been previously redeemed or purchased and cancelled at 100% of their principal amount plus accrued and unpaid interest thereon and Additional Amounts, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Selection and notice

If less than all of any series of Notes is to be redeemed at any time, the Principal Paying Agent or the Registrar will select Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which that series of Notes are listed, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream, or Euroclear or Clearstream prescribes no method of selection, on a *pro rata* basis by use of a pool factor; *provided, however*, that no Note of € 100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. Neither the Principal Paying Agent nor the Registrar will be liable for any selections made in accordance with this paragraph.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer shall publish notice of redemption in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxembourg Wort*) and in addition to such publication shall mail such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the Registrar.

Such notice of redemption may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed. In the case of a Definitive Registered Note, a new Definitive Registered Note in principal amount equal to the unredeemed portion of any Definitive Registered Note redeemed in part will be issued in the name of the Holder thereof upon cancellation of the original Definitive Registered Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice, Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

Redemption for taxation reasons

The Issuer may redeem any series of New Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' prior notice to the Holders of the relevant series of New Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "Tax Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (as defined below under "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuer determines in good faith that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any amendment to, or change in the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

a Payor (as defined below) is, or on the next interest payment date in respect of the relevant series of New Notes would be, required to pay Additional Amounts with respect to the New Notes (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot reasonably be made by the Issuer or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to the Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable). Such Change in Tax Law must be announced and become effective on or after the Issue Date (or if the applicable Relevant Tax Jurisdiction became a Relevant Tax Jurisdiction on a date after the Issue Date, such later date). The foregoing provisions shall apply (a) to a Guarantor only after such time as such Guarantor is obligated to make at least one payment on the New Notes and (b) mutatis mutandis to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a change or amendments occurring after the time such successor Person becomes a party to the Indenture or, in any event, where the Change in Tax Law would have applied to the predecessor of any such Successor.

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and notice*". Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 60 days prior to the earliest date on which the Payor would be obligated to make such payment of Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of any series of New Notes pursuant to the foregoing, the Issuer or a successor Person, where applicable, will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuer has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

Withholding Taxes

All payments made by or on behalf of the Issuer or any Guarantor or a successor of any of them (each, a "Payor") in respect of the New Notes or with respect to any Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) any jurisdiction from which payment on any such New Note is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(2) any other jurisdiction in which a Payor is organized, engaged in business for tax purposes, or otherwise considered to be a resident for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1) and (2), a "Relevant Taxing Jurisdiction"),

will at any time be required by law to be made from any payments made by or on behalf of the Payor or the Paying Agent with respect to any New Note, including payments of principal, redemption price, interest or premium, if any, the Payor will pay (together with such payments) such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments, after such withholding, or deduction (including any such deduction or withholding from such Additional Amounts), will not be less than the amounts which would have been received in respect of such payments on any such New Note in the absence of such withholding or deduction; provided, however, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a New Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national or domiciliary of, or carrying on a business or maintaining a permanent establishment, a dependent agent, place of business or a place of management present or deemed present in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such New Note or the receipt of any payment or the exercise or enforcement of rights under such New Note, the Indenture or a Guarantee;

(2) any Tax that is imposed or withheld by reason of the failure by the Holder or the beneficial owner of the New Note to comply with a written request of the Payor or any other person through whom payment can be made addressed to the Holder, after reasonable notice (at least 30 days before any such withholding would be payable), to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, treaty, regulation or

administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Tax but, only to the extent the Holder or beneficial owner is legally entitled to provide such certification or documentation;

(3) any Taxes, to the extent that such Taxes were imposed as a result of the presentation of the New Note for payment (where presentation is permitted or required) more than 30 days after the relevant payment is first made available for payment to the Holder;

(4) any Taxes that are payable otherwise than by withholding from a payment of the principal of, premium, if any, or interest, if any, on the New Notes or with respect to any Guarantee;

(5) any estate, inheritance, gift, value added, sales, excise, use, transfer, personal property or similar tax, assessment or other governmental charge;

(6) any Taxes that are required to be deducted or withheld on a payment to an individual pursuant to the Directive or any law implementing, or complying with, or introduced in order to conform to, such Directive;

(7) except in the case of the liquidation, dissolution or winding-up of the Payor, any Taxes imposed in connection with a New Note presented for payment by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant New Note to, or otherwise accepting payment from, another Paying Agent in a member state of the European Union; or

(8) any Taxes to the extent such Taxes are on account of imposta sostitutiva (pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("Legislative Decree No. 239")) and any related implementing regulations, and pursuant to Italian Legislative Decree No. 461 of November 21, 1997; provided that:

(i) Additional Amounts shall be payable in circumstances where the procedures required under Legislative Decree No. 239 in order to benefit from an exemption from imposta sostitutiva have not been complied with due to the actions or omissions of the Payor or their agents; and

(ii) for the avoidance of doubt, (A) no Additional Amounts shall be payable with respect to any Taxes to the extent that such Taxes result from payment to a non-Italian resident legal entity or a non-Italian resident individual which are subject to imposta sostitutiva by reason of not being resident in a country which allows for a satisfactory exchange of information with Italy (white list) and (B) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are on account of imposta sostitutiva if the Holder becomes subject to imposta sostitutiva after the Issue Date by reason of the approval of the ministerial Decree to be issued under Art. 168-bis D.P.R. No. 917 of satisfactory exchange of information with Italy, whereby such Holders country of residence does not appear on the new list; or

(9) any combination of the items (1) through (8) above.

Such Additional Amounts will also not be payable where, had the beneficial owner of the New Note had been the Holder of the New Note, it would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (9) above.

In addition, no Additional Amounts shall be paid with respect to a Holder who is a fiduciary or a partnership or any person other than the beneficial owner of the New Notes, to the extent that the beneficiary or settler with respect to such fiduciary, the member of such partnership or the beneficial owner would not have been entitled to Additional Amounts had such beneficiary, settler, member or beneficial owner held such New Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law.

The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies, or if, notwithstanding the Payor's reasonable efforts to obtain such tax receipts, such tax receipts are not available, certified copies of other reasonable evidence of such payments as soon as reasonably practicable to the Trustee and copied to the Paying Agent. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Paying Agent. The Payor will attach to each certified copy a certificate stating that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of New Notes then outstanding.

If any Payor is obligated to pay Additional Amounts under or with respect to any payment made on any New Note or any Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture, the New Notes or this "Description of the Notes" there is mentioned, in any context:

(1) the payment of principal;

(2) purchase prices in connection with a purchase of New Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the New Notes or any Guarantee,

such reference shall be deemed to include payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, issue, registration, court or documentary taxes, or similar charges or levies or any other excise, property or similar taxes or similar charges or levies (including any related interest, penalties or additions to tax) that arise in a Relevant Taxing Jurisdiction from the execution, delivery or registration of any New Notes, any Guarantee, the Indenture, or any other document or instrument in relation thereto (other than in each case, in connection with a transfer of the New Notes after this offering) or the receipt of any payments with respect thereto or any such taxes or similar charges or levies imposed by any jurisdiction as a result of, or in connection with, the enforcement of the New Notes or any Guarantee.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply mutatis mutandis to any jurisdiction in which any successor to a Payor is organized engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from which any payment under, or with respect to the New Notes is made by or on behalf of such Payor, or any political subdivision or taxing authority thereof or therein.

Change of Control

If a Change of Control occurs, subject to the terms of the covenant described under this heading "*Change of Control*", each Holder will have the right to require the Issuer to repurchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Issuer shall not be obligated to repurchase any series of Notes as described under this heading, "*Change of Control*", in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes of such series as described under "*—Optional redemption*" or all conditions to such redemption have been satisfied or waived.

Unless the Issuer has unconditionally exercised its right to redeem all the Notes as described under "*—Optional redemption*" or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuer will mail a notice (the "Change of Control Offer") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuer to purchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) and the record date (the "Change of Control Payment Date");

(3) stating that any Note accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date unless the Change of Control Payment is not paid, and that any Notes or part thereof not tendered will continue to accrue interest;

(4) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(5) describing the procedures determined by the Issuer, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(6) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portion thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions of the Notes being purchased by the Issuer in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Principal Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuer; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Issuer.

If any Definitive Registered Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee (or an authenticating agent) will, at the cost of the Issuer, promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder of Definitive Registered Notes a new Definitive Registered Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of such exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxembourg Wort*) or to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Issuer to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Issuer or its Subsidiaries in a transaction that would constitute a Change of Control.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place providing for the Change of Control at the time the Change of Control Offer is made.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of the conflict.

The Issuer's ability to repurchase Notes issued by it pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would require a mandatory prepayment of Indebtedness under the Revolving Credit Facility. In addition, certain events that may constitute a change of control under the Revolving Credit Facility and require a mandatory prepayment of Indebtedness under such agreement may not constitute a Change of Control under the Indenture. Future Indebtedness of the Issuer or its Subsidiaries may also contain prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer to repurchase the Notes could cause a default under, or require a repurchase of, such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Issuer. Finally, the Issuer's ability to pay cash to the Holders upon a repurchase may be limited by the Issuer's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make any required repurchases. See "*Risk factors—Risks related to the Notes and our capital structure—We may not be able to obtain the funds required to repurchase the Notes upon a "change of control*""to finance a change of control offer and certain events that might otherwise constitute a change of control may not trigger a requirement for us to repurchase the Notes if at the time our consolidated leverage ratio is less than certain specified levels.

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Issuer and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding principal amount of the Notes.

Certain covenants

Limitation on Indebtedness

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however*, that the Issuer and any Restricted Subsidiary may Incur Indebtedness (including Acquired Indebtedness) if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), (1) the Fixed Charge Coverage Ratio for the Issuer and its Restricted Subsidiaries would have been at least 2.0 to 1.0; and (2) to the extent that the Indebtedness is Senior Secured Indebtedness, the Consolidated Senior Secured Leverage Ratio for the Issuer and its Restricted Subsidiaries would have been no greater than 5.0 to 1.0; and *provided* further that the aggregate principal amount of Indebtedness Incurred by Restricted Subsidiaries that are not Guarantors pursuant to this paragraph shall not exceed €15.0 million.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness ("Permitted Debt"):

(1) Indebtedness Incurred pursuant to any Credit Facility (including in respect of letters of credit or bankers' acceptances issued or created thereunder), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding the greater of (i) €60 million and (ii) 100% of Consolidated EBITDA, *plus* in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary, so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture; or

 (b) without limiting the covenant described under "—*Limitation on Liens*", Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Issuer or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness of the Issuer owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Issuer or any Restricted Subsidiary; *provided*, *however*, that:

 (a) in the case of Indebtedness owing to and held by any Restricted Subsidiary that is not a Guarantor, to the extent such Indebtedness is not expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes, the Funding Loan and the Guarantees;

(b) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Issuer or a Restricted Subsidiary of the Issuer; and

(c) any sale or other transfer of any such Indebtedness to a Person other than the Issuer or a Restricted Subsidiary of the Issuer,

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Issuer or such Restricted Subsidiary, as the case may be;

(4) (a) Indebtedness represented by the Notes (other than any Additional Notes), (b) any Indebtedness outstanding on the Issue Date (other than Indebtedness Incurred under clauses (1) or (3) of this paragraph), (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (4) or clauses (5) and (12) of this paragraph or Incurred pursuant to the first paragraph of this covenant, (d) Management Advances, (e) any loan or other instrument contributing the proceeds of the Notes, including the Funding Loan and (f) any loan or other instrument contributing the proceeds of any Indebtedness Incurred in accordance with the Indenture, including any Additional Funding Loans;

(5) Indebtedness of any Person (i) outstanding on the date on which such Person becomes a Restricted Subsidiary of the Issuer or any Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary or (ii) Incurred to provide all or a portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary; *provided*, *however*, with respect to this clause (5), that at the time of such acquisition or other transaction (x) the Issuer would have been able to Incur €1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving *pro forma* effect to the relevant acquisition and the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements not for speculative purposes (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer);

(7) Indebtedness consisting of (A) Capitalized Lease Obligations, mortgage financings, Purchase Money Obligations or other financings, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in a Similar Business or (B) Indebtedness otherwise incurred to finance the purchase, lease, rental or cost of design, construction, installation or improvement of property (real or personal) or equipment that is used or useful in a Similar Business, whether through the direct purchase of assets or the Capital Stock of any Person owning such assets, and any Indebtedness which refinances, replaces or refunds such Indebtedness, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding the greater of 18% of Consolidated EBITDA or €10 million and in the case of Purchase Money Obligations is Incurred within 180 days of the purchase of the relevant assets;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Issuer or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement, *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Issuer and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Issuer and its Restricted Subsidiaries in connection with such disposition;

(10)(a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within 30 Business Days of Incurrence;

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Issuer and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Issuer and its Restricted Subsidiaries; and

(d) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management of bad debt purposes, in each case incurred or undertaken in the ordinary course of business;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of 46% of Consolidated EBITDA or €25 million; and

(12) Indebtedness of the Issuer and the Guarantors in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Issuer from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than

through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Issuer, in each case, subsequent to the Issue Date; provided, however, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Issuer and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Issuer or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1), (6) and (10) of the third paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Issuer, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the Issue Date under the Revolving Credit Facility shall be deemed initially Incurred under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (4)(b) of the second paragraph of this covenant, and may not be reclassified pursuant to clause (1) of this paragraph;

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11) or (12) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Issuer or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS; and

(8) for the purposes of determining "Consolidated EBITDA" under clause (1)(ii) of the second paragraph of this covenant, (i) pro forma effect shall be given to Consolidated EBITDA on the same basis as for calculating the Consolidated Secured Leverage Ratio for the Issuer and its Restricted Subsidiaries and (ii) Consolidated EBITDA shall be measured on the date on which the Issuer obtains new commitments (in the case of revolving facilities) or incurs new Indebtedness (in the case of term facilities).

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*". The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Issuer as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "*—Limitation on Indebtedness*", the Issuer shall be in Default of this covenant).

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the amount set forth in clause (2) of the definition of Refinancing Indebtedness; (b) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if any such Indebtedness that is denominated in a different currency is subject to a Currency Agreement (with respect to the euro) covering principal amounts payable on such Indebtedness, the amount of such Indebtedness expressed in euro will be adjusted to take into account the effect of such agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Issuer or a Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Guarantee, if any, on substantially identical terms; *provided, however,* that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Issuer's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Issuer or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of the Issuer (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Issuer or in Subordinated Shareholder Funding; and

(b) dividends or distributions payable to the Issuer or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Issuer or another Restricted Subsidiary);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Issuer or any direct or indirect Parent of the Issuer held by Persons other than the Issuer or a Restricted Subsidiary of the Issuer (other than in exchange for Capital Stock of the Issuer (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*") or any Subordinated Shareholder Funding (other than any payment of interest thereon in the form of additional Subordinated Shareholder Funding); or

(4) make any Restricted Investment in any Person,

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) are referred to herein as a "Restricted Payment"), if at the time the Issuer or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Issuer is not able to Incur an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5), (9), (10), (11), (15), (17) and (18) of the second succeeding paragraph, but excluding all other Restricted Payments permitted by the second succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the fiscal quarter commencing prior to the Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Issuer are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer subsequent to the Issue Date (other than (w) Subordinated Shareholder Funding or Capital Stock in each case sold to a Subsidiary of the Issuer, (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary from the issuance or sale (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) by the Issuer or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary upon such conversion or exchange) but excluding (w) Disqualified Stock or Indebtedness issued or sold to a Subsidiary of the Issuer, (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph, and (y) Excluded Contributions; and

(iv) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Issuer or any Restricted Subsidiary (other than to the Issuer or a Restricted Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) from the disposition of any Unrestricted Subsidiary or the disposition or repayment of any Investment constituting a Restricted Payment made after the Issue Date;

(v) in the case of the designation of an Unrestricted Subsidiary as a Restricted Subsidiary or all of the assets of such Unrestricted Subsidiary are transferred to the Issuer or a Restricted Subsidiary, or the Unrestricted Subsidiary is merged or consolidated into the Issuer or a Restricted Subsidiary, 100% of such amount received in cash and the fair market value of any property or marketable securities received by the Issuer or any Restricted Subsidiary in respect of such redesignation, merger, consolidation or transfer of assets, excluding the amount of any Investment in such Unrestricted Subsidiary that constituted a Permitted Investment made pursuant to clause (11) of the definition of "Permitted Investment"; and

(vi) 100% of any dividends or distributions received by the Issuer or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary,

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Issuer's option) included in the foregoing clause (iv), (v) or (vi).

The fair market value of property or assets other than cash covered by the preceding sentence shall be the fair market value thereof as determined in good faith by an officer of the Issuer, or, if such fair market value exceeds €10 million, by the Board of Directors.

The foregoing provisions will not prohibit any of the following (collectively, "Permitted Payments"):

(1) any Restricted Payment made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of, Capital Stock of the Issuer (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock or Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Issuer or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Issuer or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on sales of assets and subsidiary stock*" below, but only if the Issuer shall have first complied with the terms described under "*—Limitation on sales of assets and subsidiary stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Issuer shall have first complied with the terms described under "*—Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Issuer to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Issuer, any Restricted Subsidiary or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) €3 million, plus €1 million multiplied by the number of calendar years that have commenced since the Issue Date, plus (2) the Net Cash Proceeds received by the Issuer or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (2), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*";

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Issuer or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments of fees and expenses Incurred (i) in connection with the Transactions or disclosed in the Offering Memorandum relating to the Initial Notes or (ii) to the extent specified in clauses (2), (3), (5), (7) and (11) of the second paragraph under "*—Limitation on Affiliate Transactions*";

(10) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), the declaration and payment by the Issuer of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Issuer or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Issuer from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that in the case of this clause (i) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 3.0 to 1.0 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that in the case of this clause (ii) after giving *pro forma* effect to such loans, advances, dividends and distributions, the Consolidated Leverage Ratio shall be equal to or less than 3.375 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed the greater of €12.5 million and 23% of Consolidated EBITDA;

(12) payments by the Issuer, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Issuer or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer);

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (13);

(14) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing;

(15) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Issuer issued after the Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent or Affiliate issued after the Issue Date; *provided*, *however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this clause (15) shall not exceed the Net Cash Proceeds received by the Issuer or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate the issuance of Designated Preference Shares) of the Issuer or contributed as Subordinated Shareholder Funding to the Issuer, as applicable, from the issuance or sale of such Designated Preference Shares;

(16) dividends or other distributions of Capital Stock, Indebtedness or other securities of Unrestricted Subsidiaries;

(17) dividends or other distributions in amounts required for a direct or indirect parent of the Issuer to pay interest on Indebtedness the proceeds of which have been contributed to the Issuer or any of its Restricted Subsidiaries and that has been guaranteed by, or is otherwise

considered Indebtedness of, the Issuer or any of its Restricted Subsidiaries Incurred in accordance with the covenant described under "*—Limitation on Indebtedness*"; and

(18) so long as no Default or Event of Default has occurred and is continuing (or would result from), any dividend, distribution, loan or other payment to any Parent; *provided* that the Consolidated Leverage Ratio does not exceed 2.5 to 1.0 on a *pro forma* basis after giving effect to any such dividend, distribution, loan or other payment.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Issuer or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Issuer acting in good faith.

Limitation on Liens

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Issuer), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "Initial Lien"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture are directly secured (or indirectly secured through the Company Funding Loan and/or the Company Shareholder Loan) equally and ratably with, or prior to, in the case of Liens with respect to Subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes will be automatically and unconditionally released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*".

Limitation on restrictions on distributions from Restricted Subsidiaries

The Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Issuer or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Parent or any other Restricted Subsidiary;

(B) make any loans or advances to the Issuer or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Issuer or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Issuer or any Restricted Subsidiary to other Indebtedness Incurred by the Issuer or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Revolving Credit Facility) or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary, or on which such agreement or instrument is assumed by the Issuer or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Issuer or was merged, consolidated or otherwise combined with or into the Issuer or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company (as defined under "*—Merger and consolidation*"), any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Issuer or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in clause (1) or (2) of this paragraph or this clause (3) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in clause (1) or (2) of this paragraph or this clause (3); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer);

(4) any encumbrance or restriction:

    (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

    (b) contained in mortgages, charges, pledges or other security agreements permitted under the Indenture or securing Indebtedness of the Issuer or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, charges, pledges or other security agreements; or

    (c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Issuer or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired, or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the distribution or transfer of the assets or Capital Stock of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets

of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "*—Limitation on Indebtedness*" if the encumbrances and restrictions;

(12) contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders of the Notes than (i) the encumbrances and restrictions contained in the Revolving Credit Facility, together with the security documents associated therewith, and the Intercreditor Agreement, in each case, as in effect on the Issue Date or (ii) as is customary in comparable financings (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) or (b) constituting an Additional Intercreditor Agreement;

(13) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors or a member of Senior Management of the Issuer, are necessary or advisable to effect such Qualified Receivables Financing; or

(14) any encumbrance or restriction existing by reason of any lien permitted under "*—Limitation on Liens*".

Limitation on sales of assets and subsidiary stock

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Disposition unless:

(1) the consideration the Issuer or such Restricted Subsidiary receives for such Asset Disposition is not less than the fair market value of the assets sold (as determined by the Issuer's Board of Directors); and

(2) at least 75% of the consideration the Issuer or such Restricted Subsidiary receives in respect of such Asset Disposition consists of:

   (i) cash (including any Net Cash Proceeds received from the conversion within 180 days of such Asset Disposition of securities, notes or other obligations received in consideration of such Asset Disposition);

   (ii) Cash Equivalents;

   (iii) the assumption by the purchaser of (x) any liabilities recorded on the Issuer's or such Restricted Subsidiary's balance sheet or the notes thereto (or, if incurred since the date of the latest balance sheet, that would be recorded on the next balance sheet) (other than Subordinated Debt), as a result of which neither the Issuer nor any of the Restricted Subsidiaries remains obligated in respect of such liabilities or (y) Indebtedness of a Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such

Asset Disposition, if the Issuer and each other Restricted Subsidiary is released from any guarantee of such Indebtedness as a result of such Asset Disposition;

(iv) Replacement Assets;

(v) any Capital Stock or assets of the kind referred to in clause (4) or (6) in the third paragraph of this covenant;

(vi) consideration consisting of Indebtedness of the Issuer or any Guarantor received from Persons who are not the Issuer or any Restricted Subsidiary, but only to the extent that such Debt (i) has been extinguished by the Issuer or the applicable Guarantor and (ii) is not Subordinated Indebtedness of the Issuer or such Guarantor;

(vii) any Designated Non-Cash Consideration received by the Issuer or any Restricted Subsidiary, having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at any one time outstanding, not to exceed the greater of €10 million or 18% of Consolidated EBITDA (with the fair market value of each issue of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value); or

(viii) a combination of the consideration specified in clauses (i) through (vii) of this paragraph (2).

If the Issuer or any Restricted Subsidiary consummates an Asset Disposition, the Net Cash Proceeds of the Asset Disposition, within 365 days of the later of (i) the date of the consummation of such Asset Disposition and (ii) the receipt of such Net Cash Proceeds, may be used by the Issuer or such Restricted Subsidiary to:

(1) (i) prepay, repay, purchase or redeem any Indebtedness incurred under clause (1) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*" or any Refinancing Indebtedness in respect thereof; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (1), the Issuer or such Restricted Subsidiary will (except in the case of Indebtedness incurred pursuant to clause (1) of the second paragraph of the covenant described under "—*Limitation on Indebtedness*", retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid, purchase or redeemed; (ii) unless included in (1)(i), prepay, repay, purchase or redeem Notes or Indebtedness that is secured by a Lien on the Collateral that is not subordinated in right of payment to the Notes at a price of no more than 100% of the principal amount of the Notes or such applicable Indebtedness, plus accrued and unpaid interest to the date of such prepayment, repayment, purchase or redemption; or (iii) prepay, repay, purchase or redeem any Indebtedness of a Restricted Subsidiary of the Issuer that is not a Guarantor or any Indebtedness that is secured on assets which do not constitute Collateral (in each case other than Subordinated Indebtedness of the Issuer or a Guarantor or Indebtedness owed to the Issuer or any Restricted Subsidiary); *provided* that the Issuer shall prepay, repay, purchase or redeem Indebtedness (other than the Notes) pursuant to clause (ii) or (iii) only if the Issuer makes (at such time or in compliance with this covenant) an offer to Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum total aggregate principal amount of the Notes outstanding plus the total aggregate principal amount outstanding of such Indebtedness (other than the Notes);

(2) purchase Notes pursuant to an offer to all Holders of the Notes at a purchase price in cash equal to at least 100% of the principal amount thereof, plus accrued and unpaid interest

to, but not including, the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date);

(3) invest in any Replacement Assets;

(4) acquire all or substantially all of the assets of, or any Capital Stock of, another Similar Business, if, after giving effect to any such acquisition of Capital Stock, the Similar Business is or becomes a Restricted Subsidiary;

(5) make a capital expenditure;

(6) acquire other assets (other than Capital Stock and cash or Cash Equivalents) that are used or useful in a Similar Business;

(7) consummate any combination of the foregoing; or

(8) enter into a binding commitment to apply the Net Cash Proceeds pursuant to clause (1), (3), (4), (5) or (6) of this paragraph, *provided* that, a binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such investment is consummated, (y) the 180th day following the expiration of the aforementioned 365 day period, if the investment has not been consummated by that date,

provided, *however*, if the assets disposed of constitute Collateral or constitute all or substantially all of the assets of a Restricted Subsidiary whose Capital Stock has been pledged as Collateral, subject to the Agreed Security Principles, the Issuer shall pledge or shall cause the applicable Restricted Subsidiary to pledge any acquired Capital Stock or assets (to the extent such assets were of a category of assets included in the Collateral as of the Issue Date) referred to in this covenant in favor of the Notes on a first-ranking basis.

The amount of such Net Cash Proceeds not so used as set forth in this paragraph constitutes "Excess Proceeds". Pending the final application of any such Net Cash Proceeds, the Issuer may temporarily reduce revolving credit borrowings or otherwise invest such Net Cash Proceeds in any manner that is not prohibited by the terms of the Indenture.

On the 366th day after an Asset Disposition, if the aggregate amount of Excess Proceeds exceeds €15 million, the Issuer will be required within 10 Business Days thereof to make an offer ("Asset Disposition Offer") to all Holders and, to the extent the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuer that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than the currency in which the relevant Notes are denominated, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Issuer upon converting such portion of the Net Available Cash into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "Asset Disposition Offer Period"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Issuer will purchase the principal amount of Notes and, to the extent it elects, Pari Passu Indebtedness required to be purchased by it pursuant to this covenant (the "Asset Disposition Offer Amount") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Issuer will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this covenant. The Issuer or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Issuer for purchase, and the Issuer will promptly issue a new Note (or amend the applicable Global Note), and the Trustee (or an authenticating agent), upon delivery of an Officer's Certificate from the Issuer, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of €100,000. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Issuer to the Holder thereof.

The Issuer will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

Limitation on Affiliate Transactions

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any

Affiliate of the Issuer (any such transaction or series of related transactions being an "Affiliate Transaction") involving aggregate value in excess of €5.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Issuer or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €15.0 million, the terms of such transaction or series of related transactions have been approved by a resolution of the majority of the disinterested members of the Board of Directors of the Issuer resolving that such transaction complies with clause (1) above; and

(3) in the event such Affiliate Transaction involves an aggregate consideration in excess of €25.0 million, the Issuer has received a written opinion (a "Fairness Opinion") from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Issuer and its Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*", any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the fourth paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (8), (11) and (14) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Issuer, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Issuer, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Issuer and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries or any Receivables Subsidiary;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Issuer, any Restricted Subsidiary of the Issuer or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) (i) the Transactions, (ii) the entry into and performance of obligations of the Issuer or any of its Restricted Subsidiaries under the terms of any transaction pursuant to or contemplated by, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and

instruments may be amended, modified, supplemented, extended, renewed, replaced or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect, and (iii) the entry into and performance of any registration rights or other listing agreement;

(7) the execution, delivery and performance of any Tax Sharing Agreement or any arrangement pursuant to which the Issuer or any of its Restricted Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Issuer or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or an officer of the Issuer or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Issuer or any Restricted Subsidiary and any Affiliate of the Issuer or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Issuer or a Restricted Subsidiary or any Affiliate of the Issuer or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10)(a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Issuer or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, as applicable;

(11)(a) payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed €1.0 million per year and (b) customary payments by the Issuer or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with loans, capital market transactions, acquisitions or divestitures, which payments (or agreements providing for such payments) in respect of this clause (11) are approved by a majority of the Board of Directors in good faith;

(12) any transactions which the Issuer or a Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view;

(13) investments by any of the Investors in securities of the Issuer or any of the Issuer's Restricted Subsidiaries (and the payment of reasonable out of pocket expenses of the Investors in connection therewith) so long as (i) the investment complies with clause (1) of the preceding paragraph, (ii) the investment is being offered generally to other investors on the same or more favorable terms and (iii) the investment constitutes less than 5% of the proposed issue amount of such class of securities; and

(14) any transaction effected as part of a Qualified Receivables Financing.

Reports

So long as any Notes are outstanding, the Issuer will furnish to the Trustee the following reports:

(1) within 120 days after the end of the Issuer's fiscal year beginning with the fiscal year ended 31 December 2013, annual reports containing: (i) information substantially similar in scope to that included in the section entitled "*Management's discussion and analysis of financial condition and results of operations*" of the Offering Memorandum relating to the Initial Notes; (ii) *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); *provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials; (iii) the audited consolidated balance sheet of the Issuer as at the end of the most recent fiscal year and audited consolidated income statements and statements of cash flow of the Issuer for the most recent two fiscal years, including appropriate footnotes to such financial statements, for and as at the end of such fiscal years and the report of the independent auditors on the financial statements; (iv) a description of the business, management and shareholders of the Issuer, all material affiliate transactions and a description of all material debt instruments; (v) a description of material risk factors and material subsequent events; and (vi) Consolidated EBITDA; *provided* that the information described in clauses (iv), (v) and (vi) may be provided in the footnotes to the audited financial statements;

(2) within 60 days (or in the case of the first such report, 75 days) following the end of each of the first three fiscal quarters in each fiscal year of the Issuer, beginning with the quarter ended 30 June 2013, quarterly financial statements containing the following information: (i) the Issuer's unaudited condensed consolidated balance sheet as at the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year to date period ending on the unaudited condensed balance sheet date and the comparable prior period, together with condensed footnote disclosure; (ii) *pro forma* income statement and balance sheet information of the Issuer, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such quarterly report relates (*provided* that such *pro forma* financial information will be provided only to the extent available without unreasonable expense, in which case the Issuer will provide, in the case of a material acquisition, acquired company financials); (iii) an operating and financial review of the unaudited financial statements, including a discussion of the consolidated financial condition, results of operations, Consolidated EBITDA and material changes in liquidity and capital resources of the Issuer; (iv) a discussion of material changes in material debt instruments since the most recent report; and (v) material subsequent events and any material changes to the risk factors disclosed in the most recent annual report; *provided* that the information described in clauses (iv) and (v) may be provided in the footnotes to the unaudited financial statements; and

(3) promptly after the occurrence of a material event that the Issuer announces publicly or any acquisition, disposition or restructuring, merger or similar transaction that is material to the Issuer and the Restricted Subsidiaries, taken as a whole, or a senior executive officer or director changes at the Issuer or a change in auditors of the Issuer, a report containing a description of such event.

In addition, the Issuer shall furnish to the Holders and to prospective investors, upon the request of such parties, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act for so long as the Notes are not freely transferable under the Exchange Act by persons who are not "affiliates" under the Securities Act.

The Issuer shall also make available to Holders and prospective holders of the Notes copies of all reports furnished to the Trustee on the Issuer's website and if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market thereof and to the extent that the rules and regulations of the Luxembourg Stock Exchange so require, copies of such reports furnished to the Trustee will also be made available at the specified office of the listing agent in Luxembourg.

All financial statement information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented, except as may otherwise be described in such information; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in IFRS, present earlier periods on a basis that applied to such periods. No report need include separate financial statements for any Subsidiaries of the Issuer or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in the Offering Memorandum relating to the Initial Notes. In addition, the reports set forth above will not be required to contain any reconciliation to U.S. generally accepted accounting principles.

For purposes this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Issuer's (a) total revenue or Consolidated EBITDA for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee or (b) consolidated assets as of the last day of the most recent quarter for which annual or quarterly financial reports have been delivered to the Trustee.

At any time that any of the Issuer's subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or a group of Unrestricted Subsidiaries, taken as a whole, constitutes a Significant Subsidiary of the Issuer, then the quarterly and annual financial information required by the first paragraph of this "*—Reports*" covenant will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Issuer and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Issuer.

All reports provided pursuant to this "*—Reports*" covenant shall be made in the English language.

In the event that (i) the Issuer becomes subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, or elects to comply with such provisions, for so long as it continues to file the reports required by Section 13(a) with the SEC or (ii) the Issuer elects to provide to the Trustee reports which, if filed with the SEC, would satisfy (in the good faith judgment of the Issuer) the reporting requirements of Section 13(a) or 15(d) of the Exchange Act (other than the provision of U.S. GAAP information, certifications, exhibits or information as to internal controls and procedures), for so long as it elects, the Issuer will make available to the Trustee such annual reports, information, documents and other reports that the Issuer is, or would be, required to file with the SEC pursuant to such Section 13(a) or 15(d). Upon complying with the foregoing requirement, the Issuer will be deemed to have complied with the provisions contained in the preceding paragraphs.

Merger and consolidation

The Issuer

The Issuer will not consolidate with or merge with or into, or assign, convey, transfer, lease or otherwise dispose all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Company") will be a Person organized and existing under the laws of any member state of the European Union, or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Issuer) will expressly assume, (a) by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Issuer under the Notes and the Indenture and (b) all obligations of the Issuer under the Intercreditor Agreement and the Notes Security Documents, as applicable;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in form and substance reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

Any Indebtedness that becomes an obligation of the Issuer or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness*".

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Issuer, which properties and assets, if held by the Issuer instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Issuer on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this "*—Merger and consolidation*" covenant) shall not apply to (i) any transactions which constitute an Asset Disposition if the Issuer has complied with the covenant described under "*—Limitation on sales of assets and subsidiary stock*" or (ii) the creation of a new subsidiary as a Restricted Subsidiary of the Issuer.

The Guarantors

No Guarantor (other than a Guarantor whose guarantee is to be released in accordance with the terms of the Indenture or the Intercreditor Agreement) may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation);

(2) sell, assign, convey, transfer, lease or otherwise dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into it unless:

    (A) the other Person is the Issuer or any Restricted Subsidiary that is a Guarantor or becomes a Guarantor;

    (B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting , surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee and the Indenture (pursuant to a supplemental indenture executed and delivered in a form reasonably satisfactory to the Trustee); and (2) immediately after giving effect to the transaction, no Default or Event of Default shall have occurred and is continuing; or

    (C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of a Guarantor or the sale or disposition of all or substantially all the assets of a Guarantor (in each case other than to the Issuer or a Restricted Subsidiary) otherwise permitted by the Notes Indenture,

provided however, that the prohibition in clauses (1), (2) and (3) of this covenant shall not apply to the extent that compliance with clauses (A) and (B) (1) could give rise to or result in: (1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction (2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses.

The provisions set forth in this "*—Merger and consolidation*" covenant shall not restrict (and shall not apply to): (i) any Restricted Subsidiary that is not a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) any consolidation or merger of the Issuer into any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes, the Indenture, the Intercreditor, any Additional Intercreditor Agreement and the Notes Security Documents and clauses (1) and (4) under the heading "*The Issuer*" shall apply to such transaction; and (iv) the Issuer or any Guarantor consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, *however*, that clauses (1), (2) and (4) under the heading "*The Issuer*" or "*The Guarantors*", as the case may be, shall apply to any such transaction.

TeamSystem shall remain at all times a Wholly-Owned Subsidiary of the Issuer.

Suspension of covenants on achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (the "Reversion Date"), the provisions of the Indenture summarized under the following captions will not apply to the Notes:

(1) "*—Limitation on Restricted Payments*";

(2) "*—Limitation on Indebtedness*";

(3) "*—Limitation on restrictions on distributions from Restricted Subsidiaries*";

(4) "*—Limitation on Affiliate Transactions*";

(5) "*—Limitation on sales of assets and subsidiary stock*"; and

(6) the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and consolidation*",

and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Issuer and its Restricted Subsidiaries.

Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Issuer properly taken during the continuance of the Suspension Event, and no action taken prior to the Reversion Date will constitute a Default or Event of Default. The "*—Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of the Indenture but not during the continuance of the Suspension Event. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*". In addition, the Indenture also permits, without causing a Default or Event of Default, the Issuer or any of the Restricted Subsidiaries to honor any contractual commitments or take actions in the future after any date on which the Notes cease to have an Investment Grade Status as long as the contractual commitments were entered into during the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade Status. The Issuer shall notify the Trustee that the conditions set forth in the first paragraph under this caption has been satisfied, *provided* that, no such notification shall be a condition for the suspension of the covenants described under this caption to be effective. There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Impairment of Security Interest

The Issuer shall not, and shall not permit any Restricted Subsidiary to, take or knowingly or negligently omit to take any action that would have the result of materially impairing the Security Interest with respect to the Collateral (it being understood, subject to the proviso below, that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Security Interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Issuer shall not, and shall not permit any Restricted

Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Notes Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement, any interest whatsoever in any of the Collateral, except that (i) the Issuer and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged and released in accordance with the Indenture, the applicable Notes Security Documents or the Intercreditor Agreement or any Additional Intercreditor Agreement and (ii) the applicable Notes Security Documents may be amended from time to time to cure any ambiguity, mistake, omission, defect or inconsistency therein; *provided*, *however*, that in the case of clause (i) above, except with respect to any discharge or release in accordance with the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Incurrence of Permitted Collateral Liens or any action expressly permitted by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement, the Notes Security Documents may not be amended, extended, renewed, restated, supplemented, released or otherwise modified or replaced, unless contemporaneously with any such action, the Issuer delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee from an Independent Financial Advisor confirming the solvency of the Issuer and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, release, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the person granting such Security Interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the Notes Security Documents, so amended, extended, renewed, restated, supplemented, modified or replaced are valid Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement. In the event that the Issuer complies with the requirements of this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendments without the need for instructions from the Holders.

Additional Guarantees

Notwithstanding anything to the contrary in this covenant, no Restricted Subsidiary shall Guarantee the Indebtedness outstanding under the Revolving Credit Facility, any Credit Facility or any other Public Debt, in each case of the Issuer or a Guarantor unless such Restricted Subsidiary is or becomes a Guarantor on the date on which the Guarantee is incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee, which Guarantee will be senior to or pari passu with such Restricted Subsidiary's guarantee of such other Indebtedness; *provided*, *however*, that such Restricted Subsidiary shall not be obliged to become such a Guarantor to the extent and for so long as the Incurrence of such Guarantee is contrary to the Agreed Security Principles or could give rise to or result in:

(1) any breach or violation of statutory limitations, corporate benefit, financial assistance, fraudulent preference, thin capitalization rules, capital maintenance rules, guidance and coordination rules or the laws rules or regulations (or analogous restriction) of any applicable jurisdiction;

(2) any risk or liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); or

(3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses. At the option of the Issuer, any Guarantee may contain limitations on Guarantor liability to the extent reasonably necessary.

Future Guarantees granted pursuant to this provision shall be released as set forth under "*—Releases of Guarantees*". A Guarantee of a future Guarantor may also be released at the option of the Issuer if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor, or (ii) there is no Indebtedness of such Guarantor outstanding which was Incurred after the Issue Date and which could not have been Incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee and the Security Agent shall each take all necessary actions, including the granting of releases or waivers under the Intercreditor Agreement or any Additional Intercreditor Agreement, to effectuate any release of a Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

The validity and enforceability of the Notes Guarantees and the Security Interests and the liability of each Guarantor will be subject to the limitations as described and set out in "*Risk factors*".

Additional Intercreditor Agreements

The Indenture provides that, at the request of the Issuer, in connection with the Incurrence by the Issuer or its Restricted Subsidiaries of any Indebtedness permitted pursuant to the covenant described under "*—Limitation on Indebtedness*", the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized Representatives) an intercreditor agreement (an "Additional Intercreditor Agreement") or a restatement, amendment or other modification of the existing Intercreditor Agreement on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the Holders), including containing substantially the same terms with respect to release of Guarantees and priority and release of the Security Interest; *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, as applicable, adversely affect the rights, duties, liabilities or immunities of the Trustee or Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture also will provide that, at the direction of the Issuer and without the consent of Holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuer or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes, directly or indirectly, (6) implement any Permitted Collateral Liens, (7) amend the Intercreditor Agreement or any Additional Intercreditor Agreement in accordance with the terms thereof or (8) make any other change to any such agreement that does not adversely affect the Holders in any material respect. The Issuer shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the Holders of the majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under "*—Amendments and waivers*", and the Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or Security Agent or, in the opinion of the Trustee or Security Agent, adversely affect their respective rights, duties, liabilities or immunities under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Indenture also provides that, in relation to any Intercreditor Agreement or Additional Intercreditor Agreement, the Trustee (and Security Agent, if applicable) shall consent on behalf of the Holders to the payment, repayment, purchase, repurchase, defeasance, acquisition, retirement or redemption of any obligations subordinated to the Notes thereby; *provided*, *however*, that such transaction would comply with the covenant described under "*—Limitation on Restricted Payments*".

The Indenture also will provide that each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or any Additional Intercreditor Agreement, (whether then entered into or entered into in the future pursuant to the provisions described herein) and to have directed the Trustee and the Security Agent to enter into any such Additional Intercreditor Agreement. A copy of the Intercreditor Agreement or any Additional Intercreditor Agreement shall be made available for inspection during normal business hours on any Business Day upon prior written request at our offices or at the offices of the listing agent.

Events of Default

Each of the following is an "Event of Default" under the Indenture:

(1) default in any payment of interest on any Note issued under the Indenture when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Issuer or any of its Restricted Subsidiaries to comply for 60 days after notice by the Trustee or the Holders of at least 25% in principal amount of the outstanding Notes with its other agreements contained in the Indenture;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to the Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

   (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("payment default"); or

   (b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision"),

   and, in each case, either (i) the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €15.0 million or more or (ii) such Indebtedness is incurred pursuant to clause (1) or (6) of the second paragraph of the "*—Limitation on Indebtedness*" covenant secured by Collateral that is granted the benefit of super senior priority rights on the proceeds of enforcement of Collateral under the Intercreditor Agreement, and (A) the 15 day consultation period under the Intercreditor Agreement with respect to the enforcement of such Indebtedness has expired, (B) certain insolvency events have occurred or (C) the consultation period under the Intercreditor Agreement does not apply because the Senior Secured Creditors have determined in good faith that to enter into consultation could reasonably be expected to have a material adverse effect on the Security Agent's ability to enforce any of the Collateral or the realization of proceeds thereof and have instructed the Security Agent as to the enforcement of the Collateral;

(5) certain events of bankruptcy, insolvency or court protection of the Issuer, Titan 1, or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "bankruptcy provisions");

(6) failure by the Issuer or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuer and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €15.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "judgment default provision");

(7) any security interest under the Notes Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Notes Security Document, the Intercreditor Agreement, any Additional Intercreditor Agreement and the Indenture and except through the gross negligence or willful misconduct of the Trustee or Security Agent) with respect to Collateral having a fair market value in excess of €5.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release of any such security interest in accordance with the terms of the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Notes Security Documents or any such security interest created thereunder shall be declared invalid or unenforceable or the Issuer shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days; and

(8) any Guarantee of a Significant Subsidiary ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee and any such Default continues for 10 days.

However, a default under clauses (3), (4) or (6) above will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the outstanding Notes under the Indenture notify the Issuer of the default and, with respect to clauses (3), (4) and (6) the Issuer does not cure such default within the time specified in clauses (3), (4) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above) occurs and is continuing, the Trustee by notice to the Issuer or the Holders of at least 25% in principal amount of the outstanding Notes under the Indenture by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "—*Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Notes Security Documents except as provided in such Notes Security Documents and the Intercreditor Agreement or any Additional Intercreditor Agreement.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium, interest or Additional Amounts, if any) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Indenture provides that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification or security satisfactory to it in its sole discretion against all losses and expenses caused by taking or not taking such action. The Indenture provides that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Issuer, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Issuer. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee determines that withholding notice is in the interests of the Holders. The Issuer is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default or Event of Default that occurred during the previous year. The Issuer is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute certain Defaults, their status and what action the Issuer is taking or proposes to take in respect thereof.

The Indenture provides that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "Initial Default") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Indenture provides for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and waivers

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). However, without the consent of Holders holding not less than 75% of the then outstanding principal amount of the Notes affected, then outstanding, an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, waiver or modification;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described above under "*—Optional redemption*";

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any Holder to receive payment of principal of and interest or Additional Amounts, if any, on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes;

(7) make any change in the provision of the Indenture described under "*—Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from

any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Issuer agrees to pay Additional Amounts, if any, in respect thereof;

(8) release any security interests granted for the benefit of the Holders in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement, any applicable Additional Intercreditor Agreement or the Indenture;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration);

(10) release any Guarantor from any of its obligations under its Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor agreement;

(11) make any change or amendment to the Funding Loans that would adversely affect the Holders of the Notes in any material respect; or

(12) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence,

provided, *however*, that if such amendment or waiver described in clauses (2), (3) and (4) above only amends the rights of a series of Notes, only the consent of Holders of not less than 75% of the then outstanding principal amount of such series shall be required.

Notwithstanding the foregoing, without the consent of any Holder, the Issuer, the Trustee, the Security Agent and the other parties thereto, as applicable, may amend or supplement any Notes Documents to:

(1) cure any ambiguity, omission, defect, error or inconsistency;

(2) provide for the assumption by a successor Person of the obligations of the Issuer or any Restricted Subsidiary under any Notes Document;

(3) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuer or any Restricted Subsidiary;

(4) make any change that would provide additional rights or benefits to the Trustee or the Holders or that does not adversely affect the rights or benefits to the Trustee or any of the Holders in any material respect under the Notes Documents;

(5) make such provisions as necessary (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) for the issuance of Additional Notes;

(6) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under "*—Certain covenants—Limitation on Indebtedness*", to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Notes Security Documents) or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture, the Notes Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) to conform the text of the Indenture, the Notes Security Documents or the Notes to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Notes Security Documents or the Notes;

(8) to evidence and provide for the acceptance and appointment under the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Notes Document;

(9) in the case of the Notes Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders or parties to the Revolving Credit Facility, in any property which is required by the Notes Security Documents or the Revolving Credit Facility (as in effect on the Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest in the Collateral for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement and the covenant described under "*—Certain covenants—Impairment of Security Interest*" is complied with; or

(10)as provided in "*—Certain covenants—Additional Intercreditor Agreements*".

In formulating its decision on such matters, the Trustee shall be entitled to require and rely absolutely on such evidence as it deems necessary, including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules of such exchange so require, the Issuer will publish notice of any amendment, supplement and waiver in Luxembourg in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxembourg Wort*). Such notice of any amendment, supplement and waiver may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Acts by Holders

In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, the Notes owned by the Issuer or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Issuer will be disregarded and deemed not to be outstanding.

Meeting of Holders of Notes

Without prejudice to the provisions described above under the caption "*—Amendments and waivers*", in accordance with the provisions set forth under the Italian Civil Code, the Indenture includes provisions for the convening of meetings of the Holders of the Notes to consider any matter affecting their interests, including, without limitation, the modification or abrogation by extraordinary resolution of any provisions of the Notes or the Indenture. A meeting may be convened by the directors of the Issuer and/or the Noteholders' Representative (as defined below under the caption "*—Noteholders' Representative*") and shall be convened upon request by holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

In accordance with the Italian Civil Code, the vote required to pass a resolution by a meeting of the Holders of Notes will be (i) in the case of the first meeting, one or more persons that hold or represent Holders of more than one half of the aggregate principal amount of the outstanding Notes, and (ii) in the case of the second and any further adjourned meeting, one or more persons that hold or represent Holders of at least two-thirds of the aggregate principal amount of the Notes so present or represented at such meeting that will be validly held if there are one or more persons present that hold or represent Holders of more than one third of the aggregate principal amount of the outstanding Notes; *provided, however*, that (a) the Issuer's bylaws may provide for a higher quorum (to the extent permitted under Italian law) and (b) certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by an extraordinary resolution passed at a meeting of Holders of the Notes (including any adjourned meeting) by one or more persons present that hold or represent holders of not less than one-half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the second paragraph under "*—Amendments and waivers*", and to the extent permitted under Italian law, the Indenture contractually increases the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass an extraordinary resolution with respect to such matters from 50% to 75%. See "*Risk factors—Risks related to the Notes and our capital structure—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all noteholders with the vote of either 75% or 50% of the outstanding Notes*". Any extraordinary resolution duly passed at any such meeting shall be binding on all the holders of the Notes, whether or not such holder was present at such meeting or voted to approve such extraordinary resolution.

Noteholders' Representative

A representative of the Holders of the Notes (*rappresentante comune*) (the "Noteholders' Representative") may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the Noteholders in order to represent the interests of the holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of the holders of the Notes. Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the Holders of the Notes of the initial appointment as of the Issue Date of the Trustee as the Noteholders' Representative. If the Noteholders' Representative is not appointed by a meeting of the Holders of the Notes, the Noteholders' Representative shall be appointed by a decree of the Court where the Issuer has its registered office upon request by one or more holders of the Notes and/or upon request by the directors of the Issuer. The Noteholders' Representative remains appointed for a maximum period of three years but may be reappointed again thereafter.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer under the Notes and the Indenture ("legal defeasance") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Issuer exercises its legal defeasance option, the Security Documents and the rights of the Trustee and the Holders under the Intercreditor Agreement or any Additional Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Issuer at any time may terminate its obligations under the covenants described under "*—Certain covenants*" (other than clauses (1) and (2) of "*—Certain covenants—Merger and consolidation*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Issuer and Significant Subsidiaries, the judgment default provision, the guarantee provision and the security default provision described under "*—Events of Default*" above ("covenant defeasance").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to such Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3) (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain covenants—Merger and consolidation*"), (3), (4), (5) (with respect only to the Issuer and Significant Subsidiaries), (6), (7) or (8) under "*—Events of Default*" above.

In order to exercise either defeasance option, the Issuer must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or another entity designated by the Trustee for this purpose) cash in euros or euro-denominated European Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders of the relevant Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law);

(2) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer;

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(4) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(5) the Issuer delivers to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

Satisfaction and discharge

The Indenture, and the rights of the Trustee and the Holders under the Intercreditor Agreement and any Additional Intercreditor Agreement and the Notes Security Documents will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Principal Paying Agent for cancellation; or (b) all Notes not previously delivered to the Principal Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Principal Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated by the Trustee for this purpose), money or euro-denominated European Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Principal Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; and (4) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*Satisfaction and discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No personal liability of directors, officers, employees and shareholders

No director, officer, employee, incorporator or shareholder of the Issuer or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer under the Notes Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and certain agents

The Law Debenture Trust Corporation p.l.c. has been appointed as Trustee under the Indenture. The Indenture provides that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture imposes certain limitations on the rights of the Trustee, should it become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer and its Affiliates and Subsidiaries.

The Indenture sets out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than 6 months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture contains provisions for the indemnification of the Trustee for any loss, liability, taxes expenses incurred without gross negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

For so long as any of the Notes are listed on the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, notices with respect to the Notes of the Issuer will be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxembourg Wort*) or if, in the opinion of the Issuer such publication is not practicable, in an English language newspaper having general circulation in Europe. In addition, for so long as any Notes are represented by Global Notes, all notices to Holders of the Notes will be delivered by or on behalf of the Issuer to Euroclear and Clearstream. Such notices may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Issuer for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency indemnity and calculation of euro-denominated restrictions

The euro is the sole currency of account and payment for all sums payable by the Issuer and the Guarantors, if any, under or in connection with the Notes and the Guarantees, if any, including damages. Any amount received or recovered in a currency other than euro, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Issuer or a Guarantor will only constitute a discharge to the Issuer or such Guarantor, as applicable, to the extent of the euro amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Issuer and the Guarantors, if any, will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuer and the Guarantors, if any, will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuer (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any Guarantee, or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF market and application will be made to list the Notes on the ExtraMot, Professional Segment of Borsa Italiana. There can be no assurance that the application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes on the Euro MTF and to list the Notes on the ExtraMot, Pro of Borsa Italiana will be approved and settlement of the Notes is not conditioned on obtaining such listing.

Enforceability of judgments

Since substantially all the assets of the Issuer are located outside the United States, any judgment obtained in the United States against the Issuer, including judgments with respect to the payment of principal, premium, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Consent to jurisdiction and service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Issuer has in the Indenture irrevocably submitted to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing law

The Indenture and the Notes, and the rights and duties of the parties thereunder are governed by and shall be construed in accordance with the laws of the State of New York. The Intercreditor Agreement and the rights and duties of the parties thereunder are governed by and shall be construed in accordance with the laws of England and Wales.

Certain definitions

"*24 Ore Software Acquisition*" means the acquisition of 24 Ore Software S.p.A. by TeamSystem pursuant to the 24 Ore Software Acquisition Agreement.

"*24 Ore Software Acquisition Agreement*" means the sale and purchase agreement, dated as of 15 April 2014, by and among Il Sole 24 Ore S.p.A. and TeamSystem, as it may be amended from time to time.

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Issuer or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Issuer or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Additional Funding Loan*" means any loan made by the Issuer to a Restricted Subsidiary with the proceeds of Indebtedness incurred by the Issuer in accordance with the Indenture.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Agreed Securities Principles*" means the agreed security principles appended to the Revolving Credit Facility, as of the Issue Date, as applied *mutatis mutandis* with respect to the Notes in good faith by the Issuer.

"*Applicable Premium*" means, with respect to any Note the greater of:

(a) 1% of the principal amount of such Note and

(b) the excess (to the extent positive) of:

  (A) the present value at such redemption date of (1) the redemption price of such Note at 15 May 2016 (such redemption price (expressed in percentage of principal amount) being set forth in the table under the first paragraph described under "*—Optional redemption*" (excluding accrued and unpaid interest)), plus (2) all required interest payments due on such Note to and including 15 May 2016 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

  (B) the outstanding principal amount of such Note, and

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer shall designate.

For the avoidance of doubt, calculation of Applicable Premium shall not be an obligation or duty of the Trustee or any Paying Agent.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Issuer or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Issuer or by the Issuer or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory, trading stock, security equipment or other equipment or assets in the ordinary course of business;

(4) a disposition of obsolete, damaged, retired, surplus or worn out equipment or assets or equipment, facilities or other assets that are no longer useful in the conduct of the business of the Issuer and its Restricted Subsidiaries and any transfer, termination, unwinding or other disposition of hedging instruments or arrangements not for speculative purposes;

(5) transactions permitted under "*—Certain covenants—Merger and consolidation*" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors or the issuance of directors' qualifying shares and shares issued to individuals as required by applicable law;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) of less than €5.0 million or, if greater, 0.8% of Total Assets;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of the second paragraph of the covenant described under "*—Certain covenants—Limitation on sales of assets and subsidiary stock*", asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) the granting of Liens not prohibited by the covenant described above under the caption "*—Certain covenants—Limitation on Liens*";

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements or any sale of assets received by the Issuer or a Restricted Subsidiary upon the foreclosure of a Lien granted in favor of the Issuer or any Restricted Subsidiary;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation, taking by eminent domain or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) for the purposes of the first paragraph of the covenant described under "*—Certain covenants—Limitation on sales of assets and subsidiary stock*" only, sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business;

(15) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(16) any issuance, sale or disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(17) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Issuer or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(18) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(19) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Issuer or any Restricted Subsidiary to such Person; *provided*, *however*, that the Board of Directors shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Issuer and its Restricted Subsidiaries (considered as a whole); *provided further* that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (18), does not exceed €5 million;

(20) an issuance of Capital Stock by a Restricted Subsidiary to the Issuer or to another Restricted Subsidiary, an issuance or sale of by a Restricted Subsidiary of Preferred Stock or Redeemable Capital Stock that is permitted by the covenant described above under "*—Certain covenants—Limitation on Indebtedness*" or an issuance of Capital Stock by the Issuer pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(21) sales, transfers or other dispositions of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between the joint venture parties set forth in joint venture arrangements and similar binding agreements; *provided* that any cash or Cash Equivalents received in such sale, transfer or disposition is applied in accordance with the "*—Certain covenants—Limitation on sales of assets and subsidiary stock*" covenant; and

(22) any disposition with respect to property built, owned or otherwise acquired by the Issuer or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture.

"*Associate*" means (i) any Person engaged in a Similar Business of which the Issuer or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Issuer or any Restricted Subsidiary of the Issuer.

"Bain" means Bain Capital, Ltd., Bain Capital Partners LLC and any funds or limited partners or companies managed or advised by any of them or their respective affiliates.

"*Board of Directors*" means (1) with respect to the Issuer or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision of the Indenture requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Bund Rate*" as selected by the Issuer, means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (Bunds or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected in good faith by the Board of Directors or a member of Senior Management of the Issuer) most nearly equal to the period from the redemption date to 15 May 2016; *provided, however*, that if the period from the redemption date to 15 May 2016 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to 15 May 2016 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Milan, Italy or London, United Kingdom are authorized or required by law to close.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of IFRS (as in effect on the Issue Date for purposes of determining whether a lease is a capitalized lease). The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalized on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Revolving Credit Facility or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named

Rating Agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any member of the European Union, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB−" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "Asset Disposition", the marketable securities portfolio owned by the Issuer and its Subsidiaries on the Issue Date.

"*Change of Control*" means the occurrence of any of the following:

(1) the Issuer becoming aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Issuer, *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Issuer becoming a Subsidiary of a Successor Parent; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Issuer and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders,

provided that, in each case, a Change of Control shall not be deemed to have occurred if such a Change of Control is also a Specified Change of Control Event.

"*Clearstream*" means Clearstream Banking, *société anonyme,* as currently in effect or any successor securities clearing agency.

"*Commodity Hedging Agreements*" means, in respect of a Person, any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Company Funding Loan*" means the loan from the Issuer to TeamSystem of proceeds of the Initial Notes.

"*Company Shareholder Loan*" means the Shareholder Loan from the Issuer to TeamSystem outstanding on the Issue Date.

"*Consolidated Adjusted Leverage Ratio*" means, as of any date of determination, the Consolidated Leverage Ratio, calculated as though Indebtedness of the Issuer and its Restricted Subsidiaries were reduced by an amount equal to the cash and Cash Equivalents held by the Issuer and its Restricted Subsidiaries as of such date of determination but not exceeding 0.5x of pro forma Consolidated EBITDA.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization or impairment expense or provisions for bad debt;

(5) any expenses, charges or other costs related to any issuance of Capital Stock, listing of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (whether or not successful) (including any such fees, expenses or charges related to the Transactions (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period or any prior period or any net earnings, income or share of profit of any Associates, associated company or undertaking;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "*—Certain covenants—Limitation on Affiliate Transactions*";

(8) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges expected to be paid in any future period) or other items classified by the Issuer as special, extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash expected to be paid in any future period);

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income;

(10) payments received or that become receivable with respect to, expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; and

(11) any Receivables Fees and discounts on the sale of accounts receivables in connection with any Qualified Receivables Financing representing, in the Issuer's reasonable determination, the implied interest component of such discount for such period.

"*Consolidated Financial Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries related to Indebtedness (except Indebtedness specified under clause (3) of the definition thereof), but not including any pension liability interest cost, amortization of debt issuance cost, and premium, commissions, discounts and other fees and charges owed or paid with respect to financings, or costs associated with Hedging Obligations.

"*Consolidated Income Taxes*" means taxes or other payments, including deferred Taxes, based on income, profits or capital of any of the Issuer and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any governmental authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Issuer and its Restricted Subsidiaries, whether paid or accrued, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of original issue discount (but not including deferred financing fees, debt issuance costs, commissions, fees and expenses);

(3) non-cash interest expense;

(4) commissions, discounts and other fees and charges owed with respect to financings not included in clause (2) above;

(5) costs associated with Hedging Obligations (excluding amortization of fees or any non-cash interest expense attributable to the movement in mark-to-market valuation of such obligations);

(6) the product of (a) all dividends or other distributions in respect of all Disqualified Stock of the Issuer and all Preferred Stock of any Restricted Subsidiary, to the extent held by Persons other than the Issuer or a subsidiary of the Issuer, multiplied by (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Issuer;

(7) the consolidated interest expense that was capitalized during such period; and

(8) interest actually paid by the Issuer or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person,

minus (i) accretion or accrual of discounted liabilities other than Indebtedness, (ii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (iii) interest with respect to Indebtedness of any Holding Company of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under IFRS and (iv) any Additional Amounts with respect to the Notes included in interest expense under IFRS.

"*Consolidated Leverage*" means the sum of the aggregate outstanding Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations).

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available. In the event that the Issuer or any of its Restricted Subsidiaries Incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness subsequent to the commencement of the period for which the Consolidated Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (the "Calculation Date"), then the Consolidated Leverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such Incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable reference period; *provided*, *however*, that the *pro forma* calculation shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under "*—Certain covenants—Limitation on Indebtedness*" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under "*—Certain covenants—Limitation on Indebtedness*".

In addition, for purposes of calculating the Consolidated Leverage Ratio:

(1) acquisitions and Investments that have been made by the Issuer or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the Issuer or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date or thereafter as part of a transaction to which the incurrence of Indebtedness relates, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated synergies and expense and cost reductions) as if they had occurred on the first day of the reference period;

(2) the Consolidated EBITDA (whether positive or negative) attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period;

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with IFRS, and operations, businesses or group of assets constituting a business or operating unit (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded on a *pro forma* basis as if such disposition occurred on the first day of such period, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the Issuer or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such reference period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such reference period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness, and if any Indebtedness is not denominated in the Issuer's functional currency, that Indebtedness for purposes of the calculation of Consolidated Leverage shall be treated in accordance with IFRS.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Issuer and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain covenants—Limitation on Restricted Payments*", any net income (loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions on the payment of dividends or the making of distributions by such Restricted Subsidiary to the Issuer by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, (c) contractual restrictions in effect on the Issue Date with respect to a Restricted Subsidiary (including pursuant to the Revolving Credit Facility and the Intercreditor Agreement), and other restrictions with respect to such Restricted Subsidiary that, taken as a whole, are not materially less favorable to the Holders than such restrictions in effect on the Issue Date, and (d) restrictions not prohibited by the covenant described under "*—Certain covenants—Limitation on restrictions on distributions from Restricted Subsidiaries*", except that the Issuer's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Issuer or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Issuer or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Issuer);

(4) any extraordinary, one-off, non-recurring, exceptional or unusual gain, loss, expense or charge, including any charges or reserves in respect of any restructuring, redundancy, relocation, refinancing, integration or severance or other post-employment arrangements, signing, retention or completion bonuses, transaction costs (including costs related to the Transactions or any investments), acquisition costs, business optimization, system establishment, software or information technology implementation or development, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events);

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards, any non-cash deemed finance charges in respect of any pension liabilities or other provisions, any non-cash net after tax gains or losses attributable to the termination or modification of any employee pension benefit plan and any charge or expense relating to any payment made to holders of equity based securities

or rights in respect of any dividend sharing provisions of such securities or rights to the extent such payment was made pursuant to the covenant described under "*—Certain covenants—Limitation on Restricted Payments*";

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or other financial instruments or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Transactions or any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Issuer or its Subsidiaries;

(12) any goodwill or other intangible asset impairment charge or write-off or write-down; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Senior Secured Leverage*" means the sum of the aggregate outstanding Senior Secured Indebtedness of the Issuer and its Restricted Subsidiaries (excluding Hedging Obligations).

"*Consolidated Senior Secured Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Senior Secured Leverage at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the four most recent fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available, in each case calculated with such *pro forma* and other adjustments as are consistent with the *pro forma* provisions set forth in the definition of Consolidated Leverage Ratio.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

   (a) for the purchase or payment of any such primary obligation; or

   (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Issuer or any of its Subsidiaries, one or more debt facilities, arrangements, instruments or indentures (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, institutions or investors providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), notes, letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks, institutions or investors and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) of non-cash consideration received by the Issuer or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain covenants—Limitation on sales of assets and subsidiary stock*".

"*Designated Preference Shares*" means, with respect to the Issuer or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Issuer or a Subsidiary of the Issuer or an employee stock ownership plan or trust established by the Issuer or any such Subsidiary for the benefit of their employees to the extent funded by the Issuer or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Issuer at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Restricted Payments*".

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, in each case on or prior to the date that is 90 days after the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Disposition will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "*—Certain covenants—Limitation on Restricted Payments*". For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined as set forth herein. Only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

"*Equity Offering*" means (x) a sale of Capital Stock of the Issuer (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions), or (y) the sale of Capital Stock or other securities by any Person, in each case, the proceeds of which are contributed as Subordinated Shareholder Funding or to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Issuer or any of its Restricted Subsidiaries.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Issuer or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the "Currency Rates" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Board of Directors or a member of Senior Management of the Issuer) on the date of such determination.

"*Euroclear*" means Euroclear Bank SA/NV or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of any country that is a member of the European Monetary Union on the date of the Indenture, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Issuer as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Issuer after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Issuer or any Subsidiary of the Issuer for the benefit of its employees to the extent funded by the Issuer or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding of the Issuer, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Issuer.

"*fair market value*" wherever such term is used in this "*Description of the Notes*" or the Indenture (except in relation to an enforcement action pursuant to the Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), may be conclusively established by means of an Officer's Certificate or a resolution of the Board of Directors of the Issuer setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fixed Charge Coverage Ratio*" means, as of any date of determination, the ratio of (x) the aggregate amount of Consolidated EBITDA of such Person for the period of the four most recent fiscal quarters prior to the date of such determination for which internal consolidated financial statements are available to (y) the Fixed Charges of such Person for such four fiscal quarters.

In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases, retires, extinguishes or otherwise discharges any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated synergies and expense and cost reductions, to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance, retirement, extinguishment or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph of the covenant described above under "*—Certain covenants—Limitation on Indebtedness*" (other than for the purposes of the calculation of the Fixed Charge Coverage Ratio under clause (5) thereunder) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph of the covenant described above under "*—Certain covenants—Limitation on Indebtedness*".

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions or Investments that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, or thereafter as part of a transaction to which the incurrence of Indebtedness relates, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of such Person), including in respect of anticipated expense and cost reductions and synergies, as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period;

(6) if any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and

(7) Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Issuer to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with IFRS.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the Consolidated Financial Interest Expense of such Person for such period; plus

(2) all dividends, whether paid or accrued and whether or not in cash, on or in respect of all Disqualified Stock of the Issuer or any series of Preferred Stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Issuer or a Restricted Subsidiary.

"*Funding Loan*" means the loan from the Issuer to TeamSystem of proceeds of the Initial Notes.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part),

provided, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means any Restricted Subsidiary that Guarantees the Notes.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"*HgCapital*" means Hg Capital LLP or limited partnerships or investors acting through their manager Hg Pooled Management Limited.

"*Holder*" means each Person in whose name the Notes are registered on the Registrar's books, which shall initially be the respective nominee of Euroclear or Clearstream, as applicable.

"*Holding Company*" means, in relation to any Person, any other Person in respect of which it is a Subsidiary.

"*IFRS*" means International Financial Reporting Standards (formerly International Accounting Standards) ("IFRS") endorsed from time to time by the European Union or any variation thereof with which the Issuer or its Restricted Subsidiaries are, or may be, required to comply. Except as otherwise set forth in the Indenture, all ratios and calculations based on IFRS contained in the Indenture shall be computed in accordance with IFRS as in effect on the Issue Date.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person owing in respect of letters of credit, bankers' acceptances or other similar instruments (except to the extent such reimbursement obligations relate to trade payables or other obligations not constituting Indebtedness and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such

obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include (i) Subordinated Shareholder Funding, (ii) any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, (iii) prepayments of deposits received from clients or customers in the ordinary course of business or (iv) obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(1) Contingent Obligations Incurred in the ordinary course of business, obligations under earnout or put or call rights, obligations under or in respect of Qualified Receivables Financings and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(2) in connection with the purchase by the Issuer or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or

(3) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Issuer.

"*Initial Investors*" means any funds or limited partnerships managed or advised by HgCapital or Bain or any of their respective Affiliates or direct or indirect Subsidiaries or any trust, fund, company or partnership owned, managed or advised by either of them or any of their respective Affiliates or direct or indirect Subsidiaries or any entity controlled by all or substantially all of the managing directors of such fund or HgCapital or Bain from time to time.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Issuer or any Parent or any successor of the Issuer or any Parent (the "IPO Entity") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Intercreditor Agreement*" means the Intercreditor Agreement dated 7 May 2013, by and among, *inter alios*, the Issuer, UniCredit Bank AG, Milan Branch, as senior agent and the

Security Agent and The Law Debenture Trust Corporation p.l.c. as Trustee, as amended from time to time.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet (excluding any notes thereto) prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Issuer or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Issuer or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment equal to the fair market value of the Capital Stock of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "*—Certain covenants—Limitation on Restricted Payments*".

For purposes of "*—Certain covenants—Limitation on Restricted Payments*":

(1) "Investment" will include the portion (proportionate to the Issuer's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Issuer at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Issuer's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, Switzerland or Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "BBB−" or higher from S&P or "Baa3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally

Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Issuer and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when all of the Notes receive both of the following:

(1) a rating of "BBB−" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means 7 May 2013.

"*Issuer*" means TeamSystem Holding S.p.A.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Issuer or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Issuer, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) (in the case of this clause (3)) not exceeding €1.0 million in the aggregate outstanding at any time.

"*Management Investors*" means the officers, directors, employees and other members of the management of or consultants to any Parent, the Issuer or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer, any Restricted Subsidiary or any Parent.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Rule 436 under the Securities Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any Tax Sharing Agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Disposition, or by applicable law, be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Issuer or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Issuer or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds",* with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any Tax Sharing Agreements).

"*Offering Memorandum relating to the Initial Notes*" means the offering memorandum dated 18 April 2013, relating to the Initial Notes.

"*Officer*" means, with respect to any Person, (1) any member of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Issuer or its Subsidiaries.

"*Parent*" means any Person of which the Issuer at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Issuer or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Issuer and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Issuer and its Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Issuer or any of its Restricted Subsidiaries, and (b) costs and expenses with respect to the ownership, directly or indirectly, by any Parent, (c) any taxes and other fees and expenses required to maintain such Parent's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent and (d) to reimburse reasonable out of pocket expenses of the Board of Directors of such Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Issuer and its Subsidiaries or any Parent or any other Person established for purposes of or in connection with the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Issuer, in an amount not to exceed €500,000 in any fiscal year;

(7) any income taxes, to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries provided, however, that the amount of such payments in any fiscal year do not exceed the amount that the Issuer and its consolidated Subsidiaries would be required to pay in respect of such taxes for such fiscal year were the Issuer and each of these Subsidiaries to pay such taxes on a consolidated basis on behalf of an affiliated group consisting only of the Issuer and such Subsidiaries; and

(8) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness:

   (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Issuer or a Restricted Subsidiary;

   (b) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

   (c) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Issuer or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer or any Guarantor which does not constitute Subordinated Indebtedness.

"*Paying Agent*" means any Person authorized by the Issuer to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuer.

"*Permitted Collateral Liens*" means Liens on the Collateral:

(a) that are described in clauses (1), (2), (3), (4), (5), (6), (8), (9), (10), (11), (12), (17), (18), (19), (20), (23), (24) or (26) of the definition of "Permitted Liens" which share in the security provided over the Collateral;

(b) to secure:

(i) the Notes (including any Additional Notes);

(ii) Indebtedness permitted to be Incurred under the first paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*";

(iii) Indebtedness described under clause (1) of "*—Certain covenants—Limitation on Indebtedness—Permitted Debt*", to the extent incurred by the Issuer or a Guarantor, which Indebtedness may have super seniority priority status not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

(iv) Indebtedness described under clause (2) of "*—Certain covenants—Limitation on Indebtedness—Permitted Debt*", to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens;

(v) Indebtedness described under paragraphs (b), (e) and (f) of clause (4) of "*—Certain covenants—Limitation on Indebtedness—Permitted Debt*", and Indebtedness secured on a basis junior to the Notes consistently with the Intercreditor Agreement;

(vi) Indebtedness described under clause (6) of "*—Certain covenants—Limitation on Indebtedness—Permitted Debt*" in respect of Interest Rate Agreements to the extent such agreements relate to the Notes, Additional Notes and any other Indebtedness in the form of bonds or notes that is permitted to be incurred under the covenant described under "*—Certain covenants—Limitation on Indebtedness*", which Indebtedness may have super senior priority status not materially less favorable to the Holders than that accorded to the Revolving Credit Facility on the Issue Date pursuant to the Intercreditor Agreement;

(vii) Indebtedness described under clauses (5)(i), 5(ii) (*provided* that *pro forma* for the relevant transaction, the Consolidated Secured Leverage Ratio either does not exceed 5.00:1 or is not greater than immediately prior to such transaction), (7) (other than with respect to Capitalized Lease Obligations), (11) or (12) of "*—Certain covenants—Limitation on Indebtedness—Permitted Debt*"; and

(viii) any Refinancing Indebtedness in respect of Indebtedness referred to in the foregoing clauses (i) to (vii).

"*Permitted Holders*" means, collectively, (1) the Initial Investors, (2) any Related Person of any Persons specified in clause (1), (3) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Issuer, acting in such capacity and (4) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing (including any Persons mentioned in the following sentence) are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, the Initial

Investors and such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50% of the total voting power of the voting Stock of the Issuer or any of its direct or indirect parent companies held by such group. Any person or group whose acquisition of beneficial ownership constitutes (1) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (2) a Change of Control which is also a Specified Change of Control Event, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Issuer or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Issuer or (b) a Person (including the Capital Stock of any such Person) and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Issuer or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Issuer or any Restricted Subsidiary created or acquired in the ordinary course of business, including Investment in connection with any Qualified Receivables Financing;

(5) Investments in payroll, travel, relocation, entertainment and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances and any advances or loans not to exceed €1.0 million at any one time outstanding to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust or the trustees of any such plan or trust to pay for the purchase or other acquisition for value of Capital Stock (other than Disqualified Stock) of the Issuer or a Parent of the Issuer;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Issuer or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition, in each case, that was made in compliance with "*—Certain covenants—Limitation on sales of assets and subsidiary st*ock";

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date, and any extension, modification or renewal of any such Investment; provided that the amount of the Investment may be increased (i) as required by the terms of the Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain covenants—Limitation on Indebtedness*";

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment (net of any distributions, dividends, payments or other returns in respect of such Investments)

not to exceed the greater of 28% of Consolidated EBITDA and €15 million; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain covenants—Limitation on Restricted Payments*", such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain covenants—Limitation on Liens*";

(13) any Investment to the extent made using Capital Stock of the Issuer (other than Disqualified Stock), Subordinated Shareholder Funding or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (8), (9) and (12) of that paragraph);

(15) Guarantees not prohibited by the covenant described under "*—Certain covenants—Limitation on Indebtedness*" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business; and

(16) Investments in loans under the Revolving Credit Facility, the Notes and any Additional Notes.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property pursuant to a "*privilegio speciale*" (or similar successor principles under Italian law providing for floating charges over moveable assets) securing Indebtedness under clauses (1) or (11) under the definition of "*—Certain covenants—Limitation on Indebtedness—Permitted Debt*";

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmens' and repairmen's or other similar Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money)

issued pursuant to the request of and for the account of the Issuer or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Issuer and its Restricted Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Issuer and its Restricted Subsidiaries;

(7) Liens on assets or property of the Issuer or any Restricted Subsidiary (other than Collateral) securing Hedging Obligations permitted under the Indenture relating to Indebtedness permitted to be Incurred under the Indenture and which is secured by a Lien on the same assets or property that secures such Indebtedness;

(8) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Issuer or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under clause (7) of the covenant described above under "*—Certain covenants—Limitation on Indebtedness*" and (b) any such Lien may not extend to any assets or property of the Issuer or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Issuer and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on, or provided for or required to be granted under written agreements existing on, the Issue Date after giving *pro forma* effect to the use of the proceeds of the Notes as described in the Offering Memorandum relating to the Initial Notes (including any Lien securing the Funding Loan);

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Issuer or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Issuer or any Restricted Subsidiary); *provided*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Issuer or any Restricted Subsidiary securing Indebtedness or other obligations of such Restricted Subsidiary owing to the Issuer or another Restricted Subsidiary, or Liens in favor of the Issuer or any Restricted Subsidiary;

(16) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interest, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Issuer or any Restricted Subsidiary of the Issuer has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of, or assets owned by, any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(22) Liens on rights under any Additional Funding Loan that are assigned to the third party creditors of the Indebtedness incurred by the Issuer to finance such Additional Funding Loan and incurred in accordance with clause (4) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*";

(23) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(24) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(25) Liens securing Indebtedness or other obligations of a Receivables Subsidiary;

(26) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(27) (a) Liens created for the benefit of or to secure, directly or indirectly, the Notes, (b) Liens pursuant to the Intercreditor Agreement and the senior security documents entered into pursuant to the Revolving Credit Facility and (c) Liens in respect of property and assets securing Indebtedness if the recovery in respect of such Liens is subject to loss-sharing as among the Holders of the Notes and the creditors of such Indebtedness pursuant to the Intercreditor Agreement or an Additional Intercreditor Agreement; and

(28) Liens provided that the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (28) does not exceed €7.5 million.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*", as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Public Debt*" means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €100 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors or a member of Senior Management of the Issuer shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Issuer and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Board of Directors or a member of Senior Management of the Issuer) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Issuer or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Rating Agencies*" means Moody's and S&P or, in the event Moody's or S&P no longer assigns a rating to the Notes, any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Issuer as a replacement agency.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another Person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined on the basis of IFRS.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Issuer or any of its Subsidiaries pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Issuer or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Issuer or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Issuer or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly-Owned Subsidiary of the Issuer (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Issuer in which the Issuer or any Subsidiary of the Issuer makes an Investment and to which the Issuer or any Subsidiary of the Issuer transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Issuer and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Issuer (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Issuer or any other Restricted Subsidiary of the Issuer (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Issuer or any other Restricted Subsidiary of the Issuer, (iii) is recourse to or obligates the Issuer or any other Restricted Subsidiary of the Issuer in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Issuer or any other Restricted Subsidiary of the Issuer, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any contract, agreement, arrangement or understanding other than on terms which the Issuer reasonably believes to be no less favorable to the Issuer or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Issuer; and

(3) to which neither the Issuer nor any other Restricted Subsidiary of the Issuer has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "refinances", "refinanced" and "refinancing" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Issuer that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Issuer or another Restricted Subsidiary, but not Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Issuer or a Guarantor) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final stated maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final stated maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith);

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced; and

provided, *however*, that Refinancing Indebtedness shall not include Indebtedness of the Issuer or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" with respect to any Permitted Holder, means:

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

(a) being incorporated or otherwise being established or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Issuer or any of the Issuer's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Issuer or any of the Issuer's Subsidiaries; or

(e) having made any payment with respect to any of the items for which the Issuer is permitted to make payments to any Parent pursuant to "*—Certain covenants—Limitation on Restricted Payments*".

"*Replacement Assets*" means non current properties and assets that replace the properties and assets that were the subject of an Asset Disposition or non current properties and assets that will be used in the Issuer's business, including for the avoidance of doubt assets reflecting capitalized software development expenditures, or in that of the Restricted Subsidiaries or any and all businesses that in the good faith judgment of the Board of Directors or any member of Senior Management of the Issuer are reasonably related.

"*Representative*" means any trustee, agent or representative (if any) for an issue of Indebtedness or the provider of Indebtedness (if provided on a bilateral basis), as the case may be.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

"*Revolving Credit Facility*" means the revolving credit facility established pursuant to the super senior revolving facility agreement dated 7 May 2013, among, *inter alios*, the Issuer, the senior lenders (as named therein), UniCredit Bank AG, Milan branch, as agent and security agent, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Senior Management*" means the officers, directors, and other members of Senior Management of the Issuer or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Issuer or any Parent.

"*Senior Secured Indebtedness*" means, with respect to any Person as of any date of determination, any Indebtedness for borrowed money that (a) is secured by a first-priority Lien on the Collateral or (b) that is incurred by a Restricted Subsidiary that is not a Guarantor and that in the case of each of (a) and (b), is Incurred under the first paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" or clauses (1), (4), (5)(ii), (11) or (12) of the second paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" (in the case of clause (4), to the extent such Indebtedness constitutes Indebtedness under the Notes (excluding Additional Notes)) and any Refinancing Indebtedness in respect thereof.

"*Notes Documents*" means the Notes (including Additional Notes), the Indenture, the Notes Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreements.

"*Notes Security Documents*" means the security agreements, pledge agreements, collateral assignments, and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time, creating the security interests in the Collateral as contemplated by the Indenture.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Issuer's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Issuer's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Issuer and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Issuer's and its Restricted Subsidiaries' proportionate share of the Consolidated EBITDA of the Restricted Subsidiary exceeds 10% of the Consolidated EBITDA of the Issuer and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Issuer or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Specified Change of Control Event*" means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; *provided* that immediately prior to the occurrence of such event and immediately thereafter and giving *pro forma* effect thereto, (i) the Consolidated Leverage Ratio of the Issuer and its Subsidiaries would have been less than 5.0 to 1.0, if the date of such occurrence is prior to the eighteen month anniversary of the Issue Date; or (ii) the Consolidated Adjusted Leverage Ratio of the Issuer and its Subsidiaries would have been less than 4.25 to 1.0, if the date of such occurrence is on or after the 18 month anniversary of the Issue Date.

Notwithstanding the foregoing, only one Specified Change of Control Event shall be permitted under the Indenture after the Issue Date.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Issuer or any Subsidiary of the

Issuer which the Issuer has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations, including those described in "*—Change of Control*" and the covenant under "*—Certain covenants—Limitation on sales of assets and subsidiary stock*", to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or any Guarantee of the Notes pursuant to a written agreement, including any Subordinated Shareholder Funding.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Issuer by any Parent, any Affiliate of any Parent or any Permitted Holder or any Affiliate thereof, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by any of the foregoing Persons, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Issuer or any funding meeting the requirements of this definition) or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement;

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts or the making of any such payment prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes or the payment of any amount as a result of any such action or provision or the exercise of any rights or enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes is restricted by the Intercreditor Agreement or an Additional Intercreditor Agreement;

(4) does not provide for or require any security interest or encumbrance over any asset of the Issuer or any of its Subsidiaries; and

(5) pursuant to its terms or to the Intercreditor Agreement, an Additional Intercreditor Agreement or another intercreditor agreement, is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding or are no less favorable in any material respect to Holders than those contained in the Intercreditor Agreement as in effect on the Issue Date with respect to the "Shareholder Liabilities" (as defined therein).

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

  (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

  (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner", as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties with respect thereto) that are imposed by any government or other taxing authority.

"*TeamSystem*" means TeamSystem S.p.A. and any of its successors or assigns.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in:

  (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any European Union member state, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Issuer or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

  (b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar

instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Revolving Credit Facility;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Issuer or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any European Union member state or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB−" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Total Assets*" means the consolidated total assets of the Issuer and its Restricted Subsidiaries as shown on the balance sheet of such Person prepared on the basis of IFRS.

"*Transactions*" shall have the meaning assigned to the term "Refinancing Transactions" in the Offering Memorandum relating to the Initial Notes under the caption "*Summary—The Refinancing Transactions*".

"*U.S. GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Issuer (other than TeamSystem) that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Issuer in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Issuer may designate any Subsidiary of the Issuer (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Issuer or any other Subsidiary of the Issuer which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Issuer in such Subsidiary complies with "*—Certain covenants—Limitation on Restricted Payments*".

Any such designation by the Board of Directors of the Issuer shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Issuer giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Issuer may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Issuer could Incur at least €1.00 of additional Indebtedness under the first paragraph of the covenant described under "*—Certain covenants—Limitation on Indebtedness*" or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly-Owned Subsidiary*" means a Restricted Subsidiary of the Issuer, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Issuer or another Wholly-Owned Subsidiary) is owned by the Issuer or another Wholly-Owned Subsidiary.

Book-entry, delivery and form

General

The Notes sold to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "Rule 144A Global Notes"). The Notes sold to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes"). The Global Notes will be deposited, on or about the Issue Date, with a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes ("Rule 144A Book-Entry Interests") and ownership of interests in the Regulation S Global Notes (the "Regulation S Book-Entry Interests" and, together with the Rule 144A Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants. The Book-Entry Interests in Global Notes will be issued only in denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the registered owners or "holders" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

None of the Issuer, the Guarantor or the Trustee or any of their respective affiliates will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate unless otherwise required by law or applicable stock exchange or depositary requirements.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional amounts, if any) to the Principal Paying Agent. The Principal Paying Agent will, in turn, make such payments to the common depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective customary procedures. All payments required to be made by the Issuer with respect to the Notes, or by a Guarantor under its Guarantee, will be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Withholding Taxes*". If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Withholding Taxes*", the Issuer will pay additional amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding to equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, the registrar and the paying agents will treat the registered holders of the Global Notes (i.e. the nominee of the common depositary for Euroclear and Clearstream) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Registrar or any of the Paying Agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes, will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euros.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. None of the Issuer, the Trustee, the Initial Purchasers or any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of a Note (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an "Event of Default" (as defined in the Indenture) under the Notes, each of Euroclear and Clearstream, at the request of the holders of the Notes, reserve the right to exchange the Global Notes for definitive registered Notes in certificated form (the "Definitive Registered Notes"), and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of a Note requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states that require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures to be set forth in the Indenture.

The Global Notes will each bear a legend to the effect set forth under "*Transfer restrictions*". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "*Transfer restrictions*".

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form to be provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer restrictions*" and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under "*Description of the Notes—Transfer and exchange*", as the case may be and, if required, only if the transferor first delivers to the Registrar a written certificate (in the form to be provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to the Notes. See "*Notice to investors*".

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes:

(1) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an "Event of Default" under and as defined in the Indenture and enforcement action is being taken in respect thereof under the Indenture.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the paying agents and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream, as applicable.

Information concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer, the Trustee, the Paying Agents nor any of the Initial Purchasers are responsible for those operations or procedures.

The Issuer understands as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organisations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can act only on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global clearance and settlement under the book-entry system

The Notes represented by the Global Notes are expected to be listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF market of the Luxembourg Stock Exchange and any permitted secondary market trading activity in the Notes will, therefore, be required to be settled in immediately available funds. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Initial Purchasers, the Trustee, the Registrar or the paying agents will have any responsibility for the performance by Euroclear or Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial settlement

Initial settlement for the Notes will be made in euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary market trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser’s and the seller’s accounts are located to ensure that settlement can be made on the desired value date.

Tax considerations

If you are a prospective investor, you should consult your tax advisor on the possible tax consequences of buying, holding or selling any Notes under the laws of your country of citizenship, residence or domicile, including the effect of any local taxes applicable to you. The discussions that follow do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold or sell notes. In particular, these discussions do not consider any specific facts or circumstances that may apply to you. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as in effect as of the date of this offering memorandum. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.

Certain United States federal income tax consequences

To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that any discussion of tax matters set forth in this offering memorandum was written in connection with the promotion or marketing of the transactions or matters addressed herein and was not intended or written to be used, and cannot be used by any prospective investor, for the purpose of avoiding tax-related penalties under federal, state or local tax law. Each prospective investor should seek advice based on its particular circumstances from an independent tax advisor.

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of Notes as of the date hereof. This summary deals only with Notes that are held as capital assets by a U.S. holder (as defined below) who acquires the Notes pursuant to this offering for cash at their initial offering price.

A "U.S. holder" means a beneficial owner of Notes that is for United States federal income tax purposes any of the following:

- an individual citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for United States federal income tax purposes) created or organised in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury Regulations ("Treasury Regulations") to be treated as a United States person.

This summary is based upon provisions of the United States Internal Revenue Code of 1986, as amended (the "Code"), and Treasury Regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarised below. This summary does not address all aspects of United States federal income taxes and does not address the effects of the Medicare contribution tax on net investment income or foreign, state, local or other tax considerations that may be relevant to U.S. holders in light of their particular circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities for United States federal income tax purposes, tax-exempt entities, insurance companies, or individual retirement or other tax-deferred accounts;

- tax consequences to persons holding the Notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;
- tax consequences to U.S. holders whose "functional currency" is not the U.S. dollar;
- U.S. federal estate or gift tax consequences, if any; or
- alternative minimum tax consequences, if any.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding Notes, you should consult your tax advisors.

If you are considering the purchase of Notes, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the purchase, ownership and disposition of the Notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Pre-issuance accrued interest

The initial offering price for the Notes will include amounts attributable to interest accrued from November 15, 2013, or "pre-issuance accrued interest". Pre-issuance accrued interest will be included in the accrued interest to be paid on the Notes on the first interest payment date after the issuance of the Notes. In accordance with applicable Treasury Regulations, for United States federal income tax purposes, the Issuer will treat the Notes as having been purchased for a price that does not include any pre-issuance accrued interest. If the Notes are so treated, the portion of the first stated interest payment equal to the pre-issuance accrued interest will be treated as a nontaxable return of such pre-issuance accrued interest and, accordingly, will not be taxable as interest on the Notes.

Payments of interest

Interest on a Note (other than any pre-issuance accrued interest excluded from the purchase price of a Note, as discussed above under "*—Pre-issuance accrued interest*") will generally be taxable to you as ordinary income at the time it is paid or accrued in accordance with your method of accounting for tax purposes. In addition to interest on the Notes (which includes any foreign tax withheld from the interest payments you receive), you will be required to include in income any additional amounts paid in respect of such tax withheld. You may be entitled to deduct or credit any foreign taxes withheld, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your applicable foreign taxes for a particular tax year). Interest income (including any additional amounts) on a Note generally will be considered foreign source income and, for purposes of the United States foreign tax credit, generally will be considered passive category income. You will generally be denied a foreign tax credit for foreign taxes imposed with respect to the Notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

If you use the cash basis method of accounting for United States federal income tax purposes, you will be required to include in income the U.S. dollar value of the amount received, determined by translating the euros at the spot rate on the date such payment is received regardless of whether the payment is in fact converted into U.S. dollars. You will not recognise exchange gain or loss with respect to the receipt of such payment.

If you use the accrual method of accounting for United States federal income tax purposes, you may determine the amount of income recognised with respect to such interest in accordance with either of two methods. Under the first method, you will be required to include in income for each taxable year the U.S. dollar value of the interest that has accrued during such year, determined by translating such interest at the average rate of exchange for the period or periods during which such interest accrued or, in the case of an accrual period that spans two taxable years of a U.S. holder, the part of the period within the taxable year. Under the second method, you may elect to translate interest income at the spot rate on:

- the last day of the accrual period,
- the last day of the taxable year if the accrual period straddles your taxable year, or
- the date the interest payment is received if such date is within five business days of the end of the accrual period.

This election will apply to all debt obligations you hold from year to year and cannot be changed without the consent of the IRS. You should consult your own tax advisor as to the advisability of making the above election.

Upon receipt of an interest payment on a Note (including, upon the sale of a Note, the receipt of proceeds which include amounts attributable to accrued interest previously included in income), you will recognise U.S. source ordinary gain or loss in an amount equal to the difference, if any, between the U.S. dollar value of such payment (determined by translating the euros received at the spot rate on the date such payment is received) and the U.S. dollar value of the interest income you previously included in income with respect to such payment.

Amortisable premium
If the initial purchase price for a Note (excluding any pre-issuance accrued interest excluded from the purchase price of a Note, as discussed above under "—*Pre-issuance accrued interest*") exceeds the stated principal amount of such Note (both as determined in euros), you will be considered to have amortisable bond premium equal to such excess. You generally may elect to amortise the premium over the remaining term of such Note on a constant yield method as an offset to interest (in euros) when includible in income under your regular method of tax accounting. At the time bond premium is amortised, you will also recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) based on the difference between spot rates at such time and the time of acquisition of the Note. If you make the election to amortise premium, you will be required to reduce your adjusted tax basis in such Note by the amount of the premium amortised. If you do not make this election, the premium will decrease the gain or increase the loss you would otherwise recognise on disposition of such Note. An election to amortise premium on a constant yield method will also apply to all other taxable debt instruments held or subsequently acquired by you on or after the first day of the first taxable year for which the election is made. Such an election may not be revoked without the consent of the IRS. You should consult your own tax advisors about this election.

Sale, exchange, retirement and other disposition of Notes
Upon the sale, taxable exchange, retirement or other taxable disposition of a Note, you will recognise gain or loss equal to the difference between the amount realised upon the sale, exchange, retirement or other disposition (less an amount equal to any accrued but unpaid interest, which will be taxable as described above under "—*Payments of interest*") and your tax basis in the Note. Your tax basis in a Note will, in general, be your U.S. dollar cost for that Note (less any amount attributable to pre-issuance accrued interest that is excluded from the purchase price of a Note, as discussed above under "—*Pre-issuance accrued interest*"), reduced by any amortised premium. If you purchased your Note with euros, your U.S. dollar cost generally will be the U.S. dollar value of the purchase price on the date of such purchase. If your Note is sold, exchanged, retired or disposed of for an amount in euros, the amount realised generally will be the U.S. dollar value of the euro amount received on the date of sale, exchange, retirement or other disposition. If you are a cash method taxpayer and the Notes are traded on an established securities market, euros paid or received will be translated into

U.S. dollars at the spot rate on the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment with respect to the purchase and sale of Notes traded on an established securities market, provided that the election is applied consistently. Such election cannot be changed without the consent of the IRS.

Subject to the foreign currency rules discussed below, your gain or loss will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange, retirement or other disposition, you have held the Note for more than one year. Capital gains of individuals derived in respect of capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Gain or loss realised by you on the sale, exchange, retirement or other disposition of a Note would generally be treated as U.S. source gain or loss.

A portion of your gain or loss with respect to the principal amount of a Note may be treated as exchange gain or loss. Exchange gain or loss will be treated as ordinary income or loss and generally will be U.S. source gain or loss. For these purposes, the principal amount of the Note is your purchase price for the Note calculated in euros on the date of purchase, and the amount of exchange gain or loss recognised is equal to the difference between (i) the U.S. dollar value of the principal amount determined on the date of the sale, exchange, retirement or other disposition of the Note and (ii) the U.S. dollar value of the principal amount determined on the date you purchased the Note. The amount of exchange gain or loss will be limited to the amount of overall gain or loss realised on the disposition of the Note.

Exchange gain or loss with respect to euros

Your tax basis in the euros received as interest on a Note will be the U.S. dollar value thereof at the spot rate in effect on the date the euros are received. Your tax basis in euros received on the sale, exchange, or retirement of a Note will be equal to the U.S. dollar value of the euros, determined at the time of the sale, exchange, or retirement. As discussed above, if the Notes are traded on an established securities market, a cash basis U.S. holder (or, upon election, an accrual basis U.S. holder) will determine the U.S. dollar value of the euros by translating the euros received at the spot rate of exchange on the settlement date of the sale, exchange, or retirement. Accordingly, your basis in the euros received would be equal to the spot rate of exchange on the settlement date.

Any gain or loss recognised by you on a sale, exchange or other disposition of the euros will be ordinary income or loss and generally will be U.S. source gain or loss.

Reportable transactions

Treasury Regulations meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the Treasury Regulations, certain transactions are required to be reported to the IRS including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note to the extent that such sale, exchange, retirement or other taxable disposition results in a tax loss in excess of a threshold amount. You should consult with your own tax advisors to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Backup withholding and information reporting

Generally, information reporting requirements will apply to payments of principal and interest on a Note, or the proceeds from a sale of a Note, by a U.S. paying agent or intermediary unless you are an exempt recipient. Additionally, if you fail to provide your taxpayer identification number, or in the case of interest payments, fail either to report in full dividend and interest income or to make certain certifications, you may be subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the IRS.

EU Directive on taxation of savings income

On 3 June 2003, the EU Council of Economic and Finance Ministers adopted the European Union Savings Directive (Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments) effective from 1 July 2005 (the "Directive"). Under the Directive, each Member State of the European Union (each, a "Member State") is required to provide to the tax authorities of another Member State details of certain payments of interest within the meaning of the Directive or other similar income paid by a paying agent within the meaning of the Directive, to an individual resident or certain types of entities called "residual entities", within the meaning of the Directive (the "Residual Entities"), established in that other Member State (or certain dependent or associated territories). For a transitional period, however, Austria and Luxembourg are permitted to apply a withholding tax system whereby if a beneficial owner, within the meaning of the Directive, does not opt for exchange of information or does not provide a specific tax certificate, the relevant Member State will levy a withholding tax on payments to such beneficial owner.

The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. The Directive does not preclude Member States from levying other types of withholding tax.

Also with effect from 1 July 2005, a number of non-EU countries (Switzerland, Andorra, Liechtenstein, Monaco and San Marino) and certain dependent or associated territories have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the Directive) within its jurisdiction to, or collected by such a paying agent for, an individual resident or a Residual Entity established in a Member State. In addition, Luxembourg has entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent (within the meaning of the Directive) in Luxembourg to, or collected by such a paying agent for, an individual resident or a Residual Entity established in one of those territories.

The EU Council on 24 March 2014 approved the amendments on the Directive. The approved text enlarges the scope of the Directive, reflecting changes to savings products and developments in investor behavior since it came into force in 2005. The scope now covers new types of savings income and products that generate interest or equivalent income. It includes life insurance contracts, as well as a broader coverage of investment funds. Tax authorities, using a "look-through" approach, will be required to take steps to identify who is benefiting from interest payments.

The Member States will have until 1 January 2016 to adopt the national legislation necessary to comply with the Directive.

Implementation of the Directive in Italy
Italy has implemented the Directive through Legislative Decree No. 84 of 18 April 2005 ("Decree No. 84"). Under Decree No. 84, subject to a number of the important conditions being satisfied, in the case of interest paid to individuals who qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State or in a dependent or associated territory under the relevant international agreement, Italian-qualified paying agents (i.e., banks, SIMs (as defined herein), fiduciary companies and SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) must report to the Italian tax authorities details of the relevant payments

and personal information on the individual beneficial owner. Such information will be transmitted by the Italian tax authorities to the competent foreign tax authorities of the Member State of residence of the beneficial owner. In certain circumstances the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), entities whose profits are included in business income taxable under general arrangements for business taxation and, in specific cases, UCITS recognised in accordance with Directive 85/611/EEC.

Certain Italian tax considerations

The statements herein regarding Italian taxation are based on the laws and published practice of the Italian tax authorities in effect in Italy as of the date on the cover page of this offering memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposition of the Notes for Italian-resident and non-Italian-resident beneficial owners, although it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of their acquiring, holding and disposing of the Notes and receiving payments on interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional and local tax laws. Neither the Issuer nor any other entity belonging to the Group will update this summary to reflect changes in law or in the interpretation thereof and, if any such change occurs, the information in this summary could be superseded.

Tax treatment of Interest

Italian Legislative Decree No. 239 of April 1, 1996 ("Decree 239") sets forth the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter, for the purpose of the discussion under "*—Certain Italian tax considerations*", collectively referred to as "Interest") deriving from notes falling within the category of bonds (*obbligazioni*) and similar securities (pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("Decree 917")), issued, *inter alia*, by:

(a) companies resident in Italy for tax purposes whose shares are listed on a regulated market or on a multilateral trading platform of EU Member States and of the States party to the EEA Agreement included in the white list provided for by Article 168-*bis* of Decree 917 (for the time being, reference is to be made to the Ministerial Decree of 4 September 1996, as subsequently amended and supplemented, the "White List"); or

(b) companies resident in Italy for tax purposes whose shares are not listed, issuing notes listed upon their issuance on the aforementioned regulated markets or platforms.

For these purposes, securities similar to bonds ("*titoli similari alle obbligazioni*") are securities that incorporate an unconditional obligation for the issuer to actually pay, at maturity, an amount not lower than their nominal/face value/principal and that do not provide any right of direct or indirect participation in, or control on, the management of the issuer or of the business in connection with which they are issued.

In the case of re-opening of the issuance of bonds and similar securities qualifying as such from a legal perspective in accordance with Article 11 of Decree 239, for the purpose of calculating the amount of Interest subject to *imposta sostitutiva* (if any) the difference between the redemption amount and the issue price as per Article 44 of Decree 917 is determined based on the same issue price of the original issuance provided that: (a) the re-opening occurs within twelve months from the issue date of the original issuance; and (b) the difference between the issue price of the additional issuance and the issue price of the original issuance does not exceed, in absolute value, 1% of the nominal value multiplied for each year of duration of the same.

Italian-resident Noteholders

Holders of the Notes not engaged in an entrepreneurial activity

Where an Italian-resident beneficial owner of the Notes (a "Noteholder") is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;

(b) a non-commercial partnership (*società semplice*);

(c) a non-commercial private or public institution; or

(d) an investor exempt from Italian corporate income taxation,

the interest derived from the Notes, and accrued during the relevant holding period, is subject to a withholding tax (*imposta sostitutiva*), levied at a rate of 20% (the rate of the *imposta sostitutiva* could be increased to 26% in the future), unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorised intermediary and has validly opted for the application of the "*Risparmio Gestito*" regime provided for by Article 7 of Italian Legislative Decree of 21 November 1997, No. 461 (see *"—Tax treatment of capital gains—Italian-resident Noteholders—Risparmio gestito regime"* below).

Noteholders engaged in an entrepreneurial activity

In the event that an Italian-resident Noteholder is engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where a Noteholder is an Italian-resident company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest from the Notes will not be subject to *imposta sostitutiva*. It must, however, be included in the relevant Noteholder's income tax return and is therefore subject to general Italian corporate taxation and, in certain circumstances, depending on the status of the Noteholder, the Italian regional tax on productive activities ("IRAP").

Real estate investment funds

As clarified by the Italian Revenue Agency through, among others, the Circular dated 8 August 2003, No. 47/E and the Circular dated 15 February 2012, No. 2/E, payments of Interest on the Notes made to Italian-resident real estate collective investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-*bis* of Law No. 86 of 25 January 1994, respectively, are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund, provided that the Notes, together with the relevant coupons, are timely deposited with an authorised intermediary.

However, a withholding or substitute tax at a rate of 20% will apply, in certain circumstances, to income realised by unitholders or shareholders in the event of distributions on, or the redemption or sale of, the relevant units or shares (the rate of the withholding or substitute tax could be increased to 26% in the future). Subject to certain conditions, income realised by the real estate investment fund is attributed to the investor irrespective of its actual collection and in proportion to the percentage of ownership of units on a tax transparency basis.

Funds and SICAVs

Where an Italian-resident Noteholder is an open-ended or a closed-ended collective investment fund (a "Fund") or a *Società di Investimento a Capitale Variabile* ("SICAV") established in Italy and either (i) the Fund or SICAV or (ii) their manager is subject to a form of supervision of the competent regulatory authority, and the Notes are deposited with an authorised intermediary, Interest accrued on the Notes during the holding period should not be subject to the *imposta sostitutiva*, but must be included in the management results of the Fund or the SICAV (as the case may be). The Fund or the SICAV will not be subject to taxation on such management results, but a withholding or substitute tax at the rate of 20% will instead apply (the rate of the withholding or substitute tax could be increased to 26% in the future), in certain circumstances, to distributions made in favour of unitholders or shareholders (as the case may be).

Pension funds
Where an Italian-resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to the *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the relevant tax period, which will be subject to an 11% substitute tax (the rate of the *imposta sostitutiva* could be increased to 26% in the future).

Enforcement of the imposta sostitutiva
Pursuant to Decree 239, the *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* ("SIM"), fiduciary companies, *società di gestione del Risparmio* ("SGR"), stockbrokers and other entities identified by a decree of the Ministry of Finance (each, an "Intermediary").

An Intermediary must:

(a) be resident in Italy, or be a permanent establishment in Italy of a non-Italian-resident financial intermediary; and

(b) participate, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the Notes or in a change in the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian financial intermediary (or permanent establishment in Italy of a non-Italian resident financial intermediary) paying interest to a Noteholder or, absent that, by the Issuer.

Non-Italian-resident Noteholders
Where the Noteholder is a non-Italian resident, an exemption from the *imposta sostitutiva* applies, *provided* that the non-Italian-resident Noteholder is:

(a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy, included in the White List; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy, included in the White List, even if it does not possess the status of a taxpayer in its own country of establishment; or

(d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian-resident Noteholders must be the beneficial owners of the payments of Interest or certain non-Italian-resident institutional investors and must timely deposit the Notes, together with the coupons relating to such Notes, directly or indirectly with:

(i) an Italian or foreign bank or financial institution (which could be a non-EU resident) (the "First Level Bank"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or

(ii) an Italian-resident bank or brokerage company (SIM), or a permanent establishment in Italy of a non-resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "Second Level Bank").

Non-Italian resident organisations and companies, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian-resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of 24 February 1998) for the purposes of the application of Decree 239. In the event that a non-Italian-resident bondholder deposits the relevant bonds directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for non-Italian-resident Noteholders is conditional upon:

(i) the deposit of the bonds, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(ii) the submission to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, *inter alia*, that it is the beneficial owner of any interest on the bonds and it is eligible to benefit from the exemption from the *imposta sostitutiva*.

Such statement must comply with the requirements set forth by a Ministerial Decree dated 12 December 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian-resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in paragraph (b) above or Central Banks or entities also authorised to manage the official reserves of a State referred to in paragraph (d) above. Additional requirements are provided for "institutional investors" referred to in paragraph (c) above.

The First Level Bank is obligated to send the above statement to the Second Level Bank within 15 days from receipt. The Second Level Bank files the data relating to the non-resident bondholder together with the data relating to the First Level Bank and of the transactions carried out, via telematic link, to the Italian tax authorities within the first transmission period after receipt of such data. Transmission periods are two-week periods per month during which the Second Level Bank transmits to the Italian tax authorities data relating to Note transactions carried out during the preceding month. The Italian tax authorities monitor and control such data and any discrepancies thereof.

The *imposta sostitutiva* will be applicable at a rate of 20% (the rate of the *imposta sostitutiva* could be increased to 26% in the future) on interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the relevant conditions.

Noteholders who are subject to the *imposta sostitutiva* may, nevertheless, be eligible for full or partial relief under an applicable tax treaty, provided that the relevant conditions are satisfied.

Tax treatment of capital gains

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity Where an Italian-resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to the *imposta sostitutiva* levied at a rate of 20% (the rate of the imposta sostitutiva could be increased to 26% in the future). Noteholders may set off any capital losses with their capital gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt, under certain conditions, for any of the three regimes described below.

Tax declaration regime Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian-resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian-resident individual holding the Notes during any given tax year. Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in their annual tax return, and pay the *imposta sostitutiva* on such gains, together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward and set off against capital gains realised in any of the four succeeding tax years. Capital losses realised before 1 January 2012 may be carried forward to be offset against subsequent capital gains of the same nature realised from 1 January 2012 in an amount equal to 62.5% of the relevant capital loss.

Risparmio amministrato regime As an alternative to the tax declaration regime, Italian-resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to:

(i) the Notes being deposited with an Italian bank, SIM or certain authorised financial intermediary; and

(ii) an express election for the *risparmio amministrato* regime being made in writing in a timely fashion by the relevant Noteholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the *imposta sostitutiva* to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a sale or redemption of the Notes may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years, up until the fourth tax year. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains/losses in its annual tax return.

Risparmio gestito regime In the *risparmio gestito* regime, any capital gains realised by Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at tax year-end, subject to a 20% substitute tax to be paid by the managing authorised intermediary (the rate of the substitute tax could be increased to 26% in the future). Any depreciation of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains or losses realised in its annual tax return.

Noteholders engaged in an entrepreneurial activity Any gain obtained from the sale or redemption of the Notes will be treated as part of taxable income (and, in certain circumstances, depending on the status of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian-resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real estate investment funds Any capital gains realised by a Noteholder which is an Italian real estate investment fund accrues to the tax year-end appreciation of the managed assets, which is exempt from any income tax. A withholding tax may apply in certain circumstances at a rate of 20% on distributions made by Italian real estate funds (the rate of the withholding tax could be increased to 26% in the future) or, on the redemption or sale of the relevant units or shares.

Funds and SICAVs Any capital gains realised by a Noteholder who is an Italian Fund or an SICAV will be included in the result of the relevant portfolio accrued at the end of the relevant tax period. A 20% withholding tax (the rate of the withholding tax could be increased to 26% in the future) will apply in certain circumstances to distributions by the Italian Fund or SICAV to unitholders or shareholders (as applicable) or, on the redemption or sale of the relevant units or shares.

Pension funds Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to an 11% substitute tax (the rate of the substitute tax could be increased to 26% in the future).

Non-Italian-resident Noteholders A 20% *imposta sostitutiva* on capital gains may be payable on capital gains realised on the sale or redemption of the Notes by non-Italian-resident persons without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy (the rate of the *imposta sostitutiva* could be increased to 26% in the future).

However, pursuant to Article 23, letter f), No. 2 of Decree 917, capital gains realised by non-Italian-resident Noteholders from the sale or redemption of notes issued by an Italian-resident issuer and traded on regulated markets in Italy or abroad are not subject to the *imposta sostitutiva*, subject to the filing of required documentation in a timely fashion (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes). As of the date of this Offering Memorandum, the Italian tax authorities have not officially confirmed whether a multilateral trading platform qualifies for this exemption.

Capital gains realised by non-Italian-resident Noteholders from the sale or redemption of Notes issued by an Italian-resident issuer, even if the Notes are not traded on a regulated market, are not subject to the *imposta sostitutiva*, provided that the effective beneficiary is:

(a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy, included in the White List;

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy;

(c) an institutional investor, whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy, included in the White List, even if it does not possess the status of a taxpayer in its own country of establishment; or

(d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian-resident Noteholders must satisfy the same conditions set forth above in order to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree 239 (see "*—Tax Treatment of Interest*" above).

If the above conditions are not met, capital gains realised by non-Italian-resident Noteholders from the sale or redemption of Notes issued by an Italian-resident issuer and not traded on a regulated market may be subject to the *imposta sostitutiva* at the current rate of 20% (the rate of the *imposta sostitutiva* could be increased to 26% in the future). However, Noteholders may be able to benefit from an applicable double tax treaty with Italy, which generally provide that capital gains realised upon the sale or redemption of the Notes are taxed only in the country where the recipient is tax resident, subject to satisfying certain conditions.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian-resident persons and entities holding Notes deposited with an Intermediary, but non-Italian-resident Noteholders retain the right to waive its applicability.

Certain reporting obligations for Italian-resident noteholders

Italian-resident individuals directly holding financial assets, including the Notes, outside Italy (without the intervention of an Italian-resident intermediaries) are required to report, in their Italian tax return, the year-end value of their financial assets held abroad. In the event where the assets have been sold during the course of the year, the value to be reported is the value at the date of disposal of such asset.

Italian inheritance tax and gift tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian inheritance tax and gift tax as follows:

(a) 4% for transfers in favour of the spouse or direct relatives exceeding, for each beneficiary, a threshold of €1.0 million;

(b) 6% for transfers in favour of siblings exceeding, for each beneficiary, a threshold of €0.1 million; 6% for transfers in favour of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and

(c) 8% for transfers in favour of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress and/or the donee is a person with a severe disability pursuant to Law No. 104 of 5 February 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.5 million.

With respect to Notes listed on a regulated market, the value for inheritance tax and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

Italian inheritance tax and gift tax applies to non-Italian-resident individuals for bonds issued by Italian resident companies.

Wealth tax—direct holding

According to Article 19 of Law Decree No. 201 of 6 December 2011 ("Decree 201"), Italian-resident individuals holding financial assets—including the Notes—outside Italy without the involvement of an Italian financial intermediary are required to pay a wealth tax currently at the rate of 0.2%. The wealth tax applies on the market value at the end of the relevant year or, in the absence of a market value, on the nominal value or redemption value of such financial assets held outside Italy. Taxpayers are permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the country where the financial assets are held (up to the amount of the Italian wealth tax due).

Stamp taxes and duties—holding through financial intermediary

According to Article 19 of Decree 201, a proportional stamp duty applies on a yearly basis, currently at a rate of 0.2% for subsequent years calculated on the market value or—in the absence of a market value—on the nominal value or the redemption amount of any financial product or financial instruments (including the Notes). The stamp duty cannot exceed €14,000 if the Notes are held by Noteholders who are not natural persons. Stamp duty applies both to Italian-resident-holders of the Notes and to non-Italian-resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary (and not directly held by the Noteholders outside Italy, in which case wealth tax applies to Italian-resident holders of the Notes only).

Transfer tax

Contracts relating to the transfer of securities are subject to the registration tax as follows:

(a) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of €200.00; and

(b) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €200.00 only in the case of use or voluntary registration or occurrence of the so-called *enunciazione*.

Payments by the Company as provider of a Guarantee of the Notes

If the Company, as a provider of a Guarantee of the Notes, makes any payments in respect of interest on the Notes (or any other amounts due under the Notes other than the repayment of principal) it is possible that such payments may be subject to withholding tax at the applicable rate (pursuant to a certain line of interpretation at a current rate of 20%—the rate could be increased to 26% in the future), subject to such relief as may be available under the provisions of any applicable double taxation treaty.

Certain ERISA considerations

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") imposes certain requirements on employee benefit plans subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans (referred to herein as "ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan.

Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A "party in interest" or "disqualified person" who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and/or the Code. In addition, fiduciaries of Plans that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and/or the Code.

A direct or indirect prohibited transaction within the meaning of Section 406 of ERISA and Section 4975 of the Code could arise if the Notes are acquired or held by Plans to which the Issuer, the Guarantor, an Initial Purchaser or any of their respective affiliates, is a "party in interest" and such acquisition or holding is not entitled to an applicable exemption, of which there are many.

Non-U.S. plans, governmental plans and certain church plans (collectively referred to as "Non-ERISA Plans"), while not subject to the fiduciary responsibility provisions of Title I of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to non-U.S., state, local or other federal laws or regulations that are substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or the Code ("Similar Law").

The foregoing discussion of ERISA and the Code is general in nature and does not purport to be complete. Fiduciaries of Plans (and each fiduciary for Non-ERISA Plans) should consult with their legal advisor concerning the potential consequences to Plans or Non ERISA Plans under ERISA, the Code or Similar Law, as applicable, of an investment in the Notes. Each prospective investor will be required to give a deemed representation as to the purchase and holding of the Notes. See "*Transfer restrictions*".

Limitations on validity and enforceability of the Guarantee and the security interests and certain insolvency law considerations

The following is a summary of certain limitations on the validity and enforceability of the Guarantee and the security interests being provided for the Notes, and a summary of certain insolvency law considerations in Italy, the jurisdiction in which the Issuer and the Guarantor are incorporated and organised. The description below is only a summary, and does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes or the Guarantee or security interests being provided for the Notes. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

European Union

The Issuer and the Guarantor are incorporated and organised under the laws of the Member States of the European Union.

Pursuant to Council Regulation (EC) No. 1346/2000 of 29 May 2000 on insolvency proceedings (the "EU Insolvency Regulation"), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company concerned has its "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and conflicting views. The term "centre of main interests" is not a static concept. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its "centre of main interests" in the Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the "centre of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the perception of the company's creditors as regards the centre of the company's business operations may all be relevant in the determination of the place where the company has its "centre of main interests".

If the "centre of main interests" of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and, accordingly, a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one Member State under the EU Insolvency Regulation are to be recognised in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the "centre of main interests" of a debtor is in one Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" (in the meaning of the EU Insolvency Regulation) in the territory of such other Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation.

In the event that any one or more of the Issuer, the Guarantor or any of their respective subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations of the Issuer and the Guarantor.

Republic of Italy

Certain Italian insolvency laws

The insolvency laws of Italy may not be as favourable to investors' interests as those of other jurisdictions with which investors may be familiar. In Italy, the courts play a central role in the insolvency process and in-court procedures may be materially more complex and time-consuming than in equivalent situations in jurisdictions with which investors may be familiar.

The following is a brief description of certain aspects of insolvency law in Italy. Certain provisions of Italian law have been amended or have entered into force only recently and, therefore, may be subject to further implementation and/or interpretations and have not been tested to date in the Italian courts.

The two primary aims of Royal Decree No. 267 of 16 March 1942 (the main Italian bankruptcy legislation), as reformed and currently in force (the "Italian Bankruptcy Law"), are to liquidate the debtor's assets and protect the goodwill of the going concern (if any) for the satisfaction of creditors' claims as well as, in case of the "*Prodi-bis*" procedure or "Marzano" procedure, to maintain employment. These competing aims have often been balanced by selling businesses as going concerns and ensuring that employees are transferred along with the businesses being sold.

Under the Italian Bankruptcy Law, bankruptcy must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency occurs when a debtor is no longer able to regularly meet its obligations as they become due. This must be a permanent, and not a temporary, status in order for a court to hold that a company is insolvent.

In cases where a company is in distress, it may be possible for it to enter into out-of-court arrangements with its creditors, which may safeguard the existence of the company, but which are susceptible to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions.

In addition, the following forms of debt restructuring and bankruptcy are available under Italian law for companies in a state of crisis and for insolvent companies.

(A) Out-of-court reorganisation plans (piani di risanamento) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento attestati*) prepared by companies in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed by the debtor has to verify the feasibility of the restructuring plan and the truthfulness of the business data provided by the company.

The terms and conditions of these plans are freely negotiable. Unlike in-court pre-bankruptcy agreement proceedings and debt restructuring agreements, out-of-court reorganisation plans pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Bankruptcy Law provides that, should these plans fail and the debtor be declared bankrupt, the payments and/or acts carried out for the implementation of the reorganisation plan, subject to certain conditions (i) are not subject to clawback action and (ii) are exempted from certain potentially applicable criminal sanctions. Neither ratification by the court nor publication in the Companies' Register are needed (although publication in the

Companies' Register is possible upon a debtor's request) and, therefore, the risk of bad publicity or disvalue judgments are lower than in case of an in-court pre-bankruptcy agreement or a debt restructuring agreement.

(B) Debt restructuring agreements with creditors (accordi di ristrutturazione dei debiti) pursuant to Article 182-bis of the Italian Bankruptcy Law

Out-of-court agreements for the restructuring of indebtedness entered into with creditors representing at least 60% of the outstanding company's debts can be ratified by the court. An expert appointed by the debtor must assess the truthfulness of the business data provided by the company and declare that the agreement is feasible and, particularly, that it ensures that the debts of the nonparticipating creditors can be fully satisfied within the following time frames: (i) 120 days from the date of ratification of the agreement by the court, in the case of debts which are due and payable to the non-participating creditors as at the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court; and (ii) 120 days from the date on which the relevant debts fall due, in case of receivables which are not yet due and payable to the non-participating creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court. Only a debtor who is insolvent or in a state of crisis (i.e., facing distress which does not yet amount to insolvency) can initiate this process and request the court's sanctioning (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and is effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any interim relief or enforcement actions over the assets of the debtor and cannot obtain any security interest (unless agreed) in relation to pre-existing debts. Such moratorium can be requested, pursuant to Article 182-*bis*, Paragraph 6 of the Italian Bankruptcy Law, by the debtor from the court pending negotiations with creditors (prior to the above-mentioned publication of the agreement), subject to the fulfilment of certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation, sets the date for a hearing within 30 days of the publication and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. In such hearing, the court assesses whether the conditions for granting the moratorium are in place and, if they are, orders that no interim relief or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which the restructuring agreement has to be filed. The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the *concordato preventivo* (as described below) may be filed, without prejudice to the effect of the moratorium.

The Italian Bankruptcy Law does not expressly provide for any indications concerning the contents of the debt restructuring agreement. The plan can therefore provide, *inter alia*, either for the prosecution of the business by the debtor or by a third party, or the sale of the business to a third party and may contain, refinancing agreements, moratoria, write-offs and/or postponements of claims. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

Creditors and other interested parties may oppose the agreement within 30 days from the publication of the agreement in the companies' register. The court will, after having settled the oppositions (if any), validate the agreement by issuing a decree, which may be appealed within 15 days of its publication.

Pursuant to the new Article 182-*quinquies* of the Italian Bankruptcy Law, the court, pending the sanctioning (*omologazione*) of the agreement pursuant to Article 182-*bis*, paragraph 1, or after the filing of the instance pursuant to Article 182-*bis*, paragraph 6, or a petition for a *concordato preventivo*, also pursuant to Article 161, paragraph 6, may authorise the debtor

(i) to incur in new indebtedness pre-deductible, provided that the expert appointed by the debtor declares the aim of the new financial indebtedness results in a better satisfaction of the creditors, and (ii) to pay debts deriving from the supply of services or goods, already payable and due, provided that the expert declares that such payment is essential for the keeping of company's activities and to ensure the best satisfaction for all creditors.

(C) Court-supervised pre-bankruptcy composition with creditors (concordato preventivo)

A company which is insolvent or in a situation of crisis, but has not been declared insolvent by the court, has the option to make a composition proposal to its creditors, under court supervision, in order to compose its overall indebtedness and/or reorganise its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceedings. Such composition proposal can be made by a commercial enterprise which exceeds any of the following thresholds: (i) has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years, (ii) gross revenues (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years, and (iii) has total indebtedness in excess of €0.5 million. Only the debtor company can file a petition with the court for a *concordato preventivo* (together with, *inter alia*, the proposed agreement and an independent expert report assessing the feasibility of the composition proposal and the truthfulness of the business data provided by the company). The petition for *concordato preventivo* is then published by the debtor in the companies' register. From the date of such publication to the date on which the court sanctions the *concordato preventivo*, all enforcement and interim relief actions by the creditors (whose debt became due before the publication of the *concordato preventivo* by the court) are stayed. During this time, all enforcement, precautionary actions and interim measures sought by the creditors, whose title arose beforehand, are stayed. Pre-existing creditors cannot obtain security interests (unless authorised by the court) and mortgages registered within the 90 days preceding the date on which the petition for the *concordato preventivo* is published in the companies' register are ineffective against such pre-existing creditors.

The composition proposal filed in connection with the petition may provide for: (i) the restructuring of debts and the satisfaction of creditors' claims (including through extraordinary transactions, such as the granting to creditors and to their subsidiaries or affiliated companies of shares, bonds (including bonds convertible into shares), or other financial instruments and debt securities); (ii) the transfer to a receiver (*assuntore*) of the operations of the debtor company making the composition proposal; (iii) the division of creditors into classes and (iv) different treatment of creditors belonging to different classes. The composition proposal may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The filing of the petition for the *concordato preventivo* may be preceded by the filing of a preliminary petition for a *concordato preventivo* (so called *concordato in bianco*, pursuant to Article 161, paragraph 6, of the Italian Bankruptcy Law). The debtor company may file such petition along with (i) its financial statements from the latest three financial years and, pursuant to recent law Italian law decree no 69/2013 as converted into law No. 98 of August 9, 2013 ("Law Decree 69/2013"), (ii) the list of creditors together with the indication of the amount of the respective claims reserving the right to submit the underlying plan, the proposal and all relevant documentation within a period assigned by the court between 60 and 120 days from the date of the filing of the preliminary petition, subject to only one possible further extension of up to 60 days, where there are reasonable grounds for such extension. In advance of such deadline, the debtor may also file a petition for the approval of a debt restructuring agreement (pursuant to Article 182-*bis* of the Italian Bankruptcy Law). Pursuant to Law Decree 69/2013, the court, if the pre-application is accepted, may appoint a judicial officer (*commissario giudiziale*). The decree setting the term for the presentation of the documentation contains also the periodical information requirements (relating also to the financial management of the company) that the company has to fulfil, at least on a monthly basis, until the expiry of the term set by the court.

The composition proposal may propose that (i) the debtor's company's business continues to be run by the debtor's company as a going concern, or (ii) the business is transferred to one or more companies and any assets which are no longer necessary to run the business are liquidated (*concordato con continuità aziendale*). In these cases, the petition for the *concordato preventivo* should fully describe the costs and revenues which are expected as a consequence of the continuation of the business as a going concern, as well as the financial resources and support which will be necessary. The report of the independent expert shall also certify that the continuation of the business is conducive to the satisfaction of creditors' claims to a greater extent than if such composition proposal was not implemented.

Furthermore, the going concern-based arrangements with creditors can provide for, *inter alia*, the winding-up of those assets which are not functional to the business allowed. The composition agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

If the court determines that the composition proposal is admissible, it appoints a judge (*giudice delegato*) to supervise the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditors' meeting. During the implementation of the proposal, the company generally continues to be managed by its board of directors, but is supervised by the appointed judicial officers and judge (who shall authorise all transactions that exceed the ordinary course of business).

The *concordato preventivo* is voted on at a creditors' meeting and must be approved by the majority (by value of claims) of the creditors entitled to vote and, where there are different classes of creditors also, by the majority of classes. Creditors who have not voted will be deemed to approve the *concordato preventivo* proposal if they fail to notify their objection via telegraph, fax, mail or e-mail to such proposal within 20 days from the closure of the minutes of that creditors' meeting. Secured creditors are not entitled to vote on the proposal of *concordato preventivo* unless and to the extent they waive their security, or the *concordato preventivo* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal. The court may also approve the *concordato preventivo* (notwithstanding the circumstance that one or more classes objected it) if (i) the majority of classes has approved it, and (ii) the court deems that the interests of the dissenting creditors would be adequately safeguarded through it compared to other solutions. If an objection to the implementation of the *concordato preventivo* is filed by 20% of the creditors or, in case there are different classes of creditors, by a creditor belonging to a dissenting class, entitled to vote, the court may nevertheless sanction the *concordato preventivo* if it deems that the relevant creditors' claims are likely to be satisfied to a greater extent as a result of the *concordato preventivo* than would otherwise be the case.

After the approval by the creditors' meeting, the court (having settled possible objections raised by the dissenting creditors, if any) confirms the *concordato preventivo* proposal by issuing a confirmation order.

If the creditors' meeting does not approve the *concordato preventivo*, the court may, upon request of the public prosecutor or a creditor, and having decided that the appropriate conditions apply, declare the company bankrupt.

Bankruptcy (fallimento)

A request to declare a debtor company bankrupt and to commence bankruptcy proceedings (*fallimento*) and the judicial liquidation of the debtor company's assets can be filed by the debtor company itself, any of its creditors and, in certain cases, by the public prosecutor. The bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only to commercial enterprises (*imprenditori commerciali*) if any of the following thresholds are met (i.e., the company has had assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million for each of the three preceding fiscal years, gross revenues (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years and has total indebtedness in excess of €0.5 million). On the commencement of bankruptcy proceedings:

- subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period. In particular, under certain circumstances secured creditors may enforce against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of the secured assets, together with interest and expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the bankrupt's other unsecured debt. The secured creditor may sell the secured asset only after it has obtained authorisation from the designated judge (*giudice delegato*). After hearing the bankruptcy receiver and the creditors' committee, the designated judge decides whether to authorise the sale, and sets forth the timing in its decision;
- the administration of the debtor company and the management of its assets pass from the debtor company to the bankruptcy receiver (*curatore fallimentare*);
- any act of the debtor company done after a declaration of bankruptcy (including payments made) is ineffective against the creditors;
- continuation of business may be authorised by the court if an interruption would cause greater damage to the company, but only if the continuation of the company's business does not cause damage to creditors; and
- the execution of certain contracts and/or transactions pending as of the date of the bankruptcy declaration are suspended until the receiver decides whether to take them over. Although the general rule is that the bankruptcy receiver is allowed to either continue or terminate contracts where some or all of the obligations have not been performed by both parties, certain contracts are subject to specific rules expressly provided for by the Italian Bankruptcy Law.

The bankruptcy proceedings are carried out and supervised by a court- appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of any one of the creditors, but is responsible for the liquidation of the assets of the debtor for the satisfaction of the creditors as a whole. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real property.

Bankruptcy composition with creditors (concordato fallimentare)

A bankruptcy proceeding can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The proposal can be filed, by one or more creditors or third parties, from the declaration of bankruptcy. By contrast, the debtor or its subsidiaries are only permitted to file such proposal after one year following such declaration, but within two years following the decree giving effectiveness to the liabilities account (*stato passivo*). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless and to the extent they waive their security or the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (such value being assessed by an independent expert), in which case they can vote only in respect of the part of their debt affected by the proposal.

The proposal may provide for the division of creditors into classes (thereby proposing different treatment among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority (by value) of claims (and, if classes are formed, also by a majority (by value) of the claims in a majority of the classes). Final court ratification is also required.

Statutory priorities

The statutory priority given to creditors under the Italian Bankruptcy Law may be different from that established in the United States, the United Kingdom and certain other EU jurisdictions. Neither the debtor nor the court can deviate from the rules of statutory priority by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles (as a consequence it must be noted that priority of payments such as those commonly provided in intercreditor contractual arrangements may not be enforceable against an Italian bankruptcy estate to the extent they are inconsistent with the priorities provided by law). The rules of statutory priority apply irrespective of whether the proceeds are derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset.

Article 111 of the Italian Bankruptcy Law establishes that proceeds of liquidation shall be allocated according to the following order: (i) for payments of "pre-deductible" claims (i.e., claims originated in the insolvency proceeding, such as costs related to the procedure); (ii) for payment of claims which are privileged, such as claims of secured creditors; and (iii) for the payment of unsecured creditors' claims. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors including, *inter alia*, a claim whose priority is legally acquired (i.e., repayment of rescue or interim financing, mentioned above), the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priority claims are those of "privileged" creditors (*creditori privilegiati*; a priority in payment in most circumstances, but not exclusively, provided for by law), mortgagees (*creditori ipotecari*), pledgees (*creditori prignoratizi*) and unsecured creditors (*crediti chirografari*).

Avoidance powers in insolvency

Under Italian law, there are "clawback" or avoidance provisions that may lead to, *inter alia*, the revocation of payments made or security interests granted by the debtor prior to the declaration of bankruptcy. The key avoidance provisions include, but are not limited to, transactions made below market value, preferential transactions and transactions made with a view to defraud creditors. Clawback rules under Italian law are normally considered to be particularly favourable to the receiver in bankruptcy, compared to the rules applicable in other jurisdictions.

In bankruptcy proceedings, depending on the circumstances, the Italian Bankruptcy Law provides for a clawback period of up to either one year or six months in certain circumstances (please note that in the context of extraordinary administration procedures—see sections below—in relation to certain transactions the clawback period can be extended to five and three years, respectively) and a two-year ineffectiveness period for certain other transactions.

The Italian Bankruptcy Law distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/court commissioner, as detailed below.

(a) Acts ineffective by operation of law

(i) Under Article 64 of the Italian Bankruptcy Law, all transactions entered into for no consideration are ineffective *vis-à-vis* creditors if entered into by the debtor in the two-year period prior to the insolvency declaration; and

(ii) under Article 65 of the Italian Bankruptcy Law, payments of debts falling due on the day of the declaration of insolvency or thereafter are deemed ineffective vis-à-vis creditors if made by the debtor in the two-year period prior to the insolvency declaration.

(b) *Acts which could be declared ineffective at the request of the bankruptcy receiver/court commissioner*

(i) *The following acts and transactions, if done or made during the period specified below, may be clawed back (revocati)* vis-à-vis the bankruptcy as provided for by article 67 of the above referenced Royal Decree and be declared ineffective unless the other party proves that it had no actual or constructive knowledge of the debtor's insolvency:

(I) the onerous transactions entered into in the year preceding the insolvency declaration, where the value of the debt or of the obligations undertaken by the debtor exceeds by 25% the value of the consideration received by and/or promised to the debtor;

(II) payments of debts, due and payable, made by the debtor, which were not paid in cash or by other customary means of payment in the year preceding the insolvency declaration;

(III) pledges and mortgages granted by the bankrupt entity in the year preceding the insolvency declaration in order to secure pre-existing debts which have not yet fallen due; and

(IV) pledges and mortgages, granted by the bankrupt entity in the six months preceding the insolvency declaration, in order to secure debts which had fallen due.

(ii) The following acts and transactions, if done or made during the period specified below, may be clawed back (*revocati*) and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt entity was insolvent at the time of the act or transaction:

(I) the payments of debts that are immediately due and payable and any onerous transactions entered into or made in the six months preceding the insolvency declaration; and

(II) the granting of security interests securing debts (even those of third parties) and made in the six months preceding the insolvency declaration.

(iii) The following transactions are exempt from clawback actions:

(I) a payment for goods or services made in the ordinary course of business and in accordance with market practice;

(II) a remittance on a bank account, provided that it does not reduce the bankrupt entity's debt towards the bank in a material and lasting manner;

(III) a sale, including an agreement for sale registered pursuant to Article 2645-*bis* of the Italian Civil Code, currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser, on the condition that, as of the date of the insolvency declaration, such activity is actually exercised or the investments for the start of such activity have been carried out;

(IV) transactions entered into, payments made and security interests granted with respect to the bankrupt entity's goods, provided that they concern the implementation of a *piano di risanamento attestato* (see "*—(A) Out-of-court* *reorganisation plans (Piani di risanamento) Pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law*");

(V) a transaction entered into, payment made or security interest granted to implement a *concordato preventivo* (see "*—(C) Court-supervised pre-bankruptcy composition with creditors (concordato preventivo)*") or an *accordo di ristrutturazione dei debiti* under Article 182-*bis* of the Italian Bankruptcy Law (see "*—(B) Debt restructuring agreements with creditors (accordi di ristrutturazione dei debiti) pursuant to Article 182-bis of the Italian Bankruptcy Law*") and transactions entered into, payments made and security interests granted after the filing of the application for a *concordato preventivo* (see above);

(VI) remuneration payments to the bankrupt entity's employees and consultants; and

(VII) a payment of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to *concordato preventivo* procedures.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared without effect vis-à-vis the acting creditors within the Italian Civil Code ordinary clawback period of five years (*revocatoria ordinaria*). Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions through which the bankrupt entity disposed of its assets to the detriment of such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such detriment (or, if the transaction was entered into prior to the date on which the creditor's claim originated, that such transaction was fraudulently entered into by the debtor in order to cause detriment of such creditor's rights) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such detriment (or, if the transaction was entered into prior to the date on which the creditor's claim originated, such third party participated in the fraudulent scheme).

Extraordinary administration for large insolvent companies (amministrazione straordinaria delle grandi imprese in stato di insolvenza)

An extraordinary administration procedure applies under Italian law for large industrial and commercial enterprises (the *Prodi-bis* procedure). The relevant company must be insolvent, but demonstrating serious recovery prospects. To qualify for this procedure, the company must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income from sales and services during its last financial year. Either of the creditors, the debtor, a court or the public prosecutor may make a petition to commence an extraordinary administration procedure. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to extraordinary administration proceedings.

There are two main phases—a judicial phase and an administrative phase.

A) Judicial phase

In the judicial phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints up to three judicial receivers (*commissiario giudiziale*) to investigate whether the company has serious prospects for recovery via a business sale or reorganisation. The judicial receiver files a report with the court within 30 days, and within ten days from such filing, the Italian Productive Activities Minister (the "Ministry") may make an opinion on the admission of the company to the extraordinary administration procedure. The court then decides (within 30 days from the filing of the report) whether to admit the company to the procedure or to place it into bankruptcy.

B) Administrative phase

Assuming that the company is admitted to the extraordinary administration procedure, the administrative phase begins and an extraordinary commissioner (or commissioners) is appointed by the Ministry. The extraordinary commissioner(s), prepares a plan which can provide for either the sale of the business as a going concern within one year (unless extended by the Ministry) (the "Disposal Plan") or a reorganisation leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the "Recovery Plan"). The plan may also include an arrangement with creditors (e.g., a debt for equity swap, an issue of shares in a new company to whom the assets of the company have been transferred, etc.) (*concordato*). The plan must be approved by the Ministry.

The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan, failing which the company is declared bankrupt.

Industrial restructuring of large insolvent companies (ristrutturazione industriale di grandi imprese in stato di insolvenza)

Introduced in 2003, the industrial restructuring of large insolvent companies is also known as the "Marzano" procedure. It is complementary to the *Prodi-bis* procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to be faster than the *Prodi-bis* procedure. For example, although a company must be insolvent, the application to the Ministry is made together with the filing to the court for the declaration of the insolvency of the debtor.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt. The decision whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory administrative winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for certain companies, including, *inter alia*, public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be made subject to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is a special sort of insolvency proceeding in which the entity is liquidated not by the bankruptcy court, but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also on other grounds expressly provided for by the relevant legal provisions (e.g., in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect on creditors of the forced administrative winding-up is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to extraordinary administration proceedings.

Certain Italian law considerations in relation to guarantee and security interests and certain other additional Italian legal considerations

Corporate benefit and financial assistance issues under Italian law

Under Italian law, the entry into of a transaction (including the creation of a security interest or the granting of a guarantee) by a company must be permitted by the applicable laws and by its by-laws (*statuto sociale*) and is subject to compliance with the rules on corporate benefit and corporate authorisation. If a security interest or a guarantee is being provided in the context of an acquisition, group reorganisation, refinancing or restructuring, financial assistance issues may also be triggered.

Corporate benefit

An Italian company entering into a transaction (including granting a security interest or a guarantee) must receive a real and adequate benefit in exchange for it. The concept of a real and adequate benefit is not specifically defined in the applicable legislation and is determined by a factual analysis on a case-by-case basis. As a general rule, corporate benefit is to be assessed at the level of the relevant company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration.

As a general rule, absence of a real and adequate corporate benefit could render the transaction (including granting a security interest or a guarantee) *ultra vires* and potentially affected by conflict of interest and the related corporate resolutions adopted by the shareholders and directors may be the subject matter of challenges and annulment. Civil liabilities also may be imposed on the directors of the company if it is assessed that they did not act in the interest of it and that the acts they carried out do not fall within the corporate purpose of the company or were against mandatory provisions of Italian law. The lack of corporate benefit could also lead to civil liabilities on those companies or persons ultimately exercising control over the Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the transaction (including the security interest or guarantee granted by an Italian company) could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the company.

The above principles on corporate benefit apply equally to upstream/downstream security interest or guarantees granted by Italian companies.

In relation to security interests or guarantees, while corporate benefit for a downstream security or guarantee (i.e., a security or a guarantee granted to secure financial obligations of direct or indirect subsidiaries of the relevant grantor) can usually be easily proved, the validity and effectiveness of an upstream or cross-stream security or guarantee (i.e., a security or a guarantee granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organised under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest or guarantee. The general rule is that the risk assumed by an Italian grantor of security or guarantee must not be disproportionate to the direct or indirect economic benefit to it.

Financial assistance

Save for specific exceptions, it is unlawful under Italian laws for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company, and any loan, guarantee or security given or granted in breach of these provisions is null and void. Financial assistance to refinance indebtedness incurred by a company to purchase or subscribe for its own shares or quotes or those of its direct or indirect parent company might also be considered as falling within the scope of Italian financial assistance provisions.

Certain limitations on enforcement

Under Italian law, in the event that an entity becomes subject to insolvency proceedings, guarantees and security interests given by it could be subject to potential challenges by the appointed bankruptcy receiver or by other creditors under the rules of ineffectiveness or avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the "suspect period"). For a more detailed explanation of the terms, conditions and consequences of clawback actions in an insolvency scenario, see "*—Certain Italian insolvency laws*".

If challenged successfully, the guarantee or the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest or guarantee is voided, holders of the Notes could lose the benefit of the security interest or guarantee and may not be able to recover any amounts under the related security documents.

In addition under Italian law, in certain circumstances also in the ordinary course of business, an action can be brought by any creditor of a given debtor within five years from the date in which the latter enters into a guarantee, security, agreement and any other act by which it disposes of any of its assets, in order to seek a clawback action (*azione revocatoria ordinaria*) pursuant to Article 2901 of the Italian Civil Code (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, security, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke the said guarantee, security, agreement and other act only if it, in addition to the ascertainment of the prejudice, was to make the two following findings:

- that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit;
- that, in the case of non-gratuitous act, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Furthermore, under fraudulent conveyance and other provisions of Italian law, a court could void or invalidate all or a portion of the obligations of a guarantor under the relevant guarantee and, if payment had already been made under that guarantee, require the recipients of that payment to return the payment to the relevant guarantor, if the court found that, *inter alia*:

(i) the relevant guarantor gave such guarantee with actual intent to hinder, delay or defraud its current or future creditors or with a desire to prefer some creditors over others, or when the beneficiary of the guarantee was aware that the relevant guarantor was insolvent when it gave the relevant guarantee;

(ii) the relevant guarantor did not receive fair consideration or reasonably equivalent value for its guarantee or the relevant guarantor was insolvent at the time the guarantee was given;

(iii) the relevant guarantee was held to exceed the corporate objects of the relevant guarantor or not to be in the best interest or for the corporate benefit of the relevant guarantor; or

(iv) the guarantor giving such guarantee was aware, or should have been aware, that the transaction was to the detriment of the creditors.

If a court decided either that a guarantee was a fraudulent conveyance and voided such guarantee, or held it unenforceable for any other reason, the beneficiary of the guarantee may cease to have any claim with respect to the relevant guarantor. The same would also apply to any security interest.

Certain considerations in relation to security interests

It is uncertain and untested in the Italian courts whether, under Italian law, a security can be created and perfected: (i) in favour of creditors which are neither directly parties to the relevant security documents or are not specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favour of a "trustee", since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of a "trustee" as agent or trustee under security interests granted over Italian assets is uncertain under Italian law.

The enforceability of Italian law security granted in favour of a trustee acting as trustee and common representative (*rappresentante comune*) of the relevant creditors pursuant to Articles 2417 and 2418 of the Italian Civil Code has not been tested before the Italian courts and, therefore, the risk of the relevant creditors being unable to enforce Italian law security cannot be eliminated or mitigated. Furthermore, to date, the Italian courts have not considered whether a common representative (*rappresentante comune*) of creditors may be validly appointed by means of a contractual arrangement, including in the form of an indenture (establishing the terms of an issuance of notes or bonds) or other similar contractual arrangements.

The validity of "parallel debt" structures under Italian law has, to date, not been considered before the Italian courts and the security interests comprising the parallel debt claim could be held to be in conflict with mandatory provisions of Italian law. Accordingly, no assurance can be given that the enforceability of a security interest governed by Italian law securing a "parallel debt" obligation will be upheld by an Italian court and further, no assurance can be provided on how an Italian court would interpret an Italian law security instrument purporting to secure, inter alia, a "parallel debt" obligation.

The procedures for the enforcement of Italian law security and the timing for obtaining judicial decisions (including in relation to security enforcement) in the Republic of Italy are materially complex and time-consuming, especially given that the Italian courts maintain a significant role in the enforcement process, in comparison to other jurisdictions with which investors may be familiar.

Equitable subordination

Italian corporate law (Articles 2497-*quinquies* and 2467 of the Italian Civil Code) provides for rules to protect creditors against "undercapitalised companies" and provide for remedies in respect thereof. In this respect in case of a loan to a company by, respectively, (i) a person that, directly or indirectly, direct the company or exercises management and coordination powers over that borrowing company or (ii) a quotaholder in the case of a company incorporated in Italy as a *società a responsabilità limitata*, will be subordinated to all other creditors of that borrower and senior only to the equity in that borrower, if the loan is made when, also taking into account the kind of business of the borrower, there was an excessive imbalance of the borrower's indebtedness compared to its net assets or the borrower was already in a financial situation requiring an injection of equity and not a loan ("undercapitalisation"). Any payment made by the borrower with respect to any such loan within one year prior to a bankruptcy declaration would be required to be returned to the borrower.

As of the date hereof, there are few court precedents on the applicability of the foregoing provisions and limited guidance has been provided to date by the Italian courts on the features and extent of the undercapitalisation requirement. Such precedents tend however to provide a broad interpretation of such provisions, affirming, *inter alia*, that Article 2467 does indeed apply, based on an interpretation by analogy, to companies incorporated as a *società per azioni*, and to indirect form of financings, such as guarantees or finance granted by parties related to the quotaholders of the company.

Plan of distribution

Subject to the terms and conditions set forth in the purchase agreement (the "Purchase Agreement"), the Issuer has agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed to purchase from the Issuer, the entire principal amount of the Notes. The Initial Purchasers are J.P. Morgan Securities plc, HSBC Bank plc, UBS Limited and UniCredit Bank AG.

The obligations of the Initial Purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The Purchase Agreement provides that the Initial Purchasers will purchase all the Notes if they purchase any of them.

The Initial Purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of this offering memorandum. The Initial Purchasers may change the price at which the Notes are offered and any other selling terms at any time without notice. The Initial Purchasers may offer and sell Notes through certain of their affiliates, including in respect of sales into the United States.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel and our counsel. The Purchase Agreement also provides that, if an Initial Purchaser defaults, the purchase commitments of the non-defaulting Initial Purchaser may be increased or, in some cases, the Offering may be terminated.

The Purchase Agreement provides that we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, that during the period from the date the Purchase Agreement is executed through and including the date that is 90 days after the date the Purchase Agreement is executed, to not, and to cause our subsidiaries to not, without having received the prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell, issue or otherwise dispose of any debt securities issued or guaranteed by us or any of our subsidiaries.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the issue price of the Notes set forth on the cover page of this offering memorandum.

The Issuer has agreed to pay the Initial Purchasers certain customary fees for their services in connection with the Offering and to reimburse them for certain out-of-pocket expenses.

The Notes and the Guarantee have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold within the United States except to "qualified institutional buyers" in reliance on Rule 144A under the U.S. Securities Act and outside the United States in reliance on Regulation S under the U.S. Securities Act. Resales of the Notes are restricted as described under "*Transfer restrictions*". Each purchaser of the Notes will be deemed to have made acknowledgments, representations and agreements as described under "*Transfer restrictions*".

In the Purchase Agreement, each Initial Purchaser, severally and not jointly, has also represented and agreed to the Issuer that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes, in from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and Italy, by any of the Issuer, the Guarantor or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer, the Guarantor or the Notes in any jurisdiction where action for this purpose is required. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this offering memorandum and resale of Notes. See "*Transfer restrictions*".

The Issuer has made an application to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit the Notes for trading on the Luxembourg Stock Exchange's Euro MTF market. However, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The Initial Purchasers are not obliged, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at their sole discretion without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"). Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop or that you will be able to sell any Notes at a particular time or at a price which will be favourable to you.

The Issuer expects that delivery of the Notes will be made against payment therefor on or about the date specified on the cover page of this offering memorandum, which will be the eighth business day following the date of pricing of the Notes (such settlement cycle being referred to herein as "T+8"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next four successive business days will be required, by virtue of the fact that the Notes initially will settle in T+8, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Initial Purchasers or persons acting on their behalf may engage in over-allotment, stabilising transactions, covering transactions and penalty bids in accordance with applicable laws and regulations. Over-allotment involves sales in excess of the Offering size, which creates a short position for the Initial Purchasers. Stabilising transactions permit bidders to purchase the underlying security so long as the stabilising bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilising or covering transaction to cover short positions. These stabilising transactions, covering transactions and penalty bids, may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

From time to time, the Initial Purchasers and their affiliates have provided in the past, and may in the future provide, investment banking, commercial banking, financial advisory and other services to us and our affiliates for which they have received or may receive customary fees and commissions. J.P. Morgan Securities plc, HSBC Bank plc and UniCredit Bank AG were initial purchasers for the offering of the Initial Notes, and received fees and commissions in connection with such transaction. J.P. Morgan Securities plc and UniCredit Bank AG and/or their respective affiliates are lenders under the Revolving Credit Facility, which we intend to prepay by using a portion of the proceeds from the Offering. UniCredit Bank AG, Milan Branch, acts as the Security Agent for the Initial Notes, the Revolving Credit Facility and the Intercreditor Agreement.

Transfer restrictions

General

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act or any state securities laws and, therefore, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

Accordingly, the Notes and the Guarantee offered hereby are being offered and sold to the Initial Purchasers for re-offer and resale only:

- in the United States, to qualified institutional buyers as defined in Rule 144A under the U.S. Securities Act ("QIBs") in reliance on Rule 144A under the U.S. Securities Act ("Rule 144A"); and
- outside the United States, to non-U.S. persons in an offshore transaction in accordance with Regulation S under the U.S. Securities Act ("Regulation S").

We use the terms "offshore transaction", "U.S. persons" and "United States" with the meanings given to them in Regulation S.

Important information about the Offering

If you purchase Notes, you will be deemed to have represented and agreed as follows:

(1) You understand and acknowledge that the Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any other securities laws, including sales pursuant to Rule 144A under the U.S. Securities Act, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.

(2) You are not an "affiliate" (as defined in Rule 144 under the U.S. Securities Act) of the Issuer, you are not acting on the Issuer's behalf and you are either:

  (a) a QIB and are aware that any sale of the Notes to you will be made in reliance on Rule 144A, and such acquisition will be for your own account or for the account of another QIB; or

  (b) not a "U.S. person" or purchasing the Notes for the account or benefit of a U.S. person (other than a distributor), and you are purchasing notes outside the United States in an offshore transaction in accordance with Regulation S under the U.S. Securities Act.

(3) You acknowledge that neither the Issuer, the Guarantor nor the Initial Purchasers nor any other person has made any representation to you with respect to us or the offer or sale of any of the Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that no person other than the Issuer makes any representation or warranty as to the accuracy or completeness of this offering memorandum. You have had access to such financial and other information concerning us and the Notes (and the Guarantee), including an opportunity to ask questions of, and request information from, us and any of the Initial Purchasers.

(4) You are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a

view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any other applicable securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the U.S. Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "Resale Restriction Termination Date") that is one year (in the case of Notes issued in reliance on Rule 144A ("Rule 144A Notes")) or 40 days (in the case of Notes issued in reliance on Regulation S ("Regulation S Notes")) after the later of the Issue Date and the last date on which the Issuer or any affiliate of the Issuer was the owner of such Notes (or any predecessor thereto) only:

(a) to the Issuer, the Guarantor or any subsidiary thereof;

(b) pursuant to a registration statement which has been declared effective under the U.S. Securities Act;

(c) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of another QIB to whom you give notice that the transfer is being made in reliance on Rule 144A;

(d) pursuant to offers and sales that occur outside the United States in compliance with Regulation S; or

(e) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act;

subject, in each of the foregoing cases, to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within its or their control, and in compliance with any applicable foreign or state securities laws and any applicable local laws and regulations.

You acknowledge that each of the Issuer and the Trustee reserve the right prior to any offer, sale or other transfer of the Notes (i) pursuant to clause (d) or clause (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to each of them, and (ii) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

You acknowledge that each Global Note will contain a legend substantially in the following form:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("RULE 144A")) OR (B) IT IS A NON-U.S. PERSON ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S.

SECURITIES ACT, (2) AGREES THAT IT WILL NOT, ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS [IN THE CASE OF THE RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY [RULE 144] [REGULATION S] UNDER THE U.S. SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER, THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE FOREIGN OR STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSES (D) AND (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATIONS AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND".

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in the Notes as well as to holders of the Notes.

(5) You acknowledge that the Registrar will not be required to accept for registration of transfer any Notes acquired by you, except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set forth therein have been complied with.

(6) You acknowledge that:

   (a) the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein, and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify the Issuer and the Initial Purchasers promptly in writing; and

   (b) if you are acquiring any Notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

      (i) you have sole investment discretion; and

      (ii) you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(7) You agree that you will, and each subsequent holder is required to, give to each person to whom you transfer the Notes notice of any restrictions on the transfer of the Notes.

(8) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the "distribution compliance

period" (as defined below), you shall not make any offer or sale of the Notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the U.S. Securities Act. The "distribution compliance period" means the 40-day period following the Issue Date for the Notes.

(9) You acknowledge that until 40 days after the commencement of the Offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

(10) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer, the Guarantor or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer, the Guarantor or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth in this section of this offering memorandum and/or in the front of this offering memorandum under "*Notice to certain European investors*", "*Notice to investors in the United States*" and "*Notice to New Hampshire residents only*".

(11) You represent and warrant that: (a) either (i) no portion of the assets used by you to acquire or hold the Notes constitutes assets of any employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), any plan, individual retirement account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to the prohibited transaction provisions of Title I of ERISA or Section 495 of the Code (collectively, "Similar Laws"), or any entity whose underlying assets are considered to include "plan assets" of any such plan, account or other arrangment, within the meaning of U.S. Department of Labor Regulations, 29 C.F.R. §2510.3-101, as modified by Section 3(42) of ERISA or otherwise, or (ii) the purchase and holding of the Notes will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Law.

Italy

The Offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this offering memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except: (a) to qualified investors (*investitori qualificati*) as defined in Article 26, first paragraph, letter d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended (the "Regulation No. 16190") pursuant to Article 34-*ter*, first paragraph letter b) of CONSOB Regulation No. 11971, 14 May 1999, as amended (the "Issuers Regulation"), implementing Article 100 of Legislative Decree No. 58, 24 February 1998, as amended (the "Financial Services Act"); and (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and the Issuers Regulation. In any event, any offer, sale or delivery of the Notes or distribution of copies of this offering memorandum or any other document relating to the Notes in Italy under (a) or (b) above must be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993, as amended and Regulation No. 16190; and (ii) in compliance with any other applicable laws and regulations, including any requirement or limitation which may be imposed, from time to time, by CONSOB or the Bank of Italy or other competent authority.

Legal matters

Certain legal matters in connection with the Offering will be passed upon for the Issuer by Simpson Thacher & Bartlett LLP as to matters of U.S. federal law, New York state law and English law, by Gattai, Minoli & Partners, as to matters of Italian law and by Pirola Pennuto Zei & Associati, as to matters of Italian tax law.

Certain legal matters in connection with the Offering will be passed upon for the Initial Purchasers by Linklaters LLP, as to matters of U.S. federal law and New York state law, and by Studio Legale Associato in association with Linklaters LLP, as to matters of English law and Italian law.

Independent auditors

The consolidated financial statements of the Company for each of the years ended 31 December 2012 and 31 December 2011, which were prepared in accordance with IFRS as adopted by the E.U., included in this offering memorandum, have been audited by Deloitte & Touche S.p.A., independent auditors, as set forth in their reports included in this offering memorandum.

The consolidated financial statements of the Issuer for the year ended 31 December 2013, which were prepared in accordance with IFRS as adopted by the E.U., included in this offering memorandum, have been audited by Deloitte & Touche S.p.A., independent auditors, as set forth in their report included in this offering memorandum.

Where to find additional information

Each purchaser of the Notes from an Initial Purchaser will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to this offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on any of the Initial Purchasers or any person affiliated with any of the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to clause (1) above, no person has been authorised to give any information or to make any representation concerning the Notes or the Guarantee offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorised by us or any of the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are not subject to Section 13 or 15(d) under the U.S. Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) of the U.S. Exchange Act, make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act upon the written request of any such holder or beneficial owner. Any request should be directed to the Company at Via Gagarin 205, Pesaro, Italy.

All of the above documents will be available at the offices of the listing agent in Luxembourg.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture that will govern the Notes, we will agree to furnish periodic information to the holders of the Notes. See "*Description of the Notes—Certain covenants—Reports*".

Enforcement of civil liabilities

The Issuer and the Guarantor are each a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy. Substantially all of the directors and executive officers of the Issuer and the Guarantor, respectively, are non-residents of the United States. Substantially all of the assets of the Issuer and the Guarantor and their respective directors and executive officers, are located outside the United States. As a result, any judgment obtained in the United States against the Issuer or the Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and the Guarantor will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts in connection with any action in relation to the Notes, the Guarantee and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on the Issuer, the Guarantor or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws. If a judgment is obtained in a U.S. court against the Issuer, the Guarantor or any of their respective directors or executive officers, investors will need to enforce such judgment in jurisdictions where the relevant company or individual has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the Republic of Italy, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

We have been advised by counsel in the Republic of Italy that the recognition and enforcement of a judgment rendered by a U.S. federal or New York state court in the Republic of Italy is governed by Article 64 of the Private International Law Act (i.e. Law 218 of 31 May 1995) (the "PIL Act") (and certain other provisions of the PIL Act).

Pursuant to the PIL Act, any judgment issued by a U.S. federal or New York state court should automatically be recognised in the Republic of Italy provided that the following requirements are met:

- the relevant U.S. federal or New York state court had appropriate jurisdiction to pass judgment upon the matter (in accordance with the Italian law rules on jurisdiction);
- the defendant had received the summons in accordance with the laws of the state in which the proceedings have taken place, and the defendant had not been deprived of his fundamental right to a defense;
- the parties had appeared in the proceedings in accordance with the local procedural law, or the proceedings were conducted in absentia (*in contumacia*) in accordance with such local procedural law;
- the judgment rendered by the U.S. federal or New York state court must be final and binding (*passato in giudicato*) according to the law of the state in which it was issued;
- the judgment rendered by the U.S. federal or New York state court is not in conflict with any earlier final and binding judgment issued by an Italian court;

- there is no pending proceeding before any Italian court in relation to the same subject matter and between the same parties which started prior to the commencement of the proceedings before the relevant U.S. federal or New York state court; and
- the judgment rendered by the U.S. federal or New York state court is not contrary to Italian public policy.

In addition, according to Article 67 of the PIL Act, if a judgment rendered by a U.S. federal or New York state court is not complied with, its recognition is challenged or it is necessary to enforce such judgment, a proceeding must be instituted in the competent Court of Appeal in the Republic of Italy to that end. The competent Court of Appeal does not consider the merits of the case but reviews exclusively the existence of all the requirements set out above (including requiring that the judgment rendered by the U.S. federal or New York state court is not contrary to public policy in Italy).

Listing and general information

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market of the Luxembourg Stock Exchange (the "Euro MTF").

Luxembourg listing information

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF market of that exchange and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish or make available any notices (including financial notices) to the public in written form at places indicated by announcements to be published in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu) or by any other means considered equivalent by the Luxembourg Stock Exchange.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF and the rules of the Luxembourg Stock Exchange so require, copies of the following documents may be obtained at the specified office of the listing agent in the Grand Duchy of Luxembourg and the registered office of the Issuer during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded):

- the organisational documents of the Issuer and the Guarantor;
- the financial statements of the Company included in, and included in this offering memorandum;
- our most recent audited consolidated financial information, any interim financial information published by us and the most recent audited financial information published by the Issuer;
- the Indenture (which includes the Guarantee and the form of the Notes);
- the Supplemental Indenture;
- the Intercreditor Agreement; and
- the Security Documents.

The Issuer has appointed Deutsche Bank AG, London Branch in separate capacities, as Principal Paying Agent and Transfer Agent for the Notes and Deutsche Bank Luxembourg S.A. in separate capacities, as registrar and Luxembourg listing agent for the Notes. The Issuer reserves the right to vary such appointments in accordance with the terms of the Indenture and will publish a notice of such change of appointment in a leading newspaper having a general circulation in the Grand Duchy of Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu) or by any other means considered equivalent by the Luxembourg Stock Exchange. Application may also be made to the Euro MTF market to have the Notes removed from listing on the Euro MTF market, including if necessary to avoid any new withholding taxes in connection with the listing.

The Issuer accepts responsibility for the information contained in this offering memorandum. The Issuer declares that, having taken all reasonable care to ensure that such is the case, to the best of its knowledge, except as otherwise noted, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect its import. This offering memorandum may only be used for the purposes for which it has been published.

Clearing information

The Notes sold pursuant to Regulation S and Rule 144A have been accepted for clearance through the facilities of Euroclear and Clearstream. The Initial Notes and the Notes will initially have different ISINs and common codes. Once the Notes become freely tradeable, the Notes and the Initial Notes will share the same ISIN and common code.

The initial, temporary common code number and temporary ISIN for the Notes sold pursuant to Regulation S under the U.S. Securities Act are 106119619 and XS1061196199, respectively. After the expiration of the 40-day period following the Issue Date, on 10 June 2014 the common code number and ISIN for the Notes sold pursuant to Regulation S under the U.S. Securities Act are 080863837 and XS0808638372, respectively.

The initial, temporary common code number and temporary ISIN for the Notes sold pursuant to Rule 144A under the U.S. Securities Act are 106124817 and XS1061248172, respectively. After the expiration of the one year period following the Issue Date, on 1 May 2015 the common code number and ISIN for the Notes sold pursuant to Rule 144A of the U.S. Securities Act are 080863578 and XS0808635782, respectively.

General information

Except as otherwise disclosed in this offering memorandum:

- there has been no material adverse change in the prospects of the Company since 31 December 2013, the date of its last published consolidated financial information;
- there has been no material adverse change in Issuer's financial position since its date of incorporation; and
- none of the Issuer, the Company, nor any of their respective direct or indirect subsidiaries has been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issuance of the Notes and, so far as the Issuer and the Company is aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

For the avoidance of doubt, any website referred to in this offering memorandum and the information on the referenced website does not form part of this offering memorandum prepared in connection with the Offering.

The Issuer and the Company prepare stand-alone financial statements on an annual basis, which we have not included in this offering memorandum. Neither of the Issuer or the Company prepares stand-alone financial statements on a quarterly or interim basis.

No person is authorised to give information other than that contained in this offering memorandum and the documents referred to therein and which are made available for inspection by the public.

Material contracts

Contracts not entered into in the ordinary course of the Issuer's business that could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to holders in respect of the Notes are summarised under the caption "*Description of the Notes*".

The Issuer

The Issuer is a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy (Company Register of Milan No. 08231300966). The Issuer was incorporated on 23 July 2010 and will remain in existence until 31 December 2050.

As of 16 April 2014, the Issuer has a total share capital of €3,213,641, all of which has been subscribed and paid up, comprising €3,213,641 shares of a nominal value of €1.00 each.

The registered office of the Issuer is at Via Vittor Pisani 20, 20124, Milan, Italy.

The Issuer acts as a holding company for the Group, and directly holds all of the outstanding issued share capital of the Company. The Issuer does not have any independent operations.

The creation and issuance of the New Notes were authorised by the Issuer's board of directors on 14 April 2014.

The Issuer's financial year begins on 1 January and ends on 31 December of each year. The Issuer prepares and publishes annual audited financial statements.

For a description of our Group's main investments over the last three fiscal years, please see "*The Acquisitions*", "*Management's discussion and analysis of financial condition and results of operations—Key factors affecting our results of operations*," "*Management's discussion and analysis of financial condition and results of operations—capital expenditure*" and the notes to our consolidated financial statements included elsewhere in this offering memorandum.

For a description of the content, scope, principles and basis of the consolidation of our results of operation, please see pages F-11 to F-16 to this offering memorandum.

The Company

The Company (formerly known as TeamSystem S.r.l.), which will provide a Guarantee in respect of the Notes, has the following corporate information.

The Company is a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy. The Company was incorporated on 18 March 1987. The Company is registered in the Italian companies register (*Camera di Commercio Industria Artigianato e Agricoltura di Peraro e Urbino*) under registration number and fiscal code 01035310414. The Company has a total share capital of €24,000,000.00, which is fully paid up, composed of 24,000,000 ordinary shares with a nominal value of €1.00.

The Company operates in the business of software services and has its registered office at Via Gagarin 205, Pesaro, Italy.

The Company's financial year begins on 1 January and ends on 31 December of each year. The Company prepares and publishes annual audited financial statements. The Company also prepares quarterly unaudited consolidated financial information, which we have not included in this offering memorandum. For the year ended 31 December 2013, the Company's net loss on a standalone basis was €18,866,000 and, as at 31 December 2013, the Company's assets, liabilities and debt were € 636,231,000, €427,452,000 and €334,564,000, respectively.

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Independent auditor's assurance report on the compilation of unaudited pro forma combined financial information of TeamSystem Holding S.p.A. included in an offering memorandum

To the Board of Directors of
TeamSystem Holding S.p.A.

We have completed our assurance engagement to report on the compilation of unaudited *pro forma* financial information of TeamSystem Holding S.p.A. (the "Issuer"). The *pro forma* financial information (hereinafter "Unaudited Pro Forma Combined Financial Information") consists of (i) the unaudited *pro forma* combined statement of financial position as at December 31, 2013 (ii) the unaudited *pro forma* combined income statement for the year ended December 31, 2013 and (iii) related explanatory notes, as set out on pages P-4-P-9 of the Offering Memorandum prepared by the Issuer for an offering of notes.

The Unaudited Pro Forma Combined Financial Information has been prepared by the Issuer' Directors in order to (i) represent retroactively the impact of the proposed acquisition of 24 Ore Software business (the "24 Ore Software Acquisition") and related issuance of notes (the "Offering of Notes") to finance such acquisition, as if these proposed transactions had taken place on December 31, 2013 and, solely as regards income effects, on January 1, 2013 and (ii) represent retroactively the acquisition of ACG business (the "ACG Acquisition") already effectively occurred on December 31, 2013, as if it had taken place on January 1, 2013 as regards income effects.

As part of this process, the Unaudited Pro Forma Combined Financial Information have been compiled by Issuer' Directors by combining the following financial elements:

- the consolidated financial statements of the Issuer as of 31 December 2013, approved by the Board of Directors on April 11, 2014. These consolidated financial statements were audited by us and we issued our auditor's report on April 12, 2014;
- the unaudited *pro forma* combined financial information of 24 Ore Software business as of December 31, 2013 that include (i) the financial statements of 24 Ore Software S.p.A., audited by KPMG S.p.A. which issued its auditor's report on March 24, 2014 (ii) the financial statements of its subsidiary Diamante S.p.A., audited by KPMG S.p.A. which issued its auditor's report on April 1, 2014 and (iii) the unaudited carve-out income statement of the professional and software division, to be contributed to 24 Ore Software S.p.A. prior to the completion of the acquisition. On the compilation of such unaudited *pro forma* combined financial information, KPMG S.p.A. issued on April 14, 2014 an assurance report in accordance with ISAE 3420.

- the unaudited carve-out income statement for the year ended 31 December 2013 of ACG business based on information provided by the seller of such business;
- the *pro-forma* adjustments related to (i) the 24 Ore Software Acquisition, (ii) the ACG Acquisition and (iii) the Offering of Notes.

Director's Responsibility

The Issuer's Directors are responsible for the preparation of Unaudited Pro Forma Combined Financial Information in accordance with the basis stated in the explanatory notes.

Auditor's Responsibilities

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether Directors have compiled, in all material respects, the *pro forma* financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in an offering memorandum is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual or proposed outcome of the event or transaction at December 31, 2013 and at January 1, 2013 as regards income effects would have been as presented in the Unaudited Pro Forma Combined Financial Information.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Issuer's Directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the company, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Unaudited Pro Forma Combined Financial Information has been properly compiled on the basis stated.

Emphasis of Matter

We draw attention to the explanatory notes to the Unaudited Pro Forma Combined Financial Information which disclose the fact that the 24 Ore Software Acquisition has not been completed at the date of this report since it has to be funded using financial resources from the proposed Offering of Notes. Additionally, the Issuer's Directors state that the fair values of assets and liabilities related both to the 24 Ore Software Acquisition and to the ACG Acquisition have been determined provisionally, as allowed by the IFRS 3—Business Combinations, and that the excess of the purchase prices of the two acquisitions over the provisional fair values of acquired assets and liabilities has been entirely allocated to goodwill on preliminary basis. At this regard, the Issuer's Directors disclose that the finalization of fair values determination could result in a different valuation of certain assets and liabilities, as well as, where applicable, the recognition of increased depreciation and amortization charges or other income statement effects with a negative effect on the Issuer's income statement result. Our opinion is not qualified in respect of these matters.

DELOITTE & TOUCHE S.p.A.

Stefano Montanari
Partner

Ancona, Italy
April 15, 2014

Unaudited *pro forma* combined financial information

In connection with the ACG Acquisition and the proposed 24 Ore Software Acquisition (together the "Acquisitions"), the Issuer has prepared the following unaudited *pro forma* combined financial information which comprises unaudited *pro forma* combined income statement for the year ended 31 December 2013 and unaudited *pro forma* combined statement of financial position as of 31 December 2013 and related explanatory notes.

On 2 December 2013, the Company entered into an acquisition agreement with the ACG Seller, pursuant to which the Company agreed to acquire 100% of the share capital of ACG, a special purpose vehicle in which the ACG Seller contributed, effective as of 31 December 2013, its ERP business line (the "ACG Acquisition"). The ACG Acquisition was completed on 31 December 2013 and the purchase price was funded by borrowings under the Revolving Credit Facility. Subsequently, on 15 April 2014, the Company entered into an acquisition agreement with the 24 Ore Seller, pursuant to which the Company agreed to acquire 100% of the share capital of 24 Ore Software, a business unit of the 24 Ore Seller. The 24 Ore Software Acquisition will be funded using a portion of the Notes offered hereby (the "Offering") and through the Vendor Loan. Substantially concurrently with entering into the Vendor Loan, the Company will novate its rights and obligations under the Vendor Loan to the Issuer and the Issuer will, in turn, novate its rights and obligations under the Vendor Loan to TeamSystem HoldCo S.à r.l. The unaudited *pro forma* combined financial information assumes that €130 million in aggregate principal amount of 7.375% senior secured notes due 2020 will be issued at an issue price equal to 100.0%.

The unaudited *pro forma* combined financial information have been prepared in accordance with the accounting principles adopted for the preparation of the 31 December 2013 consolidated financial statements of the Issuer to illustrate retroactively the effects of (i) the Acquisitions and the Offering as though each had been completed on 1 January 2013 for purposes of the unaudited *pro forma* combined income statement and (ii) the 24 Ore Software Acquisition and the Offering as though each had been completed on 31 December 2013 for purposes of the unaudited *pro forma* combined statement of financial position. The ACG Acquisition, which was completed on 31 December 2013, is included in the Issuer's consolidated statement of financial position as of 31 December 2013.

The unaudited *pro forma* combined financial information have been prepared, on a voluntary basis, in compliance with the provisions contained in the Consob communication DEM/1052803 of 5 July 2001 only for information purposes and does not purport to present what the Issuer's results would have been had the Acquisitions and Offering actually occurred on the date or for the period presented, nor does it purport to indicate a *pro forma* combined income statement or *pro forma* combined statement of financial position as of any future date or for any future period. There can be no assurance that the assumptions used in the preparation of the unaudited *pro forma* combined financial information will prove to be correct.

The unaudited *pro forma* combined financial information have not been prepared in accordance with the requirements of Regulation S-X under the U.S. Securities Act. The unaudited *pro forma* combined financial information should be read in conjunction with Issuer's audited consolidated financial statements as of 31 December 2013.

The unaudited *pro forma* combined financial information have been prepared based on the following financial elements:

- the consolidated financial statements of Issuer as of 31 December 2013, approved by the Board of Directors on 11 April 2014 and audited by Deloitte & Touche S.p.A., who issued its auditor's report on 12 April 2014;
- the unaudited *pro forma* financial information of 24 Ore Software as of 31 December 2013 that include (i) the audited financial statements of 24 Ore Software (auditor's report issued

by KPMG S.p.A. on 24 March 2014), (ii) the audited financial statements of its subsidiary Diamante S.p.A. (auditor's report issued by KPMG S.p.A. on 1 April 2014) and (iii) the unaudited carve-out income statement of the professional and software division of the 24 Ore Seller, which division will be contributed to 24 Ore Software prior to the completion of the 24 Ore Software Acquisition;

- the unaudited income statement for the year ended 31 December 2013 of ACG based on carved-out information provided by the ACG Seller; and
- *pro forma* adjustments related to the Acquisitions and the Offering.

On 15 April 2014 Deloitte & Touche S.p.A. issued a report (the "Deloitte Report") on the compilation of consolidated pro forma financial information of the Issuer in accordance with the International Standard on Assurance Engagements (ISAE) 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus".

On 14 April 2014 KPMG S.p.A. issued a report (the "KPMG Report") on the compilation of pro forma financial information of 24 Ore Software in accordance with the International Standard on Assurance Engagements (ISAE) 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus".

The *pro forma* adjustments are based upon preliminary available information and certain assumptions that are described in the accompanying notes to the unaudited *pro forma* combined financial information that Group's management believes are reasonable under the circumstances. These adjustments and assumptions have been made on the basis of preliminary information, and are therefore difficult to make with any certainty. As a result, the Issuer's actual financial condition and results of operations following the Acquisitions and the Offering may not be consistent with, or may deviate from, this unaudited *pro forma* combined financial information.

The format of the unaudited *pro forma* combined income statement and of the unaudited *pro forma* combined statement of financial position are consistent with the Issuer's consolidated income statement and statement of financial position, respectively, presented in the Issuer's consolidated financial statements as of 31 December 2013.

In addition, the unaudited *pro forma* combined income statement does not include any expected cost savings or restructuring actions which may be achievable subsequent to the Acquisitions or the impact of any non-recurring activity and one-time acquisition-related costs.

Preliminary allocation of purchase consideration to net assets acquired

Under IFRS 3 "Business Combinations," all business combinations should be accounted for by applying the purchase method of accounting. This involves (i) measuring at the acquisition date the identifiable assets and liabilities of acquiree and contingent liabilities assumed in a business combination at their fair values and (ii) recognising as goodwill the residual difference between the price paid for the business combination and the fair value of net assets.

The 24 Ore Software Acquisition has not been completed and is subject to price adjustments at the closing date. In addition, certain measurements related to the ACG Acquisition have been recorded on a preliminary basis. As a result, the Group is not currently in a position to measure fair values and make related adjustments to the recorded values of the assets and liabilities of 24 Ore Software and ACG. Following the completion of the 24 Ore Software Acquisition and of the ACG Acquisition analysis, the Group will measure fair values and make any necessary adjustments to recorded values of the assets and liabilities of the acquired businesses. The final measurement of fair value could determine, among other effects, positive adjustments to intangible assets and consequently result in additional charges for the amortisation of intangibles, which will have a negative effect on operating profit. These effects from the application of purchase accounting to the Acquisitions have not been reflected in the unaudited *pro forma* combined financial information. For the purpose of the unaudited *pro forma* combined financial information, the excess of the purchase price consideration over net assets has been substantially recorded as goodwill.

Unaudited *pro forma* combined income statement

	Year Ended 31 December 2013				
(€ in millions)	Issuer(1)	ACG Acquisition(2)	24 Ore Software Acquisition(3)	*Pro forma* Adjustments	*Pro forma* Financial Data
Revenue	155.7	22.3	61.2	(1.9)(4)	237.4
Other operating income	1.5	—	1.3	—	2.8
Total revenues	**157.2**	**22.3**	**62.5**	**(1.9)**	**240.1**
Consumption of raw and other materials	(17.5)	—	(2.3)	—	(19.8)
Cost of service	(29.7)	(8.9)	(19.2)	0.8(5)	(57.0)
Personnel	(51.2)	(7.3)	(22.6)	—	(81.1)
—of which non recurring	(0.3)	—	(0.7)	—	(1.0)
Other operating expenses	(3.2)	(1.9)	(7.2)	—	(12.3)
Non-recurring expenses	(4.6)	—	—	0.5(6)	(4.1)
Depreciation and amortisation of non-current assets	(25.6)	—	(6.0)	(0.1)(7)	(31.7)
Allowance for doubtful debts and other provisions	(3.0)	(0.1)	(2.1)	—	(5.1)
Operating result	**22.5**	**4.2**	**3.1**	**(0.7)**	**29.0**
Finance income	1.7	—	0.1	—	1.8
Finance cost	(47.5)	—	(0.4)	(10.5)(8)	(58.4)
—of which non-recurring	(13.6)	—	—	—	(13.6)
Loss before income taxes	**(23.4)**	**4.2**	**2.8**	**(11.2)**	**(27.6)**
Income taxes					
—current income taxes	(7.6)	(1.3)	(1.6)	0.4(9)	(10.2)
—deferred income taxes	2.5	—	—	—	2.5
Total income taxes	**(5.1)**	**(1.3)**	**(1.6)**	**0.4**	**(7.7)**
Profit (Loss) for the year	**(28.5)**	**2.8**	**1.2**	**(10.8)**	**(35.2)**
Loss (profit) attributable to non—controlling interests	**(0.1)**	**—**	**—**	**—**	**(0.1)**
Profit (Loss) attributable to owners of the Company	**(28.6)**	**2.8**	**1.2**	**(10.8)**	**(35.3)**
Adjusted EBITDA(11)	**55.9**	**4.3**	**11.9**	**(1.1)(10)**	**71.0**

(1) Represents the audited consolidated income statement of the Issuer for the year ended 31 December 2013.

(2) Represents the unaudited income statement for the year ended 31 December 2013 of ACG based on information provided by the ACG Seller.

(3) Represents the unaudited *pro forma* income statement of 24 Ore Software. This unaudited *pro forma* income statement is based on the aggregation of statutory audited financial statements of 24 Ore Software and of its subsidiary Diamante S.p.A., with the unaudited carve-out income statement data of the 24 Ore Seller's professional software division to be contributed to 24 Ore Software prior to the completion of the 24 Ore Software Acquisition, in each case for the year ended 31 December 2013. This aggregated income statement has been also adjusted to reflect the *pro forma* adjustments relating to the saving costs contractually agreed by the Company under the agency agreement to be entered into in connection with the 24 Ore Software Acquisition. Certain line items of the unaudited *pro forma* income statement of 24 Ore Software have been reclassified in order to make such items consistent with the income statement format presented by the Issuer, without any impact on the sub-totals presented.

(4) Represents the net effect of (i) the elimination of €3.1 million of sales revenue of ACG under software license agreements that was recognised by the ACG Seller during 2013, which revenue would be recorded by the Issuer under its accounting principles as Deferred Revenue and (ii) the €1.2 million increase in revenue, which is the estimated revenue received from the performance of maintenance services and activities by ACG during the period under the software license agreements. In accordance with IFRS 3, in connection with the ACG Acquisition, on preliminary basis the Issuer recorded in its consolidated

financial statements as of December 31, 2013, (a) a liability of €1.5 million of Deferred Revenue in respect of the fair value of the obligation of ACG to perform future maintenance services and activities under the ACG software license agreements as a counterpart, (b) an intangible asset of €1.5 million in respect of Customer Relationships. The adjustment under clause (ii) reflects the recognition of €1.2 million of revenue from services and activities (of the €1.5 million of Deferred Revenue) that was estimated to be performed during the first year following the ACG Acquisition.

(5) Represents a reduction of €0.8 million in selling costs, which relate to the reduction in revenue in an amount of €3.1 million referred to in note (4)(i).

(6) Represents the elimination of certain one-off costs related to professional and advisory fees incurred with respect to the ACG Acquisition, amounting to €0.5 million and recorded in the 2013 consolidated income statement of the Issuer.

(7) Represents the increase in the amortisation of intangible assets in an amount of €0.1 million related to the preliminary recognition of the intangible asset of €1.5 million recorded in respect of Customer Relationships following the ACG Acquisition referred to in note (4)(b).

(8) Represents the estimated finance cost related to the Offering in an amount of €10.5 million for the year ended 31 December 2013, which consists of €9.6 million of interest expense with respect to the Notes. Assuming that €130 million in aggregate principal amount of 7.375% senior secured notes due 2020 will be issued at an issue price equal to 100.0% and €0.9 million of estimated amortised debt issuance costs.

(9) Represents €0.4 million of tax savings based on an estimated applicable tax rate of 31.4%. No deferred tax asset has been calculated on *pro forma* adjustments impacting finance cost, due to limitations on the deductibility of interest expenses in accordance with Italian tax legislation.

(10) Represents total adjustments of €1.1 million to "Adjusted EBITDA" of ACG as described in notes (4) and (5).

(11) Defined as operating result reported in the income statement, plus (i) impairment of non current assets, (ii) other provisions, (iii) depreciation and amortisation of non current assets, (iv) non recurring expenses and non recurring personnel costs and (v) allowance for bad debt. Adjusted EBITDA is a measure not required by, or presented in accordance with, IFRS and consequently these criteria may not be consistent with whose used by other companies.

The *pro forma* ACG Adjusted EBITDA and the *pro forma* 24 Ore Software Adjusted EBITDA, which are derived from their respective unaudited *pro forma* income statements, are shown in the following table together with the Issuer's Adjusted EBITDA and *pro forma* Adjusted EBITDA:

	Year Ended 31 December 2013			
(€ in millions)	**Issuer**	**ACG Acquisition**	**24 Ore Software Acquisition**	***Pro Forma* Financial Data**
***Pro forma* operating result**	**22.5**	**4.2**	**3.1**	**29.0**
Pro forma non-recurring expenses and non-recurring personnel	4.9	—	0.7	5.1
Pro forma depreciation and amortization of non-current assets	25.6	—	6.0	31.7
Pro forma allowance for doubtful debts and other risk provisions	3.0	0.1	2.1	5.1
Adjusted EBITDA	55.9	4.3	11.9	71.0
Pro forma Adjustments	n.a.	(1.1)	(*)	n.a.
***Pro forma* Adjusted EBITDA (**)**	**55.9**	**3.2**	**11.9**	**71.0**

(*) Reflects a *pro forma* saving cost amounting to €1.6 million contractually agreed by the Company under the agency agreement to be entered into in connection with the 24 Ore Software Acquisition, which has already been included in *pro forma* operating result.

(**) The Issuer has presented the *pro forma* Adjusted EBITDA items derived from the respective *pro forma* income statements because the Issuer believes that *pro forma* Adjusted EBITDA provide useful information with respect to the overall operating performance by facilitating comparison of operating performance on a consistent basis by removing the impact of items not directly resulting from core operations. The Issuer notes, however, that *pro forma* Adjusted EBITDA has limitations as an analytical tool, and should not be considered a substitute measure to operating profit as an indicator of operating performance, as an alternative to operating cash flows or as a measure of liquidity. *Pro forma* Adjusted EBITDA is a supplemental measure of performance that is not required by, or presented in accordance with, IFRS.

Unaudited *pro forma* consolidated statement of financial position

(€ in millions)	Issuer[1]	24 Ore Software Acquisition[2]	*Pro forma* adjustments	*Pro forma* financial data
	Year Ended 31 December 2013			
Tangible assets	10.1	0.8	—	10.9
Intangible assets	251.0	23.8	—	274.8
Goodwill	313.3	56.9	23.2[3]	393.3
Investments	0.3	1.2	—	1.5
Deferred tax assets	1.9	12.5	—	14.4
Other assets—non current	—	0.5	—	0.5
Financing fees prepayments—non current	1.2	—	1.3[4]	2.5
TOTAL NON CURRENT ASSETS	**577.7**	**95.6**	**24.5**	**697.9**
Inventories	1.4	—	—	1.4
Trade receivables	48.7	25.4	—	74.1
Tax receivables	3.1	—	—	3.1
Other receivables	7.7	0.7	—	8.4
Financing fees prepayments—current	0.2	—	0.3[5]	0.5
Cash and bank balances	17.5	1.9	2.6[6]	22.0
TOTAL CURRENT ASSETS	**78.6**	**28.0**	**2.9**	**109.5**
TOTAL ASSETS	**656.3**	**123.7**	**27.4**	**807.4**
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**183.1**	**81.3**	**(59.8)[7]**	**204.6**
TOTAL NON CONTROLLING INTERESTS	**0.7**	**—**	**—**	**0.7**
TOTAL EQUITY	**183.8**	**81.3**	**(59.8)**	**205.3**
Financial liabilities with banks and other institutions—non current	300.0	0.3	129.7[8]	430.0
Financing fees—non current	(10.7)	—	(3.2)[9]	(13.9)
Other financing liabilities—non current	18.5	—	—	18.5
Staff leaving indemnity	10.8	2.9	—	13.8
Provisions for risks and charges	1.7	0.1	—	1.9
Deferred tax liabilities	76.0	4.8	—	80.7
Other liabilities—non current	0.9	0.7	—	1.6
TOTAL NON CURRENT LIABILITIES	**397.3**	**8.8**	**126.5**	**532.6**
Financial liabilities with banks and other institutions—current	27.6	0.1	(24.1)[10]	3.6
Financing fees—current	(2.0)	—	(0.6)[11]	(2.6)
Other financing liabilities—current	1.0	17.0	(14.5)[12]	3.5
Trade payables	18.5	7.0	—	25.5
Tax liabilities—current	2.5	—	—	2.5
Other liabilities—current	27.6	9.4	—	37.0
TOTAL CURRENT LIABILITIES	**75.2**	**33.5**	**(39.2)**	**69.5**
TOTAL LIABILITIES	**472.5**	**42.3**	**87.3**	**602.1**
TOTAL EQUITY AND LIABILITIES	**656.3**	**123.7**	**27.5**	**807.4**

(1) Represents the audited consolidated statement of financial position of the Issuer as of 31 December 2013 (including the balance sheet of ACG S.r.l., which was acquired on 31 December 2013).

(2) Represents the unaudited *pro forma* consolidated balance sheet information of 24 Ore Software at 31 December 2013. This unaudited *pro forma* consolidated balance sheet information is based on the consolidation of the audited balance sheet of 24 Ore Software S.p.A. and its subsidiary Diamante S.p.A. Certain line items of the unaudited *pro forma* balance sheet information statement of 24 Ore Software have been reclassified in order to make them consistent with the format presented by the Issuer, without impacts on sub-totals presented.

(3) Represents the estimated *pro forma* effects on the Issuer's consolidated statement of financial position at 31 December 2013 that may arise from the preliminary accounting of the 24 Ore Software Acquisition, given that the 24 Ore Software Acquisition will not be completed at the date of the Offering. In the circumstances, since the fair value of the 24 Ore Software assets and liabilities is not currently available, in accordance with IFRS 3, goodwill has been determined on a provisional basis allocating the entire difference between (i) the enterprise consideration resulting from the 24 Ore Software Acquisition Agreement, amounting to €117.5 million (€95.0 million to be paid at the closing date and €22.5 million to be paid in the form of the Vendor Loan), (ii) the net financial position of 24 Ore Software at the closing date, preliminary amounting to €13.0 million, and (iii) the book value of 24 Ore Software *pro forma* consolidated net assets as of 31 December 2013 in an amount of €81.3 million. As a result, the amount of provisional goodwill arising from the 24 Ore Software Acquisition is estimated to be €80.1 million in the *pro forma* consolidated statement of financial position as of 31 December 2013.

(4) Represents adjustment of €1.3 million related to non-current financing fees due to the reclassification of non-current financing fees as deferred charges as a result of the prepayment of the Revolving Credit Facility as part of the Transactions.

(5) Represents adjustment of €0.3 million related to non-current financing fees due to the reclassification of current financing fees as deferred charges as a result of the prepayment of the Revolving Credit Facility as part of the Transactions.

(6) Represents the cash in balance sheet that will remain at the Group following the issuance of the Notes.

(7) Represents the net effects of (i) the elimination of net equity of €81.3 million as of December 31, 2013 related to unaudited consolidated balance sheet figures of the 24 Ore Software at 31 December 2013 in order to account for the business combination on a preliminary basis, (ii) the recognition of estimated transaction costs in an amount of €1 million with respect to the 24 Ore Software Acquisition, which are directly recorded under equity for *pro forma* purposes and (iii) the assumption of liability by TeamSystem HoldCo S.à r.l of the Issuer's obligations under the Vendor Loan, which amounts to €22.5 million in principal amount.

(8) Represents the increase in net borrowings following the issuance of the Notes, net of the repayment of €0.3 million that relates to non-current debt of 24 Ore Software, which will be repaid in connection with the 24 Ore Software Acquisition.

(9) Represents the €3.2 million net effect, due to the negative impact of non-current financing fees on the Notes amounting to approximately €4.5 million, which represents total transaction expenses of €5.5 million with respect to the Notes less the amortised debt issuance costs of € 0.9 million in 2013, net of the positive effect of reclassification of financing fees on the Revolving Credit Facility described in footnote (4).

(10) Represents the repayment of €24.0 million of indebtedness under the Revolving Credit Facility on or about the issue date of the Notes, and the repayment of €0.1 million of financial liabilities with banks and other institutions—current of 24 Ore Software.

(11) Represents the €0.6 million net effect resulting from (i) the €0.9 million negative impact of current financing fees due to the €5.5 million of issuance costs of the Notes in the Transactions and (ii) the €0.3 million positive effect of the reclassification of financing fees in respect of the repayment of the Revolving Credit Facility as described in note (5).

(12) Represents the repayment of €14.5 million of financial liabilities of 24 Ore Software as a reduction in the enterprise price to be paid for the 24 Ore Software Acquisition.

Index to financial statements

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AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholder of
TeamSystem Holding S.p.A.

1. We have audited the consolidated financial statements of TeamSystem Holding S.p.A. and its subsidiaries (the "TeamSystem Group"), which comprise the consolidated statement of financial position as of December 31, 2013 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with Auditing Standards issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   The consolidated financial statements as of December 31, 2013 represent the first consolidated financial statements of Teamsystem Holding S.p.A. and include, for comparative purposes, the financial figures related to the prior year as well as the consolidated statement of financial position as of January 1, 2012, as required by IFRS 1. We have examined these comparative figures to the extent it was necessary for expressing our opinion on the consolidated financial statements as of December 31, 2013.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the TeamSystem Group as of December 31, 2013, and of the results of

its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

4. The Directors of TeamSystem Holding S.p.A. are responsible for the preparation of the Directors' Report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Directors' Report is consistent with the consolidated financial statements of the TeamSystem Group as of December 31, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Montanari
Partner

Ancona, Italy
April 12, 2014

This report has been translated into the English language solely for the convenience of international readers.

TeamSystem®

Consolidated financial statements for the year ended 31 December 2013

TeamSystem Holding S.p.A.
and its Subsidiaries
TeamSystem Group

Consolidated financial statements
For the year ended 31 December 2013

Consolidated statement of profit or loss

Euro thousands	31 Dec 2013	31 Dec 2012	Notes
Revenue	155,692	150,769	**1 / 2**
Other operating income	1,471	1,577	**1 / 2**
TOTAL REVENUE	**157,163**	**152,346**	**1 / 2**
Cost of raw and other materials	(17,503)	(18,334)	**3**
Cost of services	(29,668)	(28,694)	**4**
Personnel	(51,217)	(47,773)	**5**
—of which non recurring	(326)	0	**5**
Other operating costs	(3,163)	(2,948)	**6**
Non recurring expenses	(4,645)	(3,777)	**7**
Depreciation and amortization of non current assets	(25,559)	(25,130)	**11 / 12**
Allowance for doubtful debts and other risks provisions	(2,954)	(1,905)	**8**
Impairment of non current assets	0	(75,000)	
OPERATING RESULT	**22,453**	**(51,215)**	
Finance income	1,718	2,710	**9**
Finance cost	(47,532)	(31,548)	**9**
—of which non recurring	(13,580)	0	**9**
PROFIT (LOSS) BEFORE INCOME TAXES	**(23,361)**	**(80,054)**	
Current income tax	(7,636)	(8,207)	**10**
—of which non recurring	0	1,392	
Deferred income tax	2,539	(1,950)	**15**
—of which non recurring	0	(6,794)	
TOTAL INCOME TAX	**(5,097)**	**(10,156)**	
PROFIT (LOSS) FOR THE YEAR	**(28,458)**	**(90,210)**	
(Profit) Loss for the year—Non controlling interests	**(92)**	**(461)**	
PROFIT (LOSS) FOR THE YEAR—OWNERS OF THE COMPANY	**(28,550)**	**(90,671)**	

Consolidated statement of comprehensive income

Euro thousands	31 Dec 2013	31 Dec 2012	Notes
PROFIT (LOSS) FOR THE YEAR	**(28,458)**	**(90,210)**	
Actuarial evaluation of Staff leaving indemnity	145	(1,405)	**23**
Fiscal effect	(40)	386	**23**
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS NET OF TAX	**105**	**(1,018)**	**23**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**(28,352)**	**(91,228)**	
Total comprehensive (income) loss for the year attributable to Non controlling interests	(95)	(418)	**23**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR— OWNERS OF THE COMPANY	**(28,447)**	**(91,646)**	

Consolidated statement of financial position

Euro thousands	31 Dec 2013	31 Dec 2012	1 Jan 2012	Notes
ASSETS				
Tangible assets	10,080	9,850	9,683	**11**
Intangible assets	251,011	266,126	283,990	**12**
Goodwill	313,255	289,317	353,652	**13 / 14**
Investments	293	295	311	**15**
Deferred tax assets	1,903	1,414	8,049	**16**
Financing fees prepayments—non current	1,178	0	0	**21**
Other financial assets—non current	0	0	627	
TOTAL NON CURRENT ASSETS	**577,721**	**567,003**	**656,312**	
Inventories	1,366	1,334	1,552	**18**
Trade receivables	48,653	46,466	46,885	**19**
Tax receivables	3,051	2,999	2,059	**20**
Other receivables—current	7,676	6,716	6,117	**17**
Financing Fees prepayments—current	242	806	1,983	**21**
Other financial assets—current	36	43	415	**21**
Cash and bank balances	17,534	19,265	14,335	**21**
TOTAL CURRENT ASSETS	**78,558**	**77,629**	**73,346**	
TOTAL ASSETS	**656,279**	**644,632**	**729,658**	

Consolidated statement of financial position

Euro thousands	31 Dec 2013	31 Dec 2012	1 Jan 2012	Notes
EQUITY AND LIABILITIES				
Share capital	3,214	3,214	3,214	**22**
Other reserves	219,802	304,120	308,784	**22**
Retained earnings (accumulated losses)	(11,389)	(2,028)	(5,654)	**22**
Profit (Loss) attributable to Owners of the Company	(28,550)	(90,671)	—	**22**
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**183,077**	**214,635**	**306,344**	
Non controlling interests—Capital and reserves	618	1,367	1,428	**22**
Non controlling interests—Profit (Loss)	92	461	365	**22**
TOTAL NON CONTROLLING INTERESTS	**711**	**1,828**	**1,793**	
TOTAL EQUITY	**183,788**	**216,463**	**308,136**	
Financial liabilities with banks and other institutions—non current	300,000	274,175	265,268	**21**
Financing Fees—non current	(10,660)	(13,865)	(15,834)	**21**
Other financial liabilities—non current	18,496	11,610	18,376	**21**
Staff leaving indemnity	10,846	8,915	7,008	**23**
Provisions for risks and charges	1,731	1,856	1,926	**24**
Deferred tax liabilities	75,979	77,985	83,093	**16**
Other liabilities—non current	885	949	1,012	**25**
TOTAL NON CURRENT LIABILITIES	**397,277**	**361,624**	**360,848**	
Financial liabilities with banks and other institutions—current	27,627	16,386	15,856	**21**
Financing Fees—current	(2,009)	(0)	(0)	**21**
Other financial liabilities—current	1,021	6,663	1,426	**21**
Trade payables	18,477	15,963	16,115	
Tax liabilities—current	2,546	4,682	5,820	**26**
Other liabilities—current	27,552	22,851	21,456	**25**
TOTAL CURRENT LIABILITIES	**75,214**	**66,545**	**60,674**	
TOTAL LIABILITIES	**472,491**	**428,169**	**421,522**	
TOTAL EQUITY AND LIABILITIES	**656,279**	**644,632**	**729,658**	

Consolidated statement of cash flows

Euro thousands	31 Dec 2013	31 Dec 2012
Operating Result	**22,453**	**(51,215)**
Capitalized development costs	(7,133)	(4,267)
Depreciation and amortization of non-current assets	25,559	25,130
Impairment of non current assets	0	75,000
Allowance for doubtful debts	2,695	1,742
Other provisions for risks and charges	258	163
Trade receivables	(4,882)	(492)
Inventories	(32)	218
Other receivables—current	(957)	(490)
Trade payables	2,499	(935)
Change in staff leaving indemnity	598	1,729
Change in provisions for risks and charges	(383)	(449)
Other liabilities—non current	(64)	(63)
Other liabilities—current	3,005	716
CASH FLOWS FROM OPERATING ACTIVITIES	**43,617**	**46,788**
Tangibles assets	(1,127)	(1,025)
Intangibles assets	(851)	(1,989)
Price paid for acquisition of new subsidiaries	(24,000)	(12,685)
CASH FLOWS FROM INVESTING ACTIVITIES	**(25,979)**	**(15,699)**
Net finance cost	(45,814)	(28,838)
Financial liabilities with banks and other institutions net of financing fees	37,648	12,390
Other financial liabilities	542	(1,529)
Other financial assets	8	998
Change in equity and other comprehensive income attributable to Owners of the Company	(3,006)	(1,038)
Change in equity and other comprehensive income attributable to Non controlling Interests	(902)	(301)
Dividends paid (Non controlling Interests included)	(307)	(125)
CASH FLOWS FROM FINANCING ACTIVITIES	**(11,832)**	**(18,443)**
Tax receivables/payables and current and deferred taxes	(9,802)	(10,918)
CASH FLOWS FROM TAX	**(9,802)**	**(10,918)**
CASH AND BANK BALANCES FROM CONSOLIDATION OF NEW SUBSIDIARIES AT THE DATE OF ACQUISITION	**2,264**	**3,202**
INCREASE (DECREASE) IN CASH AND BANK BALANCES	**(1,731)**	**4,930**
CASH AND BANK BALANCES—BEGINNING OF THE YEAR	**19,265**	**14,335**
CASH AND BANK BALANCES—END OF THE YEAR	**17,534**	**19,265**

Consolidated statement of changes in equity

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	Total
1 Jan 2012	**3,214**	**308,784**		**(5,654)**	**0**	**306,344**	**1,793**	**308,136**
Profit (Loss) allocation		(3,626)		3,626	0	**(0)**		**(0)**
Capital increases						**0**	5	**5**
Change in Non controlling interests IFRS 3		(62)				**(62)**	(263)	**(325)**
Dividends						**0**	(125)	**(125)**
Profit (Loss) on comprehensive income			(976)		(90,671)	**(91,646)**	418	**(91,228)**
31 Dec 2012	**3,214**	**305,096**	**(976)**	**(2,028)**	**(90,671)**	**214,635**	**1,828**	**216,463**

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	Total
31 Dec 2012	**3,214**	**304,120**		**(2,028)**	**(90,671)**	**214,635**	**1,828**	**216,463**
Profit (Loss) allocation		(90,212)		(458)	90,671	**0**		**0**
Merger between TeamSystem Holding and TeamSystem Holding 2		8,902		(8,902)		**0**		**0**
Change in Non controlling interests IFRS 3		(3,111)				**(3,111)**	(905)	**(4,016)**
Dividends						**0**	(307)	**(307)**
Profit (Loss) on comprehensive income			103		(28,550)	**(28,447)**	95	**(28,352)**
31 Dec 2013	**3,214**	**219,699**	**103**	**(11,389)**	**(28,550)**	**183,077**	**711**	**183,788**

TeamSystem Group
Notes to the consolidated financial statements for the year ended 31 December 2013

Group background

TeamSystem Holding Spa (the "Parent Company" or "Parent") is a company recorded in the Milan Business Register and it's domiciled in Italy. TeamSystem Holding Spa is the Parent Company of TeamSystem Group ("Group" or "TeamSystem Group"), leader in Italy in the production and marketing of management software and in the provision of training targeted at Associations, Professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals) and micro—small and medium enterprises.

Its registered office is in Milan. In May 2013, TeamSystem Holding Spa completed a bond issue (ISIN code XS0808635782, "Bond") for a nominal amount of € 300 million listed on the ExtraMot segment of the Italian Stock Exchange and on the Luxembourg Stock Exchange.

TeamSystem Group has operated for more than 30 years in the field of management software for consultants and businesses. The Parent Company is a 100% directly held subsidiary of TeamSystem HoldCo S.à.r.l. and it is approximately 53% indirectly held by HG Capital and approximately 23% by Bain Capital, while the remaining stakes are held by senior and middle management of TeamSystem Group and by a number of financial institutions.

The consolidated financial statements were approved by the Board of Directors on 11 April 2014.

First presentation of consolidated financial statements of TeamSystem Holding SPA and its subsidiaries

During the first half of 2013, TeamSystem Group, with the objective of rendering its funding costs more efficiently, completed a refinancing of its financial structure that culminated on 7 May 2013 with a bond issue. In connection with this debt refinancing exercise, the Group begun the rationalisation of the corporate structure to shorten and simplify the chain of control that has led (among other things) to transferring the registered office and headquarters of both Titan Luxco 2 S.à.r.l. and the subsidiary Titan Luxco 3 S.à.r.l. to Italy (with Titan Luxco 2 S.à.r.l. changing its name to TeamSystem Holding Spa and Titan Luxco 3 S.àr.l. changing its name to TeamSystem Holding 2 Spa). Subsequently TeamSystem Holding 2 has been merged into TeamSystem Holding S.p.A.

In connection with the above mentioned Bond issuance, starting from the year 2013 the Parent Company needs to prepare and present its consolidated financial statements.

These consolidated financial statements have been prepared in accordance with IAS/IFRS, as the consolidated financial statements issued by the Ultimate Parent Company TeamSystem HoldCo S.à.r.l. have been prepared in accordance with IAS/IFRS from prior years. In consideration that this of 31 December 2013 is the first consolidated financial statements of TeamSystem Holding Spa and its Subsidiaries, no transition to IAS/IFRS is required and needed.

In accordance with the rules of IFRS 1, the consolidated figures of TeamSystem Holding S.p.A. have been prepared in continuity of the carrying values recorded into the 2012 consolidated financial statements of the ultimate parent company TeamSystem HoldCo S.à.r.l.

Furthermore, the consolidated financial statements at 31 December 2013 show the comparative figures at 31 December 2012 as well as the opening balance at 1 January 2012 as required by IFRS 1 paragraph 21. Consequently, the consolidated financial statements of TeamSystem Holding S.p.A. at 31 December 2013 include three statement of financial position (at

31 December 2013, 2012 and 1 January 2012), two statements of profit or loss and other comprehensive income, two separate statements of profit or loss, two statements of cash flows, two statement of changes in equity (all of these at 31 December 2013 and at 31 December 2012) and the related notes.

Accounting standards adopted

TeamSystem Holding S.p.A. has adopted International Accounting Standards as endorsed by the European Commission (hereinafter "IFRS") for the preparation of its consolidated financial statements pursuant to the provisions of articles 3 and 4 of Legislative Decree 28 February 2005, no. 38, which rules in Italy the exercise of options provided for by article 5 of Community regulations no. 1606/2002 concerning IFRS.

IFRS is intended to mean all "International Financial Reporting Standards", all International Accounting Standards ("IAS"), and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as Standing Interpretations Committee ("SIC") endorsed by the European Commission at the date of approval of the draft consolidated financial statements by the Parent Company's Board of Directors and covered by EU Regulations published at that date.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and vendor loan liabilities that, if and when present, have been measured at fair value at the end of each reporting period.

Going concern basis

The Italian economic environment inevitably impacts the ability of TeamSystem Group to maintain business growth rates in line with those achieved historically.

TeamSystem Holding Spa's consolidated financial statements have been prepared on a going concern basis and the Board of Directors is not aware of any material uncertainties or doubts concerning TeamSystem Group ability to continue its activities in the foreseeable future.

Content of the consolidated financial statements

The consolidated financial statements include:

1. **The consolidated statement of profit or loss** for the year ended 31 December 2013, together with the comparative consolidated statement of profit or loss for the prior year. In particular, it should be noted that the consolidated statement of profit or loss format presents an analysis of costs aggregated by nature, since this classification is considered to be more relevant for the purposes of an understanding of TeamSystem Group's results. Moreover, since no discontinued or similar operations occurred in either the 2013 or 2012 financial years, "Profit (Loss) for the year" is derived solely from current operations; consequently, the Group has not presented an income statement line "Income (loss) for the year from continuing operations" since, as indicated, this coincides with "Profit (Loss) for the year".

2. **The consolidated statement of comprehensive income** for the year ended 31 December 2013, compared to the consolidated statement of comprehensive income for the year ended 31 December 2012. In fact IAS 1 requires that the statement of changes in equity has to evidence only changes generated by transactions with shareholders along with

comprehensive income as defined below. The statement of profit or loss and other comprehensive income begins with the profit or loss for the year followed by a section on the other components of comprehensive income recognised in equity and thus the comprehensive income for the year, being the total profit (loss) for the year and other components.The section relating to the other components of comprehensive income, as a result of amendments made to IAS 1 which has been applied retroactively, presents separately items of income and expense that will never be recognised in profit or loss from those which will be, upon the occurrence of certain predetermined conditions as set out in the applicable IAS/IFRSs.

3. **The consolidated statement of financial position** at 31 December 2013, together with the comparative consolidated statement of financial position at 31 December 2012 and at 1 January 2012. As already explained, considering the requirements of IFRS 1, these consolidated financial statements also include the opening balance at 1 January 2012 (being the opening balance of the comparative period). In particular, the consolidated statement of financial position has been prepared using a format, in accordance with IAS 1, classified on the basis of the operating cycle, with a distinction between current and non-current components. On the basis of this distinction, assets and liabilities are considered to be current, if it is assumed that they will be realised or settled during the normal operating cycle.

4. **The consolidated statement of cash flows** for the year ended 31 December 2013, together with the comparatives for the year ended 31 December 2012. For the preparation of the consolidated statement of cash flows, the indirect method has been used, in compliance with IAS 7, under which income or the loss for the year is adjusted for the effects of non-cash transactions, for items such as deferred payments and charges that are the cause of charges and payments in the past or in the future, as well as items of gains or losses associated with cash flows of activities classified as investment or financing. The Group has decided to apply the indirect method starting from the operating result, considering qualitative information factors.

5. **The consolidated statement of changes in owner's equity** at 31 December 2013 and 2012.

6. **The notes** to the consolidated financial statements.

Scope of consolidation

The consolidated financial statements of TeamSystem Group include the financial statements of the Parent Company, that of the main subsidiary TeamSystem S.p.A. and those of other companies for which TeamSystem Holding Spa controls directly or indirectly the majority of voting rights that can be exercised at a shareholders' general meeting.

A listing of businesses consolidated on a line-by-line basis is provided in the following table and it should be noted that the consolidation % takes into account any put and call options stipulated during the course of acquisitions:

CONSOLIDATED COMPANIES Amounts in Euro	Registered office	Share capital	Equity	Profit (Loss)	Operating Segments	% held	% consolidation	Notes
TeamSystem Holding Spa	Milan	3,213,641	227,911,966	(5,479,642)	SWSS			
TeamSystem Spa	Pesaro	24,000,000	208,778,288	(18,866,258)	SWSS	100.00	100.00	
TeamSystem Ancona Srl	Ancona	400,000	2,672,873	211,148	SWSS	100.00	100.00	
TeamSystem Akron Srl	Ancona	52,000	795,398	246,827	SWSS	51.00	100.00	1
TeamSystem Emilia Srl	Reggio Emilia	100,000	2,720,977	1,013,436	SWSS	77.91	100.00	1
TeamSystem 2 Srl	Milan	66,666	3,624,478	207,669	SWSS	100.00	100.00	
Lexteam Srl	Pesaro	20,000	933,295	23,589	SWSS	87.50	100.00	1
Metodo Spa	Bassano (VI)	100,000	4,341,148	951,659	SWSS	90.00	100.00	1
TeamSystem Roma Srl	Rome	10,320	838,804	(164,990)	SWSS	100.00	100.00	
Inforyou Srl	Castello di Godego (TV)	31,250	2,079,811	891,080	SWSS	60.00	100.00	1
TeamSystem Service Srl	Campobasso	50,000	(31,799)	(82,370)	SWSS	100.00	100.00	
TeamSystem Communication Srl	Civitanova Marche (MC)	23,300	(162,163)	(235,976)	SWSS	60.00	100.00	1
Danea Soft Srl	Vigonza (PD)	100,000	1,763,735	1,159,067	SWSS	51.00	100.00	1
Digita Srl	Asolo (TV)	10,000	76,276	58,073	SWSS	60.00	100.00	1
H-Umus Srl	Roncade (TV)	50,000	592,290	276,065	SWSS	85.00	100.00	1
ACG Srl	Pesaro	100,000	100,000	N.A.	SWSS	100.00	100.00	
Gruppo Euroconference Spa	Verona	300,000	5,848,240	686,645	Education	96.48	96.87	2 / 3
Paradigma Srl	Turin	46,800	389,895	117,891	Education	100.00	100.00	4
Optime Srl	Turin	50,000	143,571	53,168	Education	100.00	100.00	4
Education Team Srl	Turin	500,000	7,736,215	345,424	Education	77.50	100.00	1
Nuovamacut Automazione Spa	Reggio Emilia	108,000	1,863,388	325,831	CAD/CAM	100.00	100.00	
Nuovamacut Nord Ovest Srl	Reggio Emilia	89,957	1,296,453	287,714	CAD/CAM	86.34	86.34	5
Nuovamacut Nord Est Srl	Reggio Emilia	100,000	416,594	109,838	CAD/CAM	75.00	75.00	5
Nuovamacut Bologna Macchine Utensili Srl	Reggio Emilia	70,000	94,569	(2,693)	CAD/CAM	75.00	75.00	5
Nuovamacut Centro Sud Srl	Rome	10,000	91,869	20,655	CAD/CAM	70.00	70.00	5

(1) = holding would be 100% should put/call option be exercised;

(2) = takes account of treasury shares held by Gruppo Euroconference;

(3) = holding would be 96.87% should put/call option be exercised;

(4) = investment held by Education Team Srl;

(5) = investments held by Nuovamacut Automazione Spa.

Changes to the scope of consolidation that have occurred in 2013

The scope of consolidation changed during the course of 2013 due to the effect of the following transactions:

- In the second quarter of 2013, TeamSystem Spa acquired the remaining 10.35% of the subsidiary TeamSystem Ancona Srl. The percentage held (subsequent to this acquisition) has thus become 100%. The excess of the cost paid for these transactions has been recorded as reduction of Group's equity in accordance with IFRS3 requirements.

- In November 2013, as part of the reorganisation of TeamSystem Group 's direct sales network (with a consequent grouping of certain branches into broader organisational units called Hubs), TeamSystem Spa first acquired a further 4.34% of the quota capital not yet held in TeamSystem Emilia Srl and a further 10% of the quota capital not yet held in I.S.P. Srl and then merged TeamSystem Emilia Srl and I.S.P. Srl into one legal entity. During the course of this corporate reorganisation transaction, agreements were negotiated for a put and call option on the remaining quota capital not yet held in TeamSystem Emilia Srl (subsequent to the merger with I.S.P. Srl); the excess of the cost paid for these transactions has been recorded as reduction of Group's equity in accordance with IFRS3 requirements. Reference to Note 21 for further

- In December 2013, TeamSystem Spa acquired 100% of the quota capital of ACG Srl ("ACG"), with respect to which, only the balance sheet has been consolidated at 31 December 2013. Refer to Note 14.

Reference date

The consolidated financial statements have been prepared based on the financial statements of the controlled subsiaries within consolidation perimeter already approved by respective Boards of Directors

All the financial statements of the TeamSystem Group Companies have a 31 December financial year end.

Basis of consolidation

The financial statements used for the consolidation are the financial statements of the individual businesses, as approved by the respective administrative bodies. These financial statements are reclassified and adjusted in order to comply with IFRS and with the accounting policies adopted by the Parent Company.

In the preparation of the consolidated financial statements, the statement of financial position, the statement of profit or loss and the comprehensive income are consolidated line-by-line. Receivables and payables, income and charges and gains and losses originating from transactions between and among the subsidiaries included in the consolidation are eliminated. The carrying value of consolidated equity investments is eliminated against the corresponding portion of equity attributable to the Group (or to non-controlling interests).

Business combinations

Acquired subsidiaries are accounted for in accordance with the acquisition method as provided for by IFRS 3. The cost of the acquisition is determined by the sum of acquisition-date fair values of the consideration transferred, liabilities incurred or assumed and financial instruments issued by the Group for the change in control of the business acquired.

All other costs associated with a transaction are expensed.

Identifiable assets, liabilities and contingent liabilities of the businesses acquired, which meet the conditions for recognition under IFRS 3, are measured at their acquisition-date current values, except for non-current assets (or disposal groups) classified as held for sale in accordance with IFRS 5 and which are recorded and measured in accordance with applicable accounting standards.

Goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the value of the acquisition-date amounts of the assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest and the fair value of the acquirer's previously-held equity interest in the acquiree, the surplus is recognised immediately in the income statement as income arising from the completed transaction.

In the event that it is only possible to make a preliminary determination of the fair value of the contingent assets and liabilities at the acquisition date, the business combination is recognised using these preliminary amounts. Any adjustments arising from the final determination of the foregoing is recognised within twelve months of the acquisition and the related comparatives are consequently restated.

Non-controlling interests at the acquisition date may be measured at fair value or the non-controlling interest's proportionate share of net assets of the acquiree. The option is available on a transaction by transaction basis

TeamSystem Group, normally at the same time as the acquisition of majority / controlling stakes in an investee, enters into put and call option agreements for the residual stake held by non-controlling owners of the acquiree. For those cases where part of the acquisition takes place through the stipulation of a binding option agreement, with the simultaneous presence of put and call clauses, the investee is consolidated, since the substance of the binding option agreement is that of the payment of deferred consideration for part of the investee's capital, as evidenced by a series of transactions completed in the past. Accordingly, the estimated value of the exercise price of the put / call is included in the cost of acquisition and contributes to the overall determination of goodwill. This accounting method applies only where the Group has acquired majority control of the voting rights of the Companies acquired and where no doubt arises as to the distribution of relevant amounts of dividends in the period up to the date the option is exercised. In view of the recognition of goodwill related to these options, TeamSystem Group accounts for, as a financial liability, the payable (so-called vendor loan) related to the estimated actual consideration for the exercise of the options. In accordance with this principle, subsequent changes in the fair value of the payable, due to amendments made to the initial assessment of the exercise consideration, are recognised in the consolidated income statement, as is the case for the notional charges deriving from the gradual decrease of the effect of discounting. To note that, in absence of a clear accounting rule for the accounting of non-controlling interests in the case of put and call arrangements, following also the IFRIC and IASB debate, the Group has decided to use the described method, acceptable under current framework and positions.

Any acquisitions of non-controlling interests subsequent to having achieved control are accounted for as transactions between shareholders, with the pertinent goodwill recorded as a reduction of the Group's equity, in compliance with the requirements of IFRS 3.

Business combinations involving entities or businesses under common control are excluded from the scope of IFRS 3. A business combination involving entities or businesses under common control is a combination in which all the entities or businesses are controlled by the same party or when the controlling party before and after a business combination is the same and control is not of a temporary nature. The existence of a non-controlling interest in each of the entities being combined, before or after the business combination, is not relevant for the determination of whether the business combination involves entities under common control. Transactions of this type (excluding transactions between companies included in the same scope of consolidation, since, in such a case, the principle of continuity of values applies) and which do not have a significant impact on future cash flow from the net assets transferred, are accounted for in accordance with the principle of continuity of carrying values, otherwise they fall within the scope of IFRS 3.

Translation of foreign currency financial statements

The financial statements of the businesses comprised within the scope of consolidation are all prepared in Euros, considering all subsidiaries as of the date of financial statements were located in Italy and there were no relevant operations conducted abroad.

Intangible assets

Research and development expenses

In accordance with IAS 38, research expenses are charged to income as incurred.

Development costs incurred in relation to a determined project are capitalised only when the Group can demonstrate, by means of appropriate analysis, the technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

After initial recognition, development costs are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised with reference to the period for which it is envisaged that the associated project will generate revenues for TeamSystem Group. During the period in which an asset is no longer in use, it is assessed annually to ascertain if there has been any impairment.

Other development expenses that do not meet the above requirements are expensed as incurred. Development costs that have previously been expensed are not accounted for as an asset in subsequent periods.

Capitalised development costs are amortised (as from the start of the production or marketing of the product) on a straight line basis over their residual useful life (estimated to be between 3 and 5 years).

Customer relationship

Customer relationship (which arose on accounting for the acquisition of TeamSystem Group that took place on 30 September 2010 by actual main shareholder HG Capital) represents the total of contractual (supply contracts and service contracts etc.) and non contractual customer relationships and has been valued based on discounted income flows (Income Approach). The asset is amortised over its useful life estimated to be twenty years.

Customer relationship also includes the estimated fair value of the obligation to provide future services for ongoing maintenance contracts relating to ACG acquisition for which payment has already received by the ACG' seller; this asset, which counterpart has been booked as deferred revenues according to IFRS 3, is amortised over a useful life preliminarly estimated, at the time of acquisition, to be ten years. However, considering that the accounting of the acquisition of

ACG Srl has to be considered as preliminary, it's possible that the final value of the whole ACG customer relationship's asset will be greater than that already booked.

Proprietary software

Proprietary software, which arose on accounting for the acquisition of TeamSystem Group that took place on 30 September 2010 is stated at its reproduction cost and is amortised over the length of its expected useful life of 5 years.

Proprietary software developed internally and destined for internal use is capitalized at cost of production and is amortised over the length of its residual expected useful life.

Third party software licenced for internal use

Third party software licenced for internal use is capitalized at purchase cost and is amortised over the length of its residual expected useful life estimated to be of five years.

Brands

The TeamSystem, Euroconference, Metodo and Nuovamacut brands, which arose on accounting for the acquisition of TeamSystem Group that took place on 30 September 2010, have been valued in accordance with the royalties method and are amortised over the length of their residual expected useful life estimated to be of twenty years (TeamSystem and Euroconference) or ten years (Metodo and Nuovamacut).

Goodwill

Goodwill is initially recognised at cost, represented by the excess cost of the business combination over the fair value of the assets and liabilities acquired.

Goodwill is not amortised, as required by IFRS, but is allocated to its respective Cash Generating Unit (hereinafter "CGUs") and subjected annually (or more frequently if determined events or changes in circumstances indicate the possibility that value has been impaired) to impairment testing in accordance with IAS 36 "Impairment of Assets".

Subsequent costs

Costs incurred subsequently on intangible assets are capitalised if they increase the future economic benefit of the specific capitalised asset.

Amortisation

Amortisation is charged systematically on a straight line basis over the asset's estimated useful life, except for intangible assets with an indefinite life (being solely Goodwill) that are not amortised and are systematically assessed to verify the absence of impairment. Other intangible assets are amortised as from the time they become usable. The estimated useful life of each main category is shown in the following table:

Goodwill	Indefinite useful life
Brands	10 - 20 years
Customer relationship	10 - 20 years
Proprietary software	5 years
Development expenses	3 - 5 years

Property, plant and equipment

Property, plant and equipment owned by the Group

Property, plant and equipment consisting mainly of land, buildings, electronic machines, furniture and fittings and general and specific plant are stated at purchase cost, net of accumulated depreciation and writedowns. Costs incurred subsequent to acquisition (repairs and maintenance costs and replacement costs) are recorded as part of the carrying value of an asset, or recognised as a separate asset, only when it is believed that it is probable that associated future economic benefits will be generated and that the cost of the asset can be measured in a reliable manner. Repairs and maintenance costs (or costs of replacements that do not have the above characteristics) are expensed in the year in which they are incurred. Property, plant and equipment assets are systematically depreciated each year at rates determined on the basis of the residual useful life of the asset. The rates applied by the Parent Company are the following:

Land	Indefinite useful life
Buildings	33 years
Plant and machinery	10 years
Industrial and commercial equipment	7 years
Other assets	4 - 7 years

Regardless of the depreciation already accounted for, in the event of impairment, an asset is written down accordingly. Gains and losses arising on disposal are determined by comparing the sales consideration to the net book value. The amount determined is accounted for in the consolidated income statement in the pertinent year.

Financial charges incurred for capital expenditure on an asset that necessarily takes a substantial period of time to get ready for its intended use ("qualifying asset" in accordance with IAS 23—Borrowing Costs) are capitalised and depreciated over the useful life of the asset class to which they relate. All other financial charges are expensed in the year they are incurred.

Leased assets

In accordance with IAS 17, lease contracts are classified as finance leases where the terms of the contract are such as to transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are considered to be operating leases. Leased assets are recognised at amounts equal to the present value of future the minimum lease payments. The corresponding liability towards the lessor is included in the consolidated statement of financial position as a liability for lease obligations. Payments of lease instalments are split between their capital and interest elements in order to produce a constant periodic interest rate on the remaining balance of the liability. Financial charges are expensed in the year.

Equity investments

Equity investments in other businesses classified as non current assets are stated at cost, inclusive of directly attributable charges, net of any impairment adjustments.

Inventories

Inventory, that includes mostly some hardware and licences purchased from third parties for re-selling, is stated at the lower of specific purchase cost, inclusive of ancillary charges and its estimated realisable value, which can be derived from market prices. Inventories of obsolete or slow moving items are written down by taking account of their potential use or realisation.

Trade receivables

Receivables are recorded at cost (identified by their nominal value), net of a provision to take account of their expected realisable value equivalent to fair value.

Cash and bank balances

Cash and bank balances include cash on hand, bank and post office account balances and securities with an original maturity of less than three months.

Assets and liabilities classified as held for sale

Non current assets (or disposal groups) are classified as held for sale if their carrying value will be recovered mainly from the sale thereof rather than from their continuous use. Assets are measured at the lower of carrying value and fair value net of costs to sell. Assets and liabilities held for sale are presented separately from other assets and liabilities on the face of the statement of financial position. The impact on income of discontinued assets is presented separately in the income statement net of the tax effect.

No discontinued or similar operations occurred in either the 2013 or 2012 financial years and consequently related financial statements do not present any assets and liabilities classified as held for sale.

Foreign currency transactions

The functional and presentation currency of the Group Companies is the Euro. As required by IAS 21, amounts originally denominated in foreign currency are translated at exchange rates ruling at the year end. Exchange differences realised on the collection of foreign currency receivables and on the payment of foreign currency payables are recorded in the consolidated income statement.

Writedowns (impairment)

The carrying value of assets with an indefinite useful life, for example goodwill and intangible assets in process of formation, are not subject to depreciation or amortisation, but are assessed annually to determine whether an asset may be impaired.

The carrying value of other assets, except for financial instruments covered by IAS39 and for deferred tax assets (IAS12), are subject to assessment at each the consolidated statement of financial position date (or more frequently if determined events or changes in circumstances indicate the possibility that value has been impaired) to determine whether there is any indication that an asset may be impaired (impairment test). The estimated recoverable amount is represented by value in use. For the purposes of assessment, assets are grouped into the smallest identifiable unit for which the Management is capable of separating the related cash inflows (CGU).

If the recoverable amount of the asset or CGU is lower than the net carrying amount, the asset is adjusted to take account of the impairment loss, which is charged to the consolidated income statement within Non-recurring impairment of assets. The impairment loss of a CGU is first allocated to goodwill and any residual balance is allocated to other assets.

Three CGUs, coinciding with the operating segments identified in accordance with IFRS 8, have been identified by the Group as follows: the Software and Services (SWSS) CGU consisting of all TeamSystem Group Companies operating in the software sector, the Education CGU (consisting of Gruppo Euroconference Spa, Paradigma Srl, Optime Srl, Education Team Srl) and the CAD/CAM CGU (relating to Nuovamacut Group Companies). The goodwill allocated to the Software and Services CGU, to the Education CGU and the CAD/CAM CGU are subject to impairment tests (at least annually) by comparing its carrying value to recoverable amount, given by the higher between fair value and value in use.

Interest bearing financial liabilities

Interest bearing financial liabilities are initially recorded at fair value, net of ancillary charges. Subsequent to their initial recognition, interest bearing financial liabilities are measured at amortised cost.

Hedging instruments

Financial derivatives are classified as financial instruments held for trading, unless they are designated as effective hedging instruments. These financial derivatives are initially recognised at fair value at the date in which they are stipulated; subsequently, the fair value is periodically remeasured. They are accounted for as an asset when the fair value is positive and as a liability when it is negative. Any gain or loss resulting from a change in fair value is taken to income.

At the start of a hedging transaction, the Group designates and formally documents the hedging relationship to which it intends applying hedge accounting, its risk management objectives and the strategies pursued. The documentation includes the identification of the hedging instrument, of the element or transaction subject to hedging, of the nature of the risk and the means by which the business intends assessing the effectiveness of the hedge in offsetting the exposure to changes in the fair value of the hedged element or in the cash flows attributable to the hedged risk. It is expected that these hedges are highly effective in offsetting the hedged exposure or changes in the hedged cash flows attributable to the hedged risk. The assessment of whether these hedges have been proven to be highly effective is performed on a continuous basis during the financial year in which they have been designated. The transactions that satisfy the criteria for hedge accounting are accounted for on the basis of the following policy.

The portion of the gain or loss on the hedging instrument relating to the effective hedge is taken directly to equity, whereas the non effective portion is immediately recognised in the consolidated income statement. The gain or loss included in equity is reclassified to the consolidated income statement in the year in which the hedged transaction impacts the consolidated income statement, that is, when the financial charge or income is recognised. If it is believed that the envisaged transaction will no longer take place, the amounts initially recorded in equity are transferred to the consolidated income statement. If the hedging instrument expires or is sold or annulled or if its designation as hedging is revoked, the amounts previously included in equity remain as such until such time as the expected transaction takes place.

Employee benefit plans

Defined contribution plans

A defined contribution plan is a pension plan for which the Group pays fixed contributions to a separate entity. The Group does not have any obligation, legal or otherwise, to make additional contributions if the fund has insufficient assets to meet the payment of all employee benefits relating to the period of service. The obligations related to contributions for employees' pensions and other benefits are expensed as incurred.

Defined benefit plans

Net obligations related to defined benefit plans consist mainly of employee termination indemnities and are calculated by estimating, with actuarial techniques, the amount of the future benefit accrued to employees in the current and prior financial years. The benefit thus determined is discounted and recognised net of the fair value of any related assets. The computation is performed by an independent actuary using the projected unit credit method. Actuarial gains and losses are recognised in the consolidated income statement in the year in which they arise.

Following the introduction of new legislation on supplementary pensions, as per Legislative Decree 252/2005, introduced by the 2007 Finance Act, the possibility has arisen to transfer accruing severance indemnities to supplementary pension funds. Consequently, in the actuarial valuation of the Provision for employee termination indemnities at 31 December 2008, account was taken of the effects deriving from the legislation, recognising, for IAS/IFRS purposes, only the liability relating to accrued severance indemnities remaining as a liability in the consolidated statement of financial position, as the amounts accruing are paid over to a separate entity (supplementary pension fund or the state fund Istituto Nazionale di Previdenza Sociale "INPS").

Provisions

Where the Group has an obligation, legal or otherwise, resulting from a prior event and it is probable that this will lead to the loss of economic benefits to meet the obligation, an appropriate provisions for risks and charges is recorded. No provision is made for future operating losses. Provisions are measured at the current value of management's best estimate of the cost of satisfying the obligation existing at the consolidated statement of financial position date. With respect to legal cases, the amount of the provision is determined on the basis of estimates made by the relevant consolidated company, together with its legal advisors, in order to determine the probability, the timing and the amounts involved.

Trade and other payables

Trade and other payables are stated at cost, representing their settlement value.

Revenue

The criteria to account and recognize revenues in our business may vary, considering the different nature of sales (software licenses, products as hardware components and assistance services) and the related different streams of revenue, also connected to our three business operating segments. In detail:

Software and services business unit

Direct Channel

Software licenses: revenue from sales of software licenses are recognized at the delivery date, as all contractual obligations are performed and generally there are no rights of return or acceptance clauses.

In case the sale contracts include separate revenue streams for other services, such as maintenance and assistance, the revenue in respect of these streams are separately identifiable in the contract.

Maintenance and assistance to customers: maintenance and assistance contracts, that include software updates, help lines and on-site support, generally cover a twelve-month period and related revenue are recognized on a straight line basis over that period, considering the portion of revenue pertaining to the following years as deferred income.

Hardware and other products: revenue related to hardware components and other products purchased from third parties, are recognized at the delivery date, as all contractual obligations are performed and generally there are no rights of return or acceptance clauses.

Other services: revenue related to training, support, implementation and customization software activities that are either included within the main contract or negotiated under following deals, are recognized at the service execution date. Revenue related to Erp (Enterprise Resource Planning) implementation services still ongoing at the balance sheet date are recognized on the basis of their percentage of completion at that date.

Indirect Channel

VARs (Value Added Reseller) contracts: the contracts generally cover a three-year period and include a flat fee payment that allows the VARs to download unlimited number of license and to receive software updates and assistance services. Contracts are invoiced on a quarterly or yearly basis and related revenue are recognized on a straight line basis over that period.

Software licenses: revenue from sales of software licenses not included in a flat fee contract (see previous paragraph) are recognized at the delivery date, as all contractual obligations are performed and generally there are no rights of return or acceptance clauses

In case of software sales related to additional features which are sold as Temporary Annual Licenses (TAL), downloaded from website by VARs, revenue are recognized at the download date for new licenses and on a straight line basis for the renewals which automatically take place at the beginning of each year.

Other services and products: additional support services and products are offered to resellers, including training, marketing, manuals; revenue are normally recognized when the service has been rendered consistent with IAS 18 or the product has been delivered.

Education business unit

Publishing: revenue from sale of books and electronic manuals are recognized at the delivery date.

Training: sales include large conferences, masters and specialist training. Revenue are recognized based on the services provided in any given period; in the case of training being delivered across different accounting periods, revenue are recognized on a pro-rata basis according to the "stage of completion" of the training programme, consistent with IAS 18.

Information: sales include newsletter subscriptions and technical update documents, which generally cover a twelve-month period and related revenue are recognized on a straight line basis over that period, considering the portion of revenue pertaining to the following years as deferred income.

CAM/CAD business unit

Software licenses: revenue from sales of software licenses are recognized at the delivery date, as all contractual obligations are performed and generally there are no rights of return or acceptance clauses.

In case the sale contracts include separate revenue streams for other services, such as maintenance and assistance, the revenues in respect of these streams are separately identifiable in the contract (no multiple arrangements).

Maintenance and assistance to customers: maintenance and assistance contracts, that include software updates, help lines and on-site support, generally cover a range from one to three years period and related revenue are recognized on a straight line basis over that period, considering the portion of revenue pertaining to the following years as deferred income.

For all the above streams of revenue, there are usually no sales under multiple-element arrangements (e.g. goods and services) for which separate recognition of revenue would be required (as explained, in the case some services are included in a licence sale contract, the Group usually specify the different related amounts of revenue).

Grants

Grants are recognised when there is reasonable certainty that they will be received and that all related conditions will be met. Grants towards cost components are recognised as income, but are systematically allocated to the financial year, in order to match the costs they are intended to offset. For grants towards the cost of an asset, the asset and the grant are recognised at their nominal value and the release to income takes place gradually, on a straight line basis, over the expected useful life of the asset.

Where a non cash grant is received, the asset and the contribution are recognised at their nominal value and are released to income on a straight line basis over the expected useful life of the asset.

Dividends

The distribution of dividends to shareholders of the Group Companies is recognised as a liability in the period in which they are approved by the general meeting of shareholders.

Costs

Rent and operating leases charges

Rent and operating leases charges are charged to income on an accruals basis.

Financial income and expense

Financial income and expense are charged to income on an accruals basis.

Current and deferred taxation

The tax charge for the year comprises current and deferred taxation. Current tax is charged to income, except for cases where the tax relates to items accounted for as an equity component. Current tax is calculated by applying the tax rate in force at the consolidated statement of financial position date to taxable income. Concerning IRES (corporate income tax), it should be noted that the Parent Company and some of its subsidiaries have elected for a consolidated tax regime, with the Parent Company as tax consolidator.

Deferred tax is calculated, using the so-called liability method, on temporary differences between the book and tax bases of assets and liabilities. Deferred tax is calculated as a function of the expected timing of the reversal of the temporary differences, using the tax rate in force at the date of the expected reversal. A deferred tax asset is recognised only where it is probable that sufficient taxable income will be generated in subsequent years for the recovery thereof.

Non recurring items

In accordance with normal practice in Italy for listed companies, the Group has evidenced income components deemed to be non-recurring, since they pertain to events or transactions, the occurrence of which is non-recurring, that is, resulting from transactions or facts that are not repeated frequently in the normal conduct of business activities; in detail:

- non recurring expenses relate to costs (such as tax and legal advices, costs incurred in the valuation of possible acquisition) the nature of which is considered to be unusual and non-recurring with respect to the business's ordinary operations;
- non recurring tax relates to unusual changes in income and deferred tax. In 2012, the main figure was due to retrospective modification in tax legislation (as the c.d. "Monti's maenuver" in 2012) and to non recurring write down of deferred tax asset related to the change in business plan assumptions;
- non recurring finance costs relate to unusual interests booked in connections with the refinancing of the financial structure.

Earnings per share

The Parent Company does not have shares listed on regulated markets; consequently, as permitted by IAS 33, the information on earnings per share is not provided in these notes.

Operating segments

In accordance with IFRS 8, an operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; c) for which discrete financial information is available. Within TeamSystem Group the following three operating segments have been identified, characterised by the autonomous nature of their products/services and production processes that have the aforementioned features:

- Software and Services (SWSS), that is, the operating segment consisting of all the Group companies operating in the software production/marketing sector;
- Education, that is, the segment consisting of companies operating in the professional training sector, being Gruppo Euroconference Spa, Optime Srl, Paradigma Srl and Education Team Srl;
- CAD/CAM , that is, the operating segment relating to Nuovamacut group companies

Use of estimates

The preparation of the consolidated financial statements requires the Group to apply accounting policies and methods, which, in certain circumstances, depend on difficult and subjective assessments that may be based on past experience and on assumptions that, from time to time, are considered reasonable and realistic based on relevant circumstances. The application of these estimates and assumptions affects the amounts presented in the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement and consolidated cash flow statement, as well as the disclosures provided. The actual amounts of the consolidated financial statement components, for which estimates and assumptions have been used, may differ from those reported, due to the uncertainty of assumptions and the conditions on which estimates are based. In particular, the uncertainty caused by the current economic and financial crisis has led to the need to make difficult assumptions regarding future business performance as reflected in the Business Plan.

Set out below is a listing of consolidated financial statement components that, more than others, require greater subjectivity, on the part of the Group, in the application of estimates and, for which, a change in the conditions of underlying assumptions used may have a significant impact on the financial statements of the consolidated companies:

- Business combinations (IFRS 3) and measurement of acquired assets and assumed liabilities: the process of allocation of Goodwill to the assets of TeamSystem Group following a business combination is based on estimates and assumptions derived from the professional judgement of the Management. Professional judgement is also used to determine the most appropriate methodologies for measurement of assumed assets and acquired liabilities (including the contingent ones), and in certain cases provisional initial accounting has been opted for, as permitted by the accounting standard.
- Goodwill and other intangible assets: goodwill and other intangible assets with an indefinite useful life are tested annually for impairment and during the course of the year if there is any indication thereof. Other intangible assets are tested annually for impairment when there are indications that the carrying amount may not be recovered. When value in use needs to be computed, the Management estimate the cash flows expected from an asset or from the cash generating unit and choose an adequate discount rate in order to calculate the present value of the cash flows. Accordingly, the impairment test for fixed assets is performed using forecasts, which are naturally subject to uncertainty, of cash flow included in business plans approved by the relevant Board of Directors or in projections prepared by

management of the Group companies in periods in which the business plan has not been updated for the insights needed to make strategic choices.

- Development expenses: the initial capitalisation of costs is subject to confirmation of the judgement of Management as to the technical and economic feasibility of the project, usually when the project has achieved a precise phase of the development plan. To determine the amount to be capitalised, the Group applies various assumptions regarding expected future cash flows from the asset, the discount rate to apply and the periods in which the expected benefits will occur.
- Employee benefits: The cost of employee benefit plans is determined using actuarial assessments. An actuarial assessment requires the application of assumptions with respect to discount rates, the expected yield from investments, future wage increases, mortality rates and future increases in pensions. Due to the long term nature of these plans, the estimates are subject to a significant degree of uncertainty;
- Derivatives: the fair value of financial instruments not traded on an active market (for example, over-the-counter derivatives) is determined using valuation techniques. Group's Managers applies their own professional judgement to select the valuation methodology and the related assumptions based on market conditions at the end of each financial year;
- Vendor loan: they represent the estimated liability with respect to put and call options or earn-out agreements relating to non controlling holdings in the Group. They are accounted at their estimated fair value which implies various assumptions regarding the estimeted indicators that form the basis for computation and the timing of cash-outs.

Rounding adjustments of data

The figures included in the consolidated financial statements (as described above) and in the notes to the consolidated financial statements are expressed in thousands of Euros, except where otherwise indicated, since this is the currency used in the conduct of TeamSystem Group's operations.

Certain numerical figures contained in this consolidated financial statements, including financial information and certain operating data, have been subject to rounding adjustments due to the above presentation of numbers in thousands of Euros. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row.

Alternative non IFRS performance indicators

In addition to the financial performance measures established by IFRSs, TeamSystem Group presents in these explanatory notes certain NON GAAP measures that are derived from, although not required by IFRSs.

These performance measures are presented to facilitate the understanding of the Group's operating performance and should not be considered as substitutes for the information required by IFRSs. Specifically, the alternative performance measures used are the following:

EBITDA = calculated as Operating Result plus (i) impairment of non-current assets, (ii) other risks provisions (iii) depreciation and amortisation of non current assets (iv) non-recurring expenses and non-recurring cost of personnel.

ADJUSTED EBITDA = is equal to EBITDA as above without taking account of the allowance for doubtful debts.

WORKING CAPITAL = equals the aggregate of (i) trade receivables, (ii) inventory and (iii) other current receivables net of the aggregate of (iv) trade payables and (v) other current liabilities.

CAPEX (TANGIBLE AND INTANGIBLE ASSETS) = this is calculated as additions (to tangible and intangible assets) net of disposals and other movements. ***Capex (capitalised development costs)*** = this equals the cost of services and personnel cost capitalised as development cost.

NET FINANCIAL INDEBTEDNESS (NET FINANCIAL POSITION) = equals the aggregate of (i) other financial assets (current and non current) (ii) cash and bank balances (iii) financing fees (current and non curent) net of the aggregate of (iv) financial liabilities with banks and other institutions (current and non current) (v) other financinail liabilities (current and non current).

NET INVESTED CAPITAL = equals the aggregate of (i) tangible assets (ii) intangibles assets (iii) goodwill (iv) investiments (v) deferred tax assets (vi) Working capital (as defined above) (vii) tax receivables (viii) other receivables (non current) net of the aggregate of (ix) staff leaving indemnity (x) provision for risks and charges (xi) deferred tax liabilities (xii) tax liabilities (xiii) other liabilities (non current).

Accounting standards, amendments and IFRS interpretations applicable as from 1 January 2013

The following accounting standards, amendments and interpretations are applicable to the Group for the first time as from 1 January 2013:

- On 12 May 2011 the IASB issued **IFRS 13—*Fair value measurement***, which explains how fair value has to be determined for the purpose of financial statements and it applies to all cases for which IAS/IFRS require or permit measurement at fair value or fair value disclosures, with some limited exceptions. Moreover, the standard requires greater disclosure than that required by IFRS 7 about fair value measurement (fair value hierarchy). The standard is applicable prospectively as from 1 January 2013. The adoption of this standard had no material impact on the Group's consolidated financial statements but will effect only the disclosure to be provided.

- On 16 June 2011 the IASB issued **Amendment to IAS 1—*Presentation of financial statements***, which requires companies to group together items within other comprehensive income into two categories based on whether they may or may not be reclassified subsequently to profit or loss. The amendment is applicable to annual periods beginning on or after 1 July 2012.

- On 16 December 2011 the IASB issued **Amendments to IFRS 7—*Financial instruments: disclosures***. The amendments introduced new disclosure requirements on the effect or potential effect of offsetting arrangements for financial assets and financial liabilities on an entity's financial position under IAS 32. The amendments are applicable for annual periods beginning on or after 1 January 2013. The information has to be provided retrospectively. The application of the amendments had no impact on the Group's consolidated financial statements.

- On 13 March 2012 the IASB issued **Amendments to IFRS 1 *First-time adoption of International Financial Reporting Standards—Government Loans*** that amends the reference to accounting for government loans in the transition to IFRS. The amendments to IFRS 1 are applicable for annual periods beginning on or after 1 January 2013. Due to the fact that the Group is not a first-time adopter, this amendment had no impact on the Group's consolidated financial statements.

- On 17 May 2012 the IASB issued ***Annual Improvements to IFRSs: 2009-2011 Cycle***, a collection of amendments to standards as part of the annual process of improvements thereto that concentrates on amendments considered necessary, but not urgent. Set out below are those that will lead to a change in presentation, recognition and measurement of financial statement components, with the omission of those that will only lead to a change in terminology or editorial changes with minimum effects in accounting terms, or those that have an effect on standards or interpretations not applicable to the Group:

- IAS 1 *Presentation of financial statements—Comparative information*: this clarifies that, if additional comparative information is provided, this has to be presented in accordance with IAS/IFRS. Moreover, it clarifies that, if an entity changes an accounting policy or makes a retrospective restatement or reclassification, the entity is required to present an opening statement of financial position for the comparative period ("third balance sheet"), whereas the explanatory notes are not required to provide comparative disclosures, not even for the "third balance sheet", apart from the components affected.

- IAS 16 *Property, plant and machinery—Classification of servicing equipment:* this clarifies that servicing equipment has to be classified within property, plant and equipment if used for more than one financial year, or, otherwise, in inventory.

- IAS 32—*Financial instruments: presentation*—Tax effect of a distribution to holders of equity instruments and costs of equity instrument transactions: this clarifies that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12.

- IAS 34 *Interim financial reporting—Total assets for a particular reportable segment*: this clarifies that, for the purpose of interim financial reporting, total assets need to be disclosed only when the amount is regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

The effective date for the proposed amendments is foreseen for annual periods beginning on or after 1 January 2013, with early application permitted.

Please note that the new accounting standard **IAS 19—*Employee benefits*** , issued on 16 June 2011 has already been adopted by TeamSystem Group in the consolidated financial statements closed at 31 December 2012 as permitted by the standard.

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed by the European Union, but not yet applicable and not adopted early by the Group

- On 12 May 2011 the IASB issued **IFRS 10—*Consolidated financial statements*** that will replace SIC-12 *Consolidation—Special Purpose Entities* and part of IAS 27—*Consolidated and separate financial statements,* which will be renamed Separate financial statements and will outline the accounting treatment of equity investments in separate financial statements. The main changes introduced by the new standard are the following:

- Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 (based on control) and SIC 12 (based on risks and rewards);
- A definition of control has been introduced that is more robust than the definition of control set out in the previous version of IAS 27 and which includes the following three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from its involvement with the investee; (c) ability to use its power over the investee to affect the amount of the investor's returns;
- IFRS 10 states that an investor, in order to assess whether it has control over an investee, should focus on the activities that significantly affect the returns of the investee;
- IFRS 10 requires that, in assessing control, only substantive rights (i.e. rights that the holder has the practical ability to exercise when taking significant decisions relating to the investee) are considered;
- IFRS 10 contains practical guidance that aims to help in assessing control in complex situations, including 'de facto' control, potential voting rights and whether or not a decision maker is acting as a principal or an agent. In general terms, the application of IFRS 10 requires a significant degree of judgement with regard to a certain number of aspects. The standard is applicable retrospectively as from 1 January 2014. Preliminary analysis performed by the Group shows the adoption of this new standard will have no effect on the Group's scope of consolidation.
- On 12 May 2011 the IASB issued **IFRS 11—*Joint arrangements***, which will replace IAS 31—*Interests in joint ventures* and SIC-13—*Jointly controlled entities—Non-Monetary Contributions by Venturers*. The new standard, without prejudice to the criteria for the identification of joint control, provides criteria for the accounting treatment of joint arrangements based on rights and obligations deriving from the arrangements, rather than on the legal form thereof, distinguishing between joint venture and joint operation. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture. For joint ventures, whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement, the standard establishes that the sole accounting method in consolidated financial statements is the equity method. For joint operations, whereby the parties have rights to the assets and obligations for the liabilities relating to the arrangement, the standard envisages that investments therein are accounted for in consolidated financial statements (and in separate financial statements) as a pro-rata portion of assets, liabilities, costs and revenue deriving from the joint operation. The new standard is applicable retrospectively as from 1 January 2014. Subsequent to the adoption of IAS 28—*Investments in associates*, it was amended to include in the scope of its application, as from the effective date of the standard, equity investments in entities subject to joint control. The application of this new standard will have no effect on the Group's consolidated financial statements.
- On 12 May 2011 the IASB issued **IFRS 12—*Disclosure of interests in other entities***, which is a new and complete standard on additional disclosures to be provided in consolidated financial statements for all types of equity investments, including subsidiaries, joint arrangements,

associates, special purpose entities and other non consolidated vehicles. The standard is applicable retrospectively as from 1 January 2014.

- On 16 December 2011 the IASB issued **Amendments to IAS 32—*Financial instruments*:** ***presentation***, to clarify the application of certain criteria present in IAS 32 for offsetting financial assets and liabilities. The amendments are applicable retrospectively for annual periods beginning on or after 1 January 2014.

- On 28 June 2012 the IASB issued ***Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12).*** This clarifies the transition rules of IFRS 10 *Consolidated financial statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of interests in other entities*. These amendments are applicable, together with the relative standards, for annual periods beginning on or after 1 January 2014, with early application permitted.

- On 31 October 2012 amendments were issued to **IFRS 10**, **IFRS 12** and **IAS 27 Investment Entities** that introduce an exception from consolidation of subsidiaries by investment entities, except where the subsidiaries provide services relating to the investment activities. Pursuant to those amendments, an investment entity should measure those investments at fair value. To qualify as an investment entity, it has to:

  - obtain funds from one or more investor for the purpose of providing those investor(s) with investment management services;

  - commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

  - measure and evaluate performance of substantially all of its investments on a fair value basis.

These amendments are applicable, together with the relative standards, for annual periods beginning on or after 1 January 2014, with early application permitted.

- On 29 May 2013 the IASB issued **Amendments to IAS 36—*Impairment of Assets—Recoverable amount disclosures for non-financial assets***. The amendments aim to clarify that the disclosure requirements about the recoverable amount of assets (including goodwill) or of any cash generating unit, for which the recoverable amount is based on fair value less costs of disposal, relate only to assets or a cash generating unit for which an impairment loss has been recognised or reversed during the financial year. These amendments are applicable for annual periods beginning on or after 1° January 2014.

- On 27 June 2013 the IASB issued **Amendments to IAS 39 "Financial instruments: Recognition and measurement—Novation of Derivatives and Continuation of Hedge Accounting**. The amendments introduce some exemptions from hedge accounting requirements as defined by IAS 39 in circumstances whereby an existing derivative is replaced by a new derivative, which, as a consequence of laws or regulations, has a direct (or even indirect) central counterparty (CCP). These amendments are applicable retrospectively for annual periods beginning on or after 1 January 2014. Early application is permitted.

Accounting standards, amendments and IFRS interpretations not yet endorsed by the European Union

As of the date of these consolidated financial statements, the European Union's delegated bodies had not yet concluded the endorsement process required for the adoption of the amendments and standards described below.

- The interpretation **IFRIC 21—Levies** was issued on 20 May 2013. This provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37—*Provisions, contingent liabilities and contingent assets* and those where the timing and amount of the levy is certain.

- On 12 November 2009 the IASB issued **IFRS 9—Financial instruments**: this standard was then amended on 28 October 2010. The standard, applicable retrospectively as from 1 January 2015, is the first part of a process in stages that has the objective of completely replacing IAS 39 and it introduces 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 means of management of financial instruments and on the features of contractual cash flows from financial assets for the determination of the assessment criterion, replacing various provisions of IAS 39. Regarding financial liabilities, the main amendments relate to the accounting treatment of changes in fair value of a financial liability designated as at fair value through profit or loss, in the event that these are due to a change in the credit risk of the liability in question. In accordance with the new standard, these changes are to be presented in other comprehensive income and shall no longer be presented in the income statement.

- On 19 November 2013 the IASB issued **IFRS 9 Financial Instruments—Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39** relating to a new hedge accounting model. This has the objective of responding to a number of criticisms of the hedge accounting requirements of IAS 39 in that they were considered to be too stringent and that they fell short in providing information on an entity's risk management policies. The major amendments introduced by the document concern:

- changes to the types of transactions eligible for hedge accounting, in particular, entities are permitted to designate risk components of nonfinancial assets and liabilities as hedged items as long as certain criteria are met;

- a change in accounting for forwards and options included in a hedging relationship in order to reduce income statement volatility;

- replacement of an effectiveness test based on a level of offset of between 80% and 125% with the principle of an economic relationship between the hedged item and the hedging instrument; furthermore, there will no longer be a requirement for a retrospective assessment of the effectiveness of the hedging relationship;

- the increased flexibility of the new accounting rules is offset by additional disclosure requirements concerning a company's risk management activities.

- On 12 December 2013 the IASB issued **Annual Improvements to IFRSs**: **2010-2012 Cycle**, a collection of amendments to standards as part of the annual process of improvements thereto. The major amendments relate to:

- IFRS 2 *Share Based Payment—Definition of vesting conditions*. Changes have been made to definitions of "vesting conditions" and "market conditions" and separate definitions have been added for "performance condition" and "service condition" (previously included in the definition of "vesting conditions")

- IFRS 3 *Business Combinations—Accounting for contingent consideration*. The amendment clarifies that contingent consideration that is a financial asset or financial liability can only be measured at fair value at the reporting date and that changes in fair value are to be presented in either profit or loss or other comprehensive income depending on the requirements of IAS 39 (or IFRS 9).

- IFRS 8 *Operating segments—Aggregation of operating segments*. The amendments require entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated, including a description of the aggregated operating segments and the factors considered in determining if the operating segments share similar economic characteristics.

- IFRS 8 *Operating segments—Reconciliation of the total of the reportable segments' assets to the entity's assets*. The amendments clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed, if that amount is regularly provided to the chief operating decision maker.

- IFRS 13 *Fair Value Measurement—Short-term receivables and payables*. An amendment has been made to the Basis for Conclusions of IFRS 13 in order to clarify that, with the issue of IFRS 13 and the consequent amendments to IAS 39 and IFRS 9, it is still valid to measure short-term receivables and payables without recognising the effects of discounting, if such effects are not material.

- IAS 16 *Property, plant and equipment and IAS 38 Intangible Assets—Revaluation method: proportionate restatement of accumulated depreciation and amortisation*. The amendments have eliminated inconsistencies in the recognition of accumulated depreciation and amortisation when a tangible or intangible asset has been revalued. They also clarify that the gross carrying amount has to be restated in a manner consistent with the revaluation of the net carrying amount and that accumulated depreciation is the difference between the restated gross and the net carrying amounts.

- IAS 24 *Related Parties Disclosures—Key management personnel*. This clarifies that where key management personnel services are provided by an entity (and not by an individual), the entity should be identified as a related party.

These amendments are applicable for annual periods beginning on or after 1 January 2014. Early application is permitted.

- On 12 December 2013 the IASB issued **Annual Improvements to IFRSs: 2011-2013 Cycle**, a collection of amendments to standards as part of the annual process of improvements thereto. The major amendments relate to:
- IFRS 1 *First-time Adoption of International Financial Reporting Standards—Meaning of "effective IFRS"*. This clarifies that a first-time adopter of IFRS, as an alternate to the application of a standard that is effective at the end of its first IFRS reporting period, may opt for the early application of a new standard that has been issued to replace the effective standard. The option is allowed only when the new standard permits early application. Moreover, the same version of the new standard has to be applied throughout the periods presented in an entity's first IFRS financial statements.
- IFRS 3 *Business Combinations—Scope exception for joint ventures*. The amendment clarifies that paragraph 2(a) of IFRS 3 excludes from the scope of IFRS 3 the formation of all types of joint arrangements as defined by IFRS 11.
- IFRS 13 *Fair Value Measurement—Scope of paragraph 52 (portfolio exception)*. The amendment clarifies that the portfolio exception included in paragraph 52 of IFRS 13 is applicable to all contracts that fall within the scope of IAS 39 (or IFRS 9) independently of the fact that they meet the definition of financial assets and liabilities given by IAS 32.
- IAS 40 *Investment Property—Interrelationship between IFRS 3 and IAS 40*. This amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the acquisition of a property falls within the scope of IFRS 3, reference should be made to the guidance in IFRS 3; to determine whether the acquisition in question falls within the scope of IAS 40, reference should be made to the guidance in IAS 40.

These amendments are applicable for annual periods beginning on or after 1 January 2014. Early application is permitted.

Notes to consolidated financial statement components:
(All amounts are expressed in thousands of Euro
except where otherwise indicated)

1. Total revenue

	31 Dec 2013	31 Dec 2012	Change	% Change
Hardware	5,079	5,995	(916)	−15.3%
Software	26,194	24,937	1,258	5.0%
Hardware subscriptions	1,636	1,581	54	3.4%
Software subscriptions	89,030	84,759	4,270	5.0%
Other products	1,781	1,714	67	3.9%
Other services	19,447	18,068	1,378	7.6%
Education	12,525	13,715	(1,189)	−8.7%
Revenue	**155,692**	**150,769**	**4,923**	**3.3%**
Recovery of expenses	968	948	20	2.1%
Operating grants	66	149	(83)	−55.9%
Other income	437	481	(43)	−9.0%
Other operating income	**1,471**	**1,577**	**(106)**	**−6.7%**
Total Revenue	**157,163**	**152,346**	**4,816**	**3.2%**

Total Revenue amounts to € 157,163 thousand for the year ended 31 December 2013, up by € 4,816 thousand from the amount for the year ended 31 December 2012 (€ 152,346 thousand). This increase is mainly due to higher Software Subscription Revenue (€ 4,270 thousand), higher Software Revenue (€ 1,258 thousand) both partially offset by a drop in Hardware Revenue (€ 916 thousand) and a drop in Education Revenue (€ 1,189 thousand).

See also Note 2 for details concerning Total Revenue trends by Operating Segments.

2. Operating segments

In accordance with IFRS 8, an operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; c) for which discrete financial information is available. Within TeamSystem Group the following three operating segments have been identified, characterised by the autonomous nature of their products/services and production processes that have the aforementioned features:

- Software and Services (SWSS), this operating segment consists of all the Group companies operating in the software production/marketing sector;
- Education, this segment consists of companies operating in the professional training sector, being Gruppo Euroconference Spa, Optime Srl, Paradigma Srl and Education Team Srl;
- CAD/CAM, this operating segment consists of to Nuovamacut subsidiaries.

Please note that all costs have been properly allocated to the corresponding operating segment (there are no "non-allocated costs"), considering the nature and relationship of such costs to corresponding revenue.

OPERATING SEGMENTS 31 Dec 2012	Software Services	Education	CAD/CAM	Intercompany Reconciliation	Consolidated Financial Statement
TOTAL REVENUE	**117,953**	**14,345**	**20,750**	**(701)**	**152,346**
Total Revenue—external segments	117,641	14,077	20,629		
Total Revenue—internal segments	311	268	122		
Cost of raw and other materials	(8,296)	(626)	(9,460)	48	(18,334)
Cost of services	(18,882)	(7,190)	(3,104)	482	(28,694)
Personnel	(39,051)	(3,178)	(5,669)	125	(47,773)
Other operating costs	(2,006)	(496)	(485)	39	(2,948)
Allowance for doubtful debts	(1,500)	0	(242)	0	(1,742)
EBITDA	**48,218**	**2,855**	**1,789**	**(7)**	**52,855**
ADJUSTED EBITDA	**49,718**	**2,855**	**2,031**	**(7)**	**54,597**
Depreciation of non current tangible assets	(762)	(89)	(86)	0	(937)
Amortization of non current intangible assets	(23,175)	(350)	(668)	0	(24,194)
Other provisions for risks and charges	(36)	(90)	(37)	0	(163)
Non recurring personnel and expenses	(3,573)	(86)	(125)	7	(3,777)
Impairment of non current assets	(75,000)	0	0	0	(75,000)
OPERATING RESULT	**(54,328)**	**2,240**	**873**	**0**	**(51,215)**
Finance income	2,597	291	13	(191)	2,710
Dividends	1,396	0	0	(1,396)	0
Finance cost	(31,456)	(78)	(205)	191	(31,548)
PROFIT (LOSS) BEFORE TAX	**(81,791)**	**2,453**	**680**	**(1,396)**	**(80,054)**
Current income tax	(6,803)	(1,138)	(265)	0	(8,207)
Deferred income tax	(2,346)	291	106	0	(1,950)
PROFIT (LOSS) FOR THE PERIOD	**(90,940)**	**1,606**	**520**	**(1,396)**	**(90,210)**

OPERATING SEGMENTS 31 Dec 2013	Software and Services	Education	CAD/CAM	Intercompany Reconciliation	Consolidated Financial Statement
TOTAL REVENUE	**124,462**	**13,212**	**20,194**	**(706)**	**157,163**
Total Revenue—external segments	124,204	12,827	20,131		
Total Revenue—internal segments	258	385	62		
Cost of raw and other materials	(7,838)	(450)	(9,218)	2	(17,503)
Cost of services	(20,194)	(7,205)	(2,840)	571	(29,668)
Personnel	(42,162)	(3,104)	(5,726)	100	(50,891)
Other operating costs	(2,215)	(532)	(454)	38	(3,163)
Allowance for doubtful debts	(2,258)	(69)	(369)	0	(2,695)
EBITDA	**49,796**	**1,853**	**1,588**	**5**	**53,242**
ADJUSTED EBITDA	**52,054**	**1,922**	**1,956**	**5**	**55,937**
Depreciation of non current tangible assets	(818)	(93)	(74)	0	(986)
Amortization of non current intangible assets	(23,505)	(375)	(694)	0	(24,574)
Other provisions for risks and charges	(150)	(70)	(38)	0	(258)
Non recurring personnel and expenses	(4,451)	(430)	(85)	(5)	(4,971)
OPERATING RESULT	**20,873**	**885**	**696**	**0**	**22,453**
Finance income	1,691	173	45	(192)	1,717
Dividends	965	0	0	(965)	0
Finance cost	(47,468)	(73)	(183)	192	(47,531)
PROFIT (LOSS) BEFORE TAX	**(23,940)**	**985**	**558**	**(965)**	**(23,361)**
Current income tax	(6,521)	(506)	(609)	0	(7,636)
Deferred income tax	2,225	117	198	0	2,539
PROFIT (LOSS) FOR THE PERIOD	**(28,236)**	**597**	**146**	**(965)**	**(28,458)**

OPERATING SEGMENTS	31 Dec 2013	31 Dec 2012	Change	% Change
Software and Services	124,462	117,953	6,510	5.5%
Education	13,212	14,345	(1,132)	−7.9%
CAD / CAM	20,194	20,750	(557)	−2.7%
Intercompany Reconciliation	(706)	(701)	(4)	
TOTAL REVENUE	**157,163**	**152,346**	**4,816**	**3.2%**
Software and Services	49,796	48,218	1,578	3.3%
Education	1,853	2,855	(1,001)	−35.1%
CAD / CAM	1,588	1,789	(202)	−11.3%
Intercompany Reconciliation	5	(7)	12	
EBITDA	**53,242**	**52,855**	**386**	**0.7%**
Software and Services	52,054	49,718	2,335	4.7%
Education	1,922	2,855	(933)	−32.7%
CAD / CAM	1,956	2,031	(75)	−3.7%
Intercompany Reconciliation	5	(7)	12	
ADJUSTED EBITDA	**55,937**	**54,597**	**1,339**	**2.5%**
Software and Services	(329,833)	(287,550)	(42,284)	14.7%
Education	11,260	11,633	(373)	−3.2%
CAD / CAM	3,118	1,177	1,941	n.s.
Intercompany Reconciliation	(30)	(114)	84	
NET FINANCIAL INDEBTEDNESS	**(315,485)**	**(274,854)**	**(40,631)**	**14.8%**
Capex—Tangible assets	776	904	(127)	−14.1%
Capex—Intangibles assets	709	1,838	(1,129)	−61.4%
Capex—Capitalized development costs	6,972	4,148	2,824	68.1%
Capex—Software and Services	**8,457**	**6,890**	**1,568**	**22.8%**
Capex—Tangible assets	316	77	239	n.s.
Capex—Intangibles assets	139	70	69	98.1%
Capex—Capitalized development costs	54	0	54	n.s.
Capex—Education	**509**	**147**	**362**	**n.s.**
Capex—Tangible assets	34	43	(9)	−20.8%
Capex—Intangibles assets	3	81	(78)	−95.8%
Capex—Capitalized development costs	107	120	(12)	−10.4%
Capex—CAD / CAM	**145**	**244**	**(99)**	**−40.7%**
Capex—Tangible assets	1,127	1,024	103	10.0%
Capex—Intangibles assets	851	1,989	(1,138)	−57.2%
Capex—Capitalized development costs	7,133	4,267	2,865	67.1%
CAPEX—TOTAL	**9,111**	**7,281**	**1,830**	**25.1%**
Software and Services	464,584	454,697	9,887	2.2%
Education	26,219	26,296	(77)	−0.3%
CAD / CAM	8,442	10,263	(1,821)	−17.7%
Intercompany Reconciliation	29	62	(33)	
NET INVESTED CAPITAL	**499,273**	**491,317**	**7,956**	**1.6%**

TOTAL REVENUE Total revenue for the year ended 31 December 2013 amounts to € 157,163 thousand, up by € 4,816 thousand compared to the amount for the year ended 31 December 2012 (€ 152,346 thousand). This increase is primarily due to the growth in the Software and Services business unit's Total revenue (+€ 6,510 thousand) that more than offsets a fall in Total revenue posted by the Education business unit (a loss of € 1,132 thousand) and the CAD/CAD business unit (a loss of € 557 thousand).

SOFTWARE AND SERVICES TOTAL REVENUE Total revenue posted by the Software and Services business unit for the year ended 31 December 2013 amounts to € 124,462 thousand, up by € 6,510 thousand compared to the corresponding amount for the year ended 31 December 2012 (€ 117,953 thousand). This change is partially due to the first-time consolidation in 2013 of the new Subsidiary H-Umus Srl acquired at the end of 2012 (the contribution of which to the Software and Services business unit's total revenue, net of intercompany eliminations, amounts to € 1,228 thousand for the year ended 31 December 2013), while the remaining part is due to organic growth in business in the 2013.

EDUCATION TOTAL REVENUE Total revenue posted by the Education business unit for the year ended 31 December 2013 amounts to € 13,212 thousand, down by € 1,132 thousand compared to the corresponding amount for the year ended 31 December 2012 (€ 14,345 thousand). This change is mainly due to:

- A fall in revenue posted by Paradigma and Optime in 2013 compared to 2012 total revenue of approximately € 440 thousand (gross of intercompany transactions);
- to the negative impact of the hostile spin-off that took place in the second half of 2012 in Gruppo Euroconference Spa and which continued to have a negative impact (both in terms of EBITDA and in terms of Total Revenue) in the initial months of 2013 due to accounting for the percentage of completion of services rendered on a pro-rata basis (on the basis of the number of days of training provided in 2012 and 2013) that affected the Gruppo Euroconference' s main training event "Short Master" (approximately € 600 thousand). In any case, il should be highlighted that the 2013-2014 edition of the Short Master has generated good growth (in terms of Total Revenue and EBITDA) with respect to the corresponding figures for the 2012-2013 Short Master.

CAD/CAM TOTAL REVENUE The CAD/CAM business unit's Total revenue for the period ended 31 December 2013 amounts to € 20,194 thousand, down by € 557 thousand compared to the corresponding amount for the year ended 31 December 2012 (€ 20,750 thousand) due to difficult market conditions within the relevant macroeconomic context experienced in 2013.

3. Cost of raw and other materials

	31 Dec 2013	31 Dec 2012	Change	% Change
Hardware purchases	4,156	4,692	(536)	−11.4%
Third parties' software	10,781	10,744	38	0.4%
Handbooks and forms	125	192	(67)	−34.7%
Materials for education	342	497	(155)	−31.1%
Fuel	1,210	1,167	43	3.6%
Other materials	948	909	40	4.4%
Change in inventory of raw materials	(60)	134	(194)	n.s.
Total	**17,503**	**18,334**	**(831)**	**−4.5%**

Cost of raw and other materials amounts to € 17,503 thousand for the year ended 31 December 2013, down by € 831 thousand from the amount for the year ended 31 December 2012 (€ 18,334 thousand). This decrease is due to lower Material for education costs (€ 155 thousand), lower Hardaware purchases costs (€ 536 thousand) and to an increase in the level of inventories in 2013 (€ 194 thousand).

4. Cost of services

	31 Dec 2013	31 Dec 2012	Change	% Change
Agent commissions and other costs	3,400	3,372	29	0.9%
Consulting and third parties services	8,564	7,591	973	12.8%
Administrative tax and legal	1,641	1,337	304	22.7%
Education—consulting and copyrights	2,991	3,388	(398)	−11.7%
Magazines—consulting and copyrights	1,068	711	357	50.3%
Other costs for education services	1,768	1,170	599	51.2%
Advertising and marketing	2,555	2,480	75	3.0%
Car rentals	2,083	1,964	118	6.0%
Utilities	1,895	1,921	(26)	−1.3%
Other services	5,874	6,024	(150)	−2.5%
Cost of services—Gross of capitalization	**31,838**	**29,958**	**1,881**	**6.3%**
Services capitalised development costs	(2,170)	(1,264)	(906)	71.7%
Total	**29,668**	**28,694**	**975**	**3.4%**

The cost of services for the year ended 31 December 2013 (€ 29,668 thousand) increased in total by € 975 thousand compared to the amount for the year ended 31 December 2012 (€ 28,694 thousand). This mainly comes to the net effects of the below:

- a decrease in the service costs of Education business unit—consulting and copyright of € 398 thousand partially offset by an increase in Magazines—Consulting and copyrights costs by € 357 thousand and by an increase in Other costs for education services by € 599 thousand;
- a decrease in Transport and shipment costs (accounted for within Other services), primarily related to the Education business unit, of approximately € 399 thousand;

- the first-time consolidation of the results of H-Umus Srl, which contributed approximately € 118 thousand to cost of services for the year ended 31 December 2013 (net of intercompany eliminations);
- a rise in costs incurred for Consulting and third party services (€ 973 thousand) which, to a large extent, is linked to software consulting costs for the renewal of the software and processes portfolio (PROTEO 360, see also Note 12 Intangible assets). The related expenditure was thus capitalised (€ 2,170 thousand for the year ended 31 December 2013, up by € 906 thousand compared to the corresponding amount for the year ended 31 December 2012 (€ 1,264 thousand) and
- a rise in the cost of Agent commissions and other commercial costs of € 29 thousand;

5. Personnel

	31 Dec 2013	31 Dec 2012	Change	% Change
Wages, salaries and social contributions	50,136	44,483	5,653	12.7%
Staff leaving indemnities	2,297	1,899	398	21.0%
Other personnel costs	18	40	(23)	−55.9%
Employees costs	**52,450**	**46,422**	**6,028**	**13.0%**
Freelancers and collaborators fees	302	846	(544)	−64.3%
Directors' fees and related costs	3,101	3,509	(408)	−11.6%
Directors and Collaborators	**3,403**	**4,355**	**(952)**	**−21.9%**
Non recurring personnel costs	326		326	
Non recurring personnel costs	**326**		**326**	
Personnel—Gross of capitalization	**56,179**	**50,777**	**5,402**	**10.64%**
Personnel capitalised development costs	**(4,963)**	**(3,004)**	**(1,959)**	**65.2%**
Total	**51,217**	**47,773**	**3,443**	**7.2%**

Personnel costs for the year ended 31 December 2013 (€ 51,217 thousand) have increased by € 3,443 thousand compared to the corresponding amount for the year ended 31 December 2012 (€ 47,773 thousand) due to the consolidation of H-Umus Srl (which contributed, net of intercompany transactions, € 550 thousand) and the ongoing policy to strengthen the Group's workforce. See also the following table that shows the number of employees as at 31 December 2013 comparted to the corresponding figures as at 31 December 2012.

	Average 2012	Average 2011	Change	31 Dec 2012	31 Dec 2011	Change
Managers	18	12	6	21	14	7
Middle managers / white collars / workers	925	839	86	974	876	98
Total	**943**	**851**	**92**	**995**	**890**	**105**

	Average 2013	Average 2012	Change	31 Dec 2013	31 Dec 2012	Change
Managers	25	18	8	29	21	8
Middle managers / white collars / workers	1,060	925	135	1,145	974	171
Total	**1,085**	**943**	**142**	**1,174**	**995**	**179**

It should be noted that the year end figures at 31 December 2013 include 105 employees (6 managers and 99 white collar/middle managers) of the newly acquired subsidiary ACG Srl.

6. Other operating costs

	31 Dec 2013	31 Dec 2012	Change	% Change
Rents	2,232	2,031	201	9.9%
Rentals	394	373	22	5.8%
Other expenses for use of third parties assets	17	29	(12)	−43.0%
Other taxes	240	206	34	16.4%
Losses from assets disposals	4	8	(5)	−55.5%
Other expenses	276	300	(23)	−7.8%
Total	**3,163**	**2,948**	**215**	**7.3%**

Other operating costs for the year ended 31 December 2013 (€ 3,163 thousand) have increased by € 215 thousand compared to the corresponding amount for the period ended 31 Decenber 2012 (€ 2,948 thousand) due to a rise in the cost of Rents (€ 201 thousand) and Rental (€ 22 thousand) both of which substantially due to the first-time consolidation of H-Umus Srl results.

7. Non recurring expenses

Non-recurring expenses for the year ended 31 December 2013 amount to € 4,645 thousand, compared with € 3,777 thousand for the year ended 31 December 2012, and relate to tax and legal advice and other expenses the nature of which is deemed to be non-recurring with respect to the business's normal operations. In particular, these include advisory costs incurred for acquisitions of equity investments (€ 1,143 thousand), charges incurred in relation to the finalisation of the refinancing process for the Group (€ 327 Group thousand), and management consulting fees aimed at the reviewing and strengthening of the Group commercial supply model.

8. Allowance for doubtful debts and other risks provisions

	31 Dec 2013	31 Dec 2012	Change	% Change
Allowance for doubtful debts	2,695	1,742	953	54.7%
Other risks provisions	258	163	95	58.4%
Total	**2,954**	**1,905**	**1,048**	**55.0%**

Allowance for doubtful debts and other risks provisions amounts to € 2,954 thousand at 31 December 2013, up by €1.048 thousand with respect to the corresponding amount ad 31 December 2012 (€ 1,905 thousand).

For further details about Allowance for doubtful debts, see Note 19. For further details about Other risks provisions, see Note 24.

9. Finance income and finance cost

Finance income

	31 Dec 2013	31 Dec 2012	Change	% Change
Interest and other finance income	102	121	(19)	−15.7%
Gains on foreign exchange	5	3	2	47.7%
Interest from banks	153	210	(56)	−26.9%
Vendor Loan depreciation	522	2,376	(1,854)	−78.0%
MTM valuation of derivative instruments	935		935	
Total	**1,718**	**2,710**	**(992)**	**−36.6%**

Finance income for the year ended 31 December 2013 (€ 1,718 thousand) has decreased compared to the figure recorded for the year ended 31 December 2012 (€ 2,710 thousand) by € 992 thousand. This change is essentially attributable to MTM valuation of derivative instruments (€ 935 thousand) relating to financial income accounted for by TeamSystem Spa following early termination of derivative contracts consisting of interest rate swaps and interest rate options occurred in the first half of 2013 and due to Vendor Loan depreciation which dropped from € 2,376 thousand at 31 December 2012 to € 522 thousand at 31 December 2013 (see Note 21 for further details).

Finance cost

	31 Dec 2013	31 Dec 2012	Change	% Change
Interest on bank overdraft, loans and Bond	17,397	10,773	6,624	61.5%
Interest on other loans	6,170	11,158	(4,988)	−44.7%
Interest on shareholders loan	253		253	
Interest on derivative instruments	960	1,875	(915)	−48.8%
Interest on financing fees	16,144	3,146	12,998	n.s.
Vendor Loan revaluation	3,968	2,025	1,943	96.0%
Bank commissions	1,235	1,001	233	23.3%
MTM valuation of derivative instruments	3	94	(90)	−96.6%
Interest from actuarial valuation of employee benefits	297	332	(35)	−10.5%
Other IFRS financial charges	910	767	143	18.6%
Other financial charges	194	357	(163)	−45.8%
Losses on foreign exchange	2	1	1	89.6%
Write-downs of equity investment		20	(20)	−100.0%
Total	**47,532**	**31,548**	**15,984**	**50.7%**

Financial cost (recurring and non-recurring) for the year ended 31 December 2013 amount to € 47,532 thousand, up by € 15,984 thousand compared to the year ended 31 December 2012 (€ 31,548 thousand). This increase is partially attributable to the higher financial charges triggered by the re-measurement of the vendor loan debts (€ 1,943 thousand—see Note 21), but above all, is due to the higher non-recurring financial charges arising from a the write-down of financing fees (relating to the Group's previous financial structure) that was required as a result of the successful outcome of a the complex refinancing project, which culminated on 7 May 2013 with the issue of a corporate bond of € 300 million (Note 21 Net Financial Indebtedness).

Details of the non-recurring writedowns of the remaining net book value of financing fees at the date of the refinancing exercise are as follows:

- € 9,913 thousand recorded by TeamSystem Spa for the writedown of the remaining net book value of financing fees related to the "Facility A", "Facility B" and "Acquisition Facility" lines of credit;
- € 1,480 thousand recorded by TeamSystem Holding Spa for the writedown of the remaining net book value of financing fees related to the "PIK" lines of credit;
- € 2,187 thousand recorded by TeamSystem Holding 2 Spa for the writedown of the remaining net book value of financing fees related to the "Mezzanine" lines of credit.

10. Current income tax

Current income taxes for the 2013 financial year amount to € 7,636 thousand and consist of the following:

- IRES of € 4,366 thousand;
- IRAP (regional tax on productive activities) of € 3,270 thousand.

With respect to the amount of deferred tax recorded in the consolidated income statement, reference should be made to details provided in Note 16.

11. Tangible assets

COST	1 Jan 2012	Change in cons. area	Other movements	Additions	(Disposals)	31 Dec 2012
Land	1,898			0		1,898
Buildings	7,947			59		8,007
Plant and machinery	1,682	19	(4)	282	(36)	1,944
Equipment	549	2	(5)	61	(1)	606
Other assets	7,215	242	9	640	(282)	7,823
Tangible assets under construction				26		26
Total	**19,291**	**263**	**0**	**1,068**	**(319)**	**20,304**

ACCUMULATED DEPRECIATION	1 Jan 2012	Change in cons. area	Other movements	Additions	(Disposals)	31 Dec 2012
Land						
Buildings	1,894			258		2,152
Plant and machinery	1,432	11	(2)	88	(34)	1,495
Equipment	395	1	(7)	38	(1)	426
Other assets	5,888	174	11	551	(245)	6,379
Tangible assets under construction						
Total	**9,608**	**185**	**3**	**937**	**(280)**	**10,453**

NET BOOK VALUE	1 Jan 2012	Change in cons. area	Other movements	Additions	(Depreciation)	(Disposals)	31 Dec 2012
Land	1,898			0			1,898
Buildings	6,054			59	(258)		5,855
Plant and machinery	251	9	(1)	282	(88)	(2)	449
Equipment	154	1	1	61	(38)	(0)	180
Other assets	1,327	68	(3)	640	(551)	(38)	1,444
Tangible assets under construction				26			26
Total	**9,683**	**78**	**(3)**	**1,068**	**(936)**	**(40)**	**9,850**

COST	31 Dec 2012	Change in cons. area	Other movements	Additions	(Disposals)	31 Dec 2013
Land	1,898			1		1,899
Buildings	8,007					8,007
Plant and machinery	1,944		(7)	249	(15)	2,171
Equipment	606		2	118	(3)	723
Other assets	7,823	89	28	788	(502)	8,226
Tangible assets under construction	26		(26)			0
Total	**20,304**	**89**	**(3)**	**1,156**	**(520)**	**21,026**

ACCUMULATED DEPRECIATION	31 Dec 2012	Change in cons. area	Other movements	Additions	(Disposals)	31 Dec 2013
Land						
Buildings	2,152			258		2,410
Plant and machinery	1,495			110	(14)	1,591
Equipment	426			49	(3)	472
Other assets	6,379		2	569	(477)	6,473
Tangible assets under construction						
Total	**10,453**		**2**	**986**	**(494)**	**10,946**

NET BOOK VALUE	31 Dec 2012	Change in cons. area	Other movements	Additions	(Depreciation)	(Disposals)	31 Dec 2013
Land	1,898			1			1,899
Buildings	5,855				(258)		5,597
Plant and machinery	449		(7)	249	(110)	(1)	580
Equipment	180		2	118	(49)		251
Other assets	1,444	89	26	788	(569)	(25)	1,753
Tangible assets under construction	26		(26)				0
Total	**9,851**	**89**	**(5)**	**1,156**	**(986)**	**(26)**	**10,080**

Fixed assets at 31 December 2013 amount to € 10,080 thousand, up compared to the balance at 31 December 2012 (€ 9,850 thousand) by € 230 thousand, resulting from the aggregate of disposals, additions and the depreciation charge for the period (the latter amounts to € 986 thousand).

The most significant additions in 2013 relate to Other assets of approximately € 788 thousand and € 249 thousand related to Plant and machinery.

12. Intangible assets

NET BOOK VALUE	1 Jan 2012	Change in cons. area	Other movements	Capitalization	Additions	(Amortization)	31 Dec 2012
Development costs—completed	1,203	59	1,115	2,210		(1,301)	3,285
Development costs—in progress	1,268		(1,115)	2,057			2,210
Capitalized development costs	**2,471**	**59**		**4,267**		**(1,301)**	**5,495**
Brand IFRS	34,711					(2,073)	32,638
Software IFRS	30,879					(8,624)	22,255
Customer relationship IFRS	212,236					(11,343)	200,893
Other IFRS assets	2,791					(167)	2,624
Asset IFRS	**280,617**					**(22,207)**	**258,410**
Software, trademarks, patents	454	7			1,803	(577)	1,687
Other intangible assets	207	9	(3)		141	(108)	246
Intangible assets under construction	240				48		288
Other intangible assets	**902**	**16**	**(3)**		**1,992**	**(685)**	**2,221**
Total	**283,990**	**75**	**(3)**	**4,267**	**1,992**	**(24,194)**	**266,126**

NET BOOK VALUE	31 Dec 2012	Change in cons. area	Other movements	Capitalization	Additions	(Amortization)	31 Dec 2013
Development costs—completed	3,285		487	2,825		(2,013)	4,584
Development costs—in progress	2,210		(487)	4,254	31		6,007
Capitalized development costs	**5,495**			**7,079**	**31**	**(2,013)**	**10,591**
Brand IFRS	32,638					(2,069)	30,569
Software IFRS	22,255					(8,228)	14,027
Customer relationship IFRS	200,893	1,474				(11,312)	191,055
Other IFRS assets	2,624					(167)	2,457
Asset IFRS	**258,410**	**1,474**				**(21,776)**	**238,109**
Software, trademarks, patents	1,686		120	32	532	(651)	1,719
Other intangible assets	245		5		80	(134)	197
Intangible assets under construction	288		(125)	22	209		395
Other intangible assets	**2,219**			**54**	**822**	**(785)**	**2,311**
Total	**266,125**	**1,474**		**7,133**	**853**	**(24,574)**	**251,011**

Intangible assets have gone from € 266,126 thousand at 31 December 2012 to € 251,011 thousand at 31 December 2013, a decrease of € 15,115 thousand resulting from the aggregate of disposals, additions, capitalised development costs (of € 7,133 thousand for the year ended 31 December 2013) and the amortisation charge for the period (€ 24,574 thousand).

The increase in Customer relationship IFRS relates to the opposite entry to the fair value estimate of the commitments assumed by TeamSystem Group in connection with open contracts acquired as part of the acquisition of ACG, as described further in Note 14.

Development costs in progress relate to development costs for new products and new software modules which, as at 31 December 2013, had not yet been completed and for which marketing had not commenced and no sales had been made.

With respect to additions and Development capitalization made in 2013, totalling € 7,986 thousand (€ 6,259 thousand at 31 December 2012), the main expenditures are related to:

a) capitalised development costs of € 2,825 thousand relating to new products and / or new software modules developed mainly by main subsidiary TeamSystem Spa during the course of 2013 and which started being marketed in the same financial year (€ 2,210 thousand in 2012);

b) capitalized development costs in process of formation of €4,254 thousand performed mainly by the TeamSystem Spa with respect to development costs of new products and /or new software modules which at 31 December 2013 had not yet been completed or for which the marketing and sales phase had not yet started (€ 2,057 thousand in 2012).

During the 2013 financial year the Group continued to carry on a complex long term project related to technological renewal ("PROTEO 360" or "Product Renewal Project"). PROTEO 360 is highly strategic for the Group as it involves the technological upgrading of the Group's entire software portfolio and application platforms by means of the renewal and innovation of existing software products and the alignment of the range of product to more recent and innovative technologies. PROTEO 360' s research and development term is estimated at approximately 5 years, with an overall estimated cost budget of approximately € 16 million. In any case, the benefits of the project for the renewal of the software infrastructure will already be evident during the interim phase of gradual release of the innovative applications-functionalities.

13. Goodwill

	1 Jan 2012	Other movements	Additions	(Impairment)	31 Dec 2012
Goodwill SWSS CGU	326,582		4,028	(75,000)	255,610
Goodwill Education CGU	20,660		6,636		27,296
Goodwill CAD/CAM CGU	6,410				6,410
Total	**353,652**		**10,664**	**(75,000)**	**289,317**

	31 Dec 2012	Other movements	Additions	(Impairment)	31 Dec 2013
Goodwill SWSS CGU	255,610		23,939		279,549
Goodwill Education CGU	27,296				27,296
Goodwill CAD/CAM CGU	6,410				6,410
Total	**289,317**		**23,939**		**313,255**

Goodwill (amounting to € 313,255 thousand at 31 December 2013) mainly relates to the acquisition of TeamSystem Group from HG Capital (via the special purpose vehicle Titan BidCo Srl) made in 2010.

The Goodwill relating to the acquisition of TeamSystem Group primarily consists of the excess consideration paid over the current value of the assets and liabilities acquired and it was allocated to the three CGUs Software and Services (SWSS), Education and CAD/CAM.

The increase in SWSS CGU Goodwill recorded in 2013 (€ 23,939 thousand) relates to the acquisition of ACG Srl, a division of IBM Italy, occured in December 2013 as detailed in Note 14 and the related accounting according to IFRS3, that should be considered as provisional at 31 December 2013 considering the fact that the Gruop is still analysing the business and related assets and liabilities and consequently the amount booked could be adjusted after deeper knowledge of the acquired division.

Moreover, it should be noted that the definition of purchased Goodwill arising in 2012 (€ 462 thousand pertaining to Digita Srl, € 3,565 thousand pertaining to H-Umus Srl, € 6,636 thousand pertaingin to Education Team Srl) and which was considered to be provisional for the purposes of the 2012 consolidated financial statements, did not lead to any differences with respect to the amount recorded in those consolidated financial statements and, accordingly, it has not been necessary to restate the 2012 consolidated financial statements.

Impairment test

The goodwill pertaining to each of the aforementioned CGUs is subject to impairment testing at least annually, except for acquisitions made at the year end, for which the consideration paid is representative of fair value.

With respect to impairment test, steps were taken to determine the recoverable amount (so-called Enterprise Value) of each CGU of TeamSystem Group as a whole, by means of the application of discounted cash flow methodology. The test was performed by discounting prospective cash flow for 2014-2018 (2014 figures consist of 2014 Budget as approved by TeamSystem Holdco S.à.r.l. on 25 February 2014 while 2015 - 2018 economics / cash flows consist of the Business Plan approved by the Board of Directors on 29 March 2013.

Beyond the time span of the Business Plan, a terminal value was determined assuming an operating cash flow (Net operating profit Less Adjusted Tax—NOPLAT) suitably normalised to maintain conditions of normal business operations. In the choice of the growth rate to apply to NOPLAT, it was established that, consistent with the development foreseen by the Business Plan and with historical growth, there was a reasonable expectation of growth of 1.90% (so-called g rate) as for the last impairment test.

In addition to that for the g rate, the main assumptions adopted regard the estimate of the weighted average cost of capital (WACC) of 8.68% (9.78% was the rate used for the 2012 impairment test) for the SWSS CGU and the CAD/CAM CGU and of 8.47% for the Education CGU (8.78% was the rate used for the 2012 impairment test).

The reduction of WACC is mainly attributable to the decrease in risk-free interest rate component of the 2013 WACC (4.26%, that is 6 months average quotes of BTP Italy) with respect to the correspondent risk-free intest rate component adopted in 2012 Impairment test (5.23%).

The outcome of the impairment tests at CGU level did not provide any indication of impairment.

The Group has also performed sensitivity analysis, by applying more different assumptions for the determination of WACC and g-rate parameters and the results of this analysis for the three CGU are set out below

CGU SWSS **Cover Impairment Sensitivity** **Euro million**					**WACC**			
		7.18%	**7.68%**	**8.18%**	**8.68%**	**9.18%**	**9.68%**	**10.18%**
G RATE	**0.00%**	124.0	86.0	52.6	23.2	(3.1)	(26.6)	(47.8)
	0.90%	190.1	142.3	101.1	65.2	33.7	5.8	(19.1)
	1.40%	235.7	180.5	133.5	93.0	57.8	26.8	(0.7)
	1.90%	290.0	225.4	171.2	**125.0**	85.2	50.5	20.0
	2.40%	355.6	278.8	215.4	162.0	116.6	77.4	43.3
	2.90%	436.5	343.4	267.9	205.5	153.1	108.4	69.9
	3.40%	538.9	423.0	331.4	257.2	195.8	144.3	100.3

CGU Education Cover Impairment Sensitivity Euro million					WACC			
		6.97%	7.47%	7.97%	8.47%	8.97%	9.47%	9.97%
G RATE	**0.00%**	11.4	8.8	6.5	4.6	2.8	1.2	(0.2)
	0.90%	15.9	12.6	9.8	7.4	5.3	3.4	1.7
	1.40%	19.0	15.2	12.0	9.3	6.9	4.8	3.0
	1.90%	22.8	18.3	14.6	**11.4**	8.7	6.4	4.4
	2.40%	27.3	22.0	17.6	14.0	10.9	8.2	5.9
	2.90%	33.0	26.5	21.3	17.0	13.4	10.3	7.7
	3.40%	40.3	32.1	25.7	20.5	16.3	12.8	9.8

CGU CAD/CAM Cover Impairment Sensitivity Euro million					WACC			
		7.18%	7.68%	8.18%	8.68%	9.18%	9.68%	10.18%
G RATE	**0.00%**	9.9	8.7	7.6	6.7	5.8	5.1	4.4
	0.90%	12.0	10.5	9.1	8.0	7.0	6.1	5.3
	1.40%	13.4	11.7	10.2	8.9	7.7	6.7	5.9
	1.90%	15.1	13.1	11.3	**9.9**	8.6	7.5	6.5
	2.40%	17.2	14.8	12.7	11.0	9.6	8.3	7.2
	2.90%	19.7	16.8	14.4	12.4	10.7	9.3	8.1
	3.40%	23.0	19.3	16.4	14.0	12.1	10.4	9.0

The impairment test models and related results were approved by the Board of Directors on 11 April 2014, in accordance with guidelines of the joint document No. 4 of March 2010 issued by ISVAP, Bank of Italy and Consob.

14. Provisional goodwill ACG Srl

STATEMENT OF FINANCIAL POSITION—ACG Srl ASSETS	31 Dec 2013	PPA Provisional Adjustments	31 Dec 2013 POST PPA Provisional Adjustments	NOTES
Tangible assets	89		89	
Intangible assets	18	1,456	1,474	**2 / 4**
Goodwill	98	(98)	0	**3**
Deferred tax assets		468	468	**5**
TOTAL NON CURRENT ASSETS	**205**	**1,826**	**2,031**	
Other receivables—current	4		4	**2**
Cash and bank balances	2,264		2,264	
TOTAL CURRENT ASSETS	**2,267**	**0**	**2,267**	
TOTAL ASSETS	**2,472**	**1,826**	**4,298**	

STATEMENT OF FINANCIAL POSITION—ACG Srl EQUITY AND LIABILITIES	31 Dec 2013	PPA Provisional Adjustments	31 Dec 2013 POST PPA Provisional Adjustments	NOTES
EQUITY	**100**	**(39)**	**61**	**1/2/3**
Staff leaving indemnity	1,431	(98)	1,333	**1**
Deferred tax liabilities		490	490	**1/4**
TOTAL NON CURRENT LIABILITIES	**1,431**	**392**	**1,823**	
Other financial liabilities—current	702		702	
Trade payables	16		16	
Other liabilities—current	223	1,474	1,697	**5**
TOTAL CURRENT LIABILITIES	**941**	**1,474**	**2,415**	
TOTAL LIABILITIES	**2,372**	**1,866**	**4,237**	
TOTAL EQUITY AND LIABILITIES	**2,472**	**1,826**	**4,298**	

PROVISIONAL GOODWILL ACG Srl	Adjustments	Fiscal Effect	Impact on Equity	NOTES
Actuarial evaluation of Staff leaving indemnity	98	(27)	71	1
Other adjustments	(18)	6	(12)	2
Goodwill write-off	(98)		(98)	3
Customer Relationship ACG Srl	1,474	(463)	1,011	4
Deferred Revenue ACG Srl	(1,474)	463	(1,011)	5
TOTAL ADJUSTMENTS PROVISIONAL PPA IFRS	**(18)**	**(21)**	**(39)**	a
ACG Srl Equity ITA GAAP			**100**	b
ACG EQUITY IFRS POST PROVISIONAL PPA			**61**	c = a+b
Cost of the investiment			**24,451**	d
Transaction costs capitalized			**(451)**	e
Cost of the investiment—net of transaction costs			**24,000**	f = d+e
PROVISIONAL GOODWILL—IFRS 3—ACG Srl			**23,939**	g = f-c

- **NOTE 1** = Actuarial valuation of the provision for Staff leaving indemnity of € 98 thousand, gross of the tax effect;
- **NOTE 2** = Writedown of start-up costs of € 18 thousand, gross of the tax effect;
- **NOTE 3** = Writedown of goodwill of € 98 thousand;
- **NOTE 4** = Measurement of the Customer Relationship at € 1,474 thousand, gross of the tax effect of € 463 thousand;
- **NOTE 5** = Measurement of Deferred Revenue at € 1,474 thousand, gross of the tax effect of € 463 thousand;

In December 2013 TeamSystem Group, with the objective of consolidating its positioning in its target market sector, executed a transaction consisting of an investment in an IBM business segment that markets ACG management software. The structure of the transaction envisaged a contribution by IBM Italia Spa of the target business to a newly incorporated Newco (Nuova Iniziativa Software Gestionale Srl, the name of which was changed to ACG Srl by means of a notarial deed dated 2 December 2013), the acquisition by TeamSystem Spa of a holding consisting of the entire quota capital of the Newco and the execution by Newco and IBM Italia Spa of a number of ancillary agreements aimed at ensuring that there would be no interruption of the business segment's operations. The framework agreement, which governs the terms and conditions for the completion of the foregoing transaction (Framework agreement), provides for, among other things:

- a consideration for a 100% holding in Newco of € 24 million;
- representations and warranties provided by IBM Italy Spa with reference to the Newco and the business segment and indemnification obligations of IBM Italia Spa in the event of breach of its representations and warranties (albeit certain indemnification obligations are subject to a limitation);
- a price adjustments procedure relating to the net financial position of ACG at closing that is still ongoing. However, such procedure shall not effect the enterprise valuation included in the purchase agreement.

As previously stated, partly due to the date of acquisition of ACG Srl that occurred close to 31 December 2013, the process of analysis and measurement of the assets and the liabilities assumed has not yet completed at the year end and consequently the amount attributed to goodwill and to the entire business combination must be considered to be preliminary, taking into account in particular that the estimated fair value attributable to the customer relationship has not yet been finalised and that the parties are still discussing, as above specified, a price adjustment relating to the net financial position of ACG. Moreover the purchaser, TeamSystem Spa, has taken over the commitments pertaining to maintenance and support contracts open at the closing date the income from which, in the event it had already been invoiced, remains with the seller. Consequently, as required by IFRS 3, the Group has estimated the fair value of the commitments assumed and has recognised a related amount of deferred revenue, which will be released to income over the estimated period of extinction of its support commitments; as an opposite entry, an asset of the same amount has been accounted for, relating to the customer list/relationship acquired and which will be amortised over its useful life that has preliminarily been estimated to be 10 years. The amounts indicated, again in consideration of the preliminary accounting therefor, may change within a period of 12 months.

The financing needed for the completion of the above mentioned transaction was obtained through a revolving facility amounting exactly to the consideration paid (€ 24 million).

ACG Srl (formerly Nuova Iniziativa Software Srl) has opted to have an initial reporting period from the date of its incorporation up to 31 December 2014. For the purpose of these consolidated financial statements, only the newly acquired company's financial position at 31 December 2013 has been included.

15. Investments

OTHER INVESTMENTS	1 Jan 2012	Change in cons. area	Other movements	Additions	(Disposals)	31 Dec 2012
Other Investments	311			3	(20)	295
Total	**311**			**3**	**(20)**	**295**

OTHER INVESTMENTS	31 Dec 2012	Change in cons. area	Other movements	Additions	(Disposals)	31 Dec 2013
Other Investments	295				(2)	293
Total	**295**				**(2)**	**293**

16. Deferred tax assets and liabilities

	31 Dec 2012	1 Jan 2012	Change	% Change
Deferred tax assets	1,414	8,049	(6,634)	−82.4%
Deferred tax liabilities	77,985	83,093	(5,108)	−6.1%

	31 Dec 2013	31 Dec 2012	Change	% Change
Deferred tax assets	1,903	1,414	488	34.5%
Deferred tax liabilities	75,979	77,985	(2,007)	−2.6%

The deferred tax assets recorded by the Group amount to €1,903 thousand at 31 December 2013 and relate mainly to the provision for doubtful accounts, the provision for agents' indemnity and other provisions for risks and/or provisions disallowed for tax purposes; these tax assets are not subject to any time maturity/expiration. The change since prior year is essentially attributable to tax assets concerning Deferred revenue valuation (€ 463 thousand) as to the first time consolidation of ACG Srl as detailed in Note 14.

Furthermore, the significant decrease of the deferred tax assets accounted at 31 December 2012 when compared to the opening balance at 1 January 2012, was due to the non recurring write-off of the tax asset of € 6,794 thousands charged to the 2012 consolidated statement of profit or loss (so that at today no asset has been recognised on interest costs exceeding the 30% of gross margin).

With respect to the deferred tax liabilities, reference should be made to the following tables:

	1 Jan 2012	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2012
Fair value valuation of lands and buildings	1,499				(49)	1,450
TeamSystem—Intangibles	74,796				(3,998)	70,798
Staff leaving indemnity—actuarial valuation	181		18	3	(152)	51
Investments revaluation	244					244
Capitalized development costs			43		(43)	
TeamSystem Spa	**76,720**		**61**	**3**	**(4,241)**	**72,543**
Deferred tax liabilities of other Subsidiaries	13		40	46	(52)	47
Other Subsidiaries	**13**		**40**	**46**	**(52)**	**47**
Staff leaving indemnity—actuarial valuation	200	8	(18)	48	(217)	21
Euroconference—Intangibles	1,619				(86)	1,533
Euroconference—Services in progress	400			218	(400)	218
Finance lease and valuation of asset at fair value	828			6	(17)	818
Investments revaluation in TeamSystem	(244)					(244)
Metodo—Intangibles	1,527				(361)	1,166
Nuovamacut—Intangibles	1,866				(190)	1,675
Capitalized development costs	164		(43)	168	(81)	208
Consolidation entries	**6,360**	**8**	**(61)**	**440**	**(1,352)**	**5,395**
Total	**83,093**	**8**	**40**	**489**	**(5,645)**	**77,985**

	31 Dec 2012	Change in cons. area	Other movements	Additions	(Utillisations)	31 Dec 2013
Deferred tax liabilities of TeamSystem Holding Spa				2,088		2,088
Teamsystem Holding Spa				**2,088**		**2,088**
Fair value valuation of lands and buildings	1,450				(49)	1,401
TeamSystem—Intangibles	70,798				(3,987)	66,812
Staff leaving indemnity—actuarial valuation	51			39	(11)	79
Investments revaluation	244					244
TeamSystem Spa	**72,543**			**39**	**(4,047)**	**68,535**
Deferred tax liabilities of other Subsidiaries	47				(44)	3
Other Subsidiaries	**47**				**(44)**	**3**
Staff leaving indemnity—actuarial valuation	21	27		17	(20)	46
Euroconference—Intangibles	1,533				(86)	1,446
Euroconference—Services in progress	218			224	(218)	224
Finance lease and valuation of asset at fair value	818				(27)	791
Investments revaluation in TeamSystem	(244)					(244)
Metodo—Intangibles	1,166				(361)	805
Nuovamacut—Intangibles	1,675				(190)	1,485
ACG—Intangibles		463				463
Capitalized development costs	208			248	(119)	337
Consolidation entries	**5,395**	**490**		**489**	**(1,022)**	**5,352**
Total	**77,985**	**490**		**2,617**	**(5,113)**	**75,979**

The increase in deferred tax liabilities of TeamSystem Holding Spa (€ 2,088 thousand) relates to the transaction costs incurred for the bond issue (accounted for as Financing Fees in the Consolidated Financial Statements), the tax deductibility of which is on a cash basis.

The main decrease in the deferred tax liability that took place in 2013 relates to an amount of € 4,624 thousand concerning the reversal of the deferred tax component pertaining to the amortisation of intangible assets (software, brands, customer relationships and other IFRS assets) identified on allocation of the price paid for the acquisition of TeamSystem Group.

Change in consolidation area (€ 463 thousand) refers to the Deferred tax liabilities due to the first time consolidation of ACG Srl as detailed in Note 14.

Overall, changes in the deferred tax asset and deferred tax liability had a positive impact on the consolidated income statement of € 2,539 thousand and a negative impact on the consolidated statement of comprehensive income of € 40 thousand.

Considering that all companies belonging to the Group are located in Italy, the only actual significant difference between effective and nominal tax rate relates to the above described write-off of deferred tax assets on interest expenses occurred during 2012; in fact as already specified no tax asset has been recognised related to this fiscal effect at today. In any case, it is disclosed that the amount of potential deferred tax assets related to this amount is approximately € 15,4 million at 31 December 2013.

17. Other receivables—current

	31 Dec 2012	1 Jan 2012	Change	% Change
Deposits	315	246	70	28.4%
Receivables from employees	51	47	5	9.9%
Other receivables—current	614	413	201	48.7%
Accrued income	13	12	1	12.5%
Prepayments	5,722	5,401	322	6.0%
Other current receivables	**6,716**	**6,117**	**599**	**9.79%**

	31 Dec 2013	31 Dec 2012	Change	% Change
Deposits	295	315	(20)	− 6.4%
Receivables from employees	120	51	69	n.s.
Other receivables—current	987	614	374	60.9%
Accrued income	21	13	8	60.6%
Prepayments	6,253	5,722	530	9.3%
Other current receivables	**7,676**	**6,716**	**960**	**14.30%**

The Other receivables balance at 31 December 2013 amounts to € 7,676 thousand up by € 960 thousand compared to the corresponding balance at 31 December 2012 (€ 6,716 thousand) mainly due to the increase in the balance of Prepayment for € 530 thousand.

18. Inventories

	31 Dec 2012	1 Jan 2012	Change	% Change
Raw and ancillary materials	154	48	106	n.s.
Finished products and goods	1,207	1,484	(278)	− 18.7%
Advances		71	(71)	− 100.0%
(Allowance for slow-moving inventory)	(27)	(52)	25	− 48.1%
Total	**1,334**	**1,552**	**(218)**	**− 14.1%**

	31 Dec 2013	31 Dec 2012	Change	% Change
Raw and ancillary materials	133	154	(21)	− 13.7%
Finished products and goods	1,330	1,207	124	10.3%
(Allowance for slow-moving inventory)	(97)	(27)	(70)	n.s.
Total	**1,366**	**1,334**	**32**	**2.4%**

Inventories have increased by € 32 thousand at 31 December 2013 (€ 1,366 thousand) compared to the balance at 31 December 2012 (€ 1,334 thousand). The closing inventory of finished products and goods includes hardware products not yet delivered at the consolidated statement of financial position date as well as consumables, accessories, third party software modules and licences for resale characterised by a high turnover.

19. Trade receivables

	31 Dec 2012	1 Jan 2012	Change	% Change
Trade receivables	49,853	49,761	92	0.2%
(Allowance for doubtful debts)	(3,387)	(2,876)	(511)	17.8%
Total	**46,466**	**46,885**	**(419)**	**−0.9%**

	31 Dec 2013	31 Dec 2012	Change	% Change
Trade receivables	52,056	49,853	2,203	4.4%
(Allowance for doubtful debts)	(3,403)	(3,387)	(16)	0.5%
Total	**48,653**	**46,466**	**2,187**	**4.7%**

Trade receivables at 31 December 2013 amount to € 48,653 thousand (gross of the Allowance for doubtful debts), with an increase of € 2,187 thousand compared to the balance at 31 December 2012 (€ 46,466 thousand).

	1 Jan 2012	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2012
Allowance for doubtful debts	2,876	2		1,680	(1,171)	3,387
Total	**2,876**	**2**		**1,680**	**(1,171)**	**3,387**

	31 Dec 2012	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2013
Allowance for doubtful debts	3,387			2,273	(2,257)	3,403
Total	**3,387**			**2,273**	**(2,257)**	**3,403**

The increase in the provision for doubtful debts is to take account of the expected realisable value of receivables not yet collected at 31 December 2013. The utilisations of the provision are due to the write off of receivables, based on elements of certainty and precision, or based on ongoing insolvency proceedings.

The 2013 income statement charge relating to allowance for doubtful debts (€ 2,695 thousand) reconciles to the increase in the balance sheet allowance for doubtful debts (€ 2,273 thousand) by adding bad debt losses charged directly to the income statement (€ 422 thousand).

20. Tax receivables

	31 Dec 2012	1 Jan 2012	Change	% Change
VAT receivables	471	58	413	n.s.
Tax credits	229	3	226	n.s.
Other tax receivables	264	227	37	16.3%
Withholding tax credit	5	15	(10)	−65.5%
Advances and credit on income taxes	2,029	1,755	274	15.6%
Total	**2,999**	**2,059**	**940**	**45.6%**

	31 Dec 2013	31 Dec 2012	Change	% Change
VAT receivables	128	471	(343)	−72.9%
Tax credits	233	229	3	1.4%
Other tax receivables	260	264	(4)	−1.6%
Withholding tax credit	0	5	(5)	−100.0%
Advances and credit on income taxes	2,431	2,029	402	19.8%
Total	**3,051**	**2,999**	**53**	**1.8%**

Tax receivables at 31 December 2013 amount to € 3,051 thousand, up compared to the balance at 31 December 2012 (€ 2,999 thousand) by € 53 thousand.

Advances and credit on income tax mainly relates to

- an amount receivable by the Group companies concerning non-recurring income from a reimbursement of IRES due to the failure to make an IRAP deduction (approximately € 1,4 million) with respect to prior years which has been credited in 2012 financial year.
- an IRES credit pertaining to the tax consolidator TeamSystem Holding Spa attributable to the payment of taxation on taxable income for IRES purposes relating to 2013 (some € 830 thousand)

21. Net financial indebtedness (net financial position)

	Current	Non Current	31 Dec 2012 Total	Current	Non Current	1 Jan 2012 Total
Bank accounts and post office	19,152		19,152	14,096		14,096
Cash and bank balances	113		113	240		240
Total Cash and bank balances	**19,265**		**19,265**	**14,335**		**14,335**
Cash Pooling receivables	0		0	1		1
Loans	40		40	27		27
Derivative instruments—assets	3		3		79	79
Other financial assets				387	547	934
Total Other financial assets	**43**		**43**	**415**	**627**	**1,041**
Loans with banks	(13,383)	(167,514)	(180,897)	(11,685)	(165,315)	(177,000)
Overdrafts with banks	(112)		(112)	(1,121)		(1,121)
Finance leases liabilities				(223)		(223)
Financial liabilities with other institutions	(2,891)	(106,661)	(109,552)	(2,827)	(99,953)	(102,780)
Total Financial liabilities	**(16,386)**	**(274,175)**	**(290,561)**	**(15,856)**	**(265,268)**	**(281,124)**
Financing Fees—banks		10,011	10,011		11,438	11,438
Financing Fees—other financial institutions	0	3,855	3,855	0	4,396	4,396
Financing Fees—prepayments	806		806	1,983		1,983
Total Financing Fees	**806**	**13,865**	**14,672**	**1,983**	**15,834**	**17,817**
Vendor loan	(3,904)	(11,610)	(15,515)	(1,420)	(15,636)	(17,056)
Derivative instruments—liabilities	(2,758)		(2,758)	(2)	(2,740)	(2,743)
Other financial accruals	(0)		(0)	(4)		(4)
Cash pooling liabilities	(1)		(1)	(0)		(0)
Total Other financial liabilities	**(6,663)**	**(11,610)**	**(18,273)**	**(1,426)**	**(18,376)**	**(19,802)**
Total	**(2,934)**	**(271,920)**	**(274,854)**	**(549)**	**(267,183)**	**(267,732)**

	Current	Non Current	31 Dec 2013 Total	Current	Non Current	31 Dec 2012 Total
Bank accounts and post office	17,451		17,451	19,152		19,152
Cash and bank balances	84		84	113		113
Total Cash and bank balances	**17,534**		**17,534**	**19,265**		**19,265**
Loans				40		40
Derivative instruments—assets				3		3
Accruals and prepaid commissions	8		8			
Other financial assets	27		27			
Total Other financial assets	**36**		**36**	**43**		**43**
Loans with banks	(24,049)		(24,049)	(13,383)	(167,514)	(180,897)
Overdrafts with banks	(12)		(12)	(112)		(112)
Bond	(2,766)	(300,000)	(302,766)			
Financial liabilities with other institutions	(800)		(800)	(2,891)	(106,661)	(109,552)
Total Financial liabilities	**(27,627)**	**(300,000)**	**(327,627)**	**(16,386)**	**(274,175)**	**(290,561)**
Financing Fees—bond	1,733	9,313	11,046			
Financing Fees—banks	276	1,347	1,623		10,011	10,011
Financing Fees—other financial institutions				0	3,855	3,855
Financing Fees—prepayments	242	1,178	1,420	806		806
Total Financing Fees	**2,250**	**11,838**	**14,089**	**806**	**13,865**	**14,672**
Vendor loan	(204)	(18,496)	(18,701)	(3,904)	(11,610)	(15,515)
Derivative instruments—liabilities				(2,758)		(2,758)
Commissions financial liabilities	(114)		(114)			
Cash pooling liabilities	(0)		(0)	(1)		(1)
Other financial liabilities	(702)		(702)			
Total Other financial liabilities	**(1,021)**	**(18,496)**	**(19,517)**	**(6,663)**	**(11,610)**	**(18,273)**
Total	**(8,827)**	**(306,658)**	**(315,485)**	**(2,934)**	**(271,920)**	**(274,854)**

Net financial indebtedness at 31 December 2013 amounts to € 315,485 thousand compared to the corresponding balance at 31 December 2012 of € 274,854 thousand.

During the first half of 2013 the Parent Company, with the objective of rendering its funding costs more efficient, underwent a complex refinancing of its financial structure that culminated on 7 May 2013 with a senior bond issue (ISIN code XS0808635782) of a total amount of € 300 million.

The bonds are listed on the ExtraMot segment of the Italian Stock Exchange and on the Luxembourg Stock Exchange. The date from which interest becomes payable is 7 May 2013 and the bonds are expected to be redeemed in full on the maturity date (15 May 2020) at a price equal to 100% of their nominal value.

The coupon, to be paid on a six monthly basis, equates to 7.375% of the nominal value of the bond. The first coupon has been paid on 15 November 2013.

The rating attributed by the rating agency Moody's is B2 and that by Standard & Poors is B.

The bond may be redeemed at the Redemption Price (as defined in the Indenture governing the bond, dated 7 May 2013, the "Indenture") on any date as from 15 May 2016 (inclusive) up to the maturity date and a request for redemption may be made by any bondholder in the event of a change of control, as defined in the Indenture, in accordance with the terms of the Indenture.

The expenses incurred for the bond issue (€ 12,180 thousand) are accounted for as financing fees and are amortised on a straight line basis over the duration of the bond agreement.

Following the reorganisation of the Group's financial structure, TeamSystem Spa also negotiated a revolving credit facility (of a total amount of € 45 million), the maturity date of which is expected to be 15 November 2019.

The revolving credit facility was partly drawn down (for an amount of € 24 million) in December 2013 to finance the acquisition of ACG Srl (Note 14). The interest rate payable on this credit facility is based on Euribor plus a spread (which may vary between 4.00% and 4.50%) linked to the achievement of certain financial parameters as defined in the terms of the financing agreement (consolidated leverage ratio).

The revolving credit facility contains certain incurrence covenants, as well as certain affirmative and negative covenants that, at today, have been fully comply with. The revolving credit facility may be drawn down to finance investment or to finance working capital needs.

Secured guarantees and pledges over the shares of the Company have been provided for both the revolving credit facility and the bond as better detailed in Note 28.

The costs incurred to obtain the above mentioned credit facility (€ 3,381 thousand) have been accounted for as Financing fees and have been amortised on a straight line basis over the contractual duration of the credit facility which expires 15 November 2019.

	1 Jan 2012	Interest	Revaluations	Write-downs	Payments	New acquisitions	31 Dec 2012
Vendor Loan	17,056	753	1,438	(2,376)	(4,114)	2,759	15,515
Total	**17,056**	**753**	**1,438**	**(2,376)**	**(4,114)**	**2,759**	**15,515**

	31 Dec 2012	Interest	Revaluations	Write-downs	Payments	New acquisitions	31 Dec 2013
Vendor Loan	15,515	910	3,099	(522)	(2,085)	1,785	18,701
Total	**15,515**	**910**	**3,099**	**(522)**	**(2,085)**	**1,785**	**18,701**

The Vendor Loan (€ 18,701 thousand at 31 December 2013 and € 15,515 at 31 December 2012) relates to put / call options and/or earn-outs due to non-controlling shareholders of some consolidated subsidiaries (Metodo Spa, Lexteam Srl, Inforyou Srl, Gruppo Euroconference Spa, TeamSystem Communication Srl, TeamSystem Akron Srl, Danea Soft Srl, H-Umus Srl, Digita Srl, Education Team Srl). As already explained in "Basis of consolidation" paragraph, TeamSystem Group, normally at the same time as the acquisition of controlling stakes in an investee, enters into put and call option agreements for the residual stake held by non-controlling owners of the acquiree. For those cases, where part of the acquisition takes place through the stipulation of a binding option agreement, with the simultaneous presence of put and call clauses, the investee is consolidated and the estimated value of the exercise price of the put / call is included in the cost of acquisition and contributes to the overall determination of goodwill; a debt towards minorities (the above called "vendor loan") is accounted for, subject to fair value measurement and subsequent changes.

It should also be noted that, with reference to the allocation of the definitive Goodwill pertinent to the acquisition of Digita Srl, Education Team Srl, H-Umus Srl, the allocation made provisionally in the financial statements for the year ended 31 December 2012 has been confirmed without the need for restatement of the financial statements for the year ended 31 December 2012, whereas the change in fair value of the vendor loan payable pertaining to that acquisition has been expensed in the year as it originated from decisions/measurement based on elements subsequent to the acquisition date.

During the course of 2013, put and call options were renegotiated with the holders of non controlling interests in Metodo Srl and as part of the reorganisation of TeamSystem Group 's direct sales network (with the consequent grouping of certain branches into broader organisational units called Hubs and the centralisation/rationalisation of a number of functions/ services), TeamSystem Spa first acquired a further 4.343% of the quota capital not yet held in TeamSystem Emilia Srl and a further 10% of the quota capital not yet held in I.S.P. Srl and then merged TeamSystem Emilia Srl and I.S.P. Srl into one legal entity. During the course of this corporate reorganisation transaction, agreements were negotiated for a put and call option on the remaining quota capital not yet held in TeamSystem Emilia Srl (subsequent to the merger with I.S.P. Srl).

22. Total equity attributable to owners of the Company

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
1 Jan 2012	**3,214**	**308,784**		**(5,654)**	**0**	**306,344**	**1,793**	**308,136**
Profit (Loss) allocation		(3,626)		3,626	0	**(0)**		**(0)**
Capital increases						**0**	5	**5**
Change in Non controlling interests IFRS 3		(62)				**(62)**	(263)	**(325)**
Dividends						**0**	(125)	**(125)**
Profit (Loss) on comprehensive income			(976)		(90,671)	**(91,646)**	418	**(91,228)**
31 Dec 2012	**3,214**	**305,096**	**(976)**	**(2,028)**	**(90,671)**	**214,635**	**1,828**	**216,463**

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
31 Dec 2012	**3,214**	**304,120**		**(2,028)**	**(90,671)**	**214,635**	**1,828**	**216,463**
Profit (Loss) allocation		(90,212)		(458)	90,671	**0**		**0**
Merger between TeamSystem Holding and TeamSystem Holding 2		8,902		(8,902)		**0**		**0**
Change in Non controlling interests IFRS 3		(3,111)				**(3,111)**	(905)	**(4,016)**
Dividends						**0**	(307)	**(307)**
Profit (Loss) on comprehensive income			103		(28,550)	**(28,447)**	95	**(28,352)**
31 Dec 2013	**3,214**	**219,699**	**103**	**(11,389)**	**(28,550)**	**183,077**	**711**	**183,788**

At 31 December 2013 Total Equity attributable to owner of the company amounts to € 183,788 thousand compared to the corresponding balance at 31 December 2012 of € 216,463 thousand.

The general meeting of shareholders of Titan Luxco 2 S.à.r.l. (TeamSystem Holding Spa) held on 16 April 2013 passed a resolution to allocate the loss for 2012 (€ 458 thousand) to retained earnings / accumulated losses.

During the first half of 2013, Titan Luxco 2 S.à.r.l. (now TeamSystem Holding Spa) successfully completed the refinancing process in relation to its own debt and that of its subsidiaries (see Note 21). The objective of this project was for the Group to take advantage of favourable conditions offered by the bond market. This refinancing exercise was concluded on 7 May 2013 with the issue of a seven year fixed rate (7.375%) non-convertible bond of a total amount of € 300 million, listed on the Italian Stock Exchange and the Luxembourg Stock Exchange. In connection with the overall Group debt refinancing exercise, a start has been made on the rationalisation of the corporate structure, with the aim of shortening and simplifying the chain of control to achieve savings in terms of costs and efficiency. This rationalisation process envisages transferring the registered office and headquarters of both Titan Luxco 2 S.à.r.l and the subsidiary Titan Luxco 3 S.à.r.l to Italy (with Titan Luxco 2 S.à.r.l. changing its name to TeamSystem Holding Spa and Titan Luxco 3 S.à.r.l. changing its name to TeamSystem Holding 2 Spa), the transformation of TeamSystem Srl to a joint stock company and the merger by incorporation (subsequent to the transfer to Italy) of Titan Luxco 3 S.à.r.l. (TeamSystem Holding 2 Spa) into Titan Luxco 2 S.à.r.l. (TeamSystem Holding Spa). The merger by incorporation of TeamSystem Holding 2 Spa into TeamSystem Holding Spa was completed on 21 October 2013 with the consequent execution of the merger deed; the incorporation of TeamSystem Holding 2 Spa into TeamSystem Holding Spa is effective for statutory purposes as from 31 October 2013 and for accounting and tax purposes as from 1 January 2013; the described merger, being an operation between Companies belonging to the same Gruop, has not produced effect on consolidated figures.

Other Profit (Loss) net of income taxes relate primarily to the recognition of actuarial differences in accordance with the standard IAS 19 revised. The application thereof had a positive effect on comprehensive income of € 103 thousand net of tax effect (see Note 22).

The line labeled Change in non-controlling interests IFRS 3 shows the change in equity pertaining to the Group (and that pertaining to non-controlling interest) as a consequence of the decrease in the non-controlling interest following the acquisition of further stakes by Group companies, also by means of the stipulation of agreements for put and call options on the shares/quotas not yet held. In particular, in the 2013 financial year the acquisition of a further 10.35% holding in TeamSystem Ancona Srl led to a decrease in "retained earnings arising on consolidation" of approximately € 1,334 thousand and a decrease of approximately € 465 thousand in non-controlling interest; the acquisition of a further 22.09% holding in TeamSystem Emilia Srl (through put/call options) to a decrease in "retained earnings arising on consolidation" of approximately € 1,774 thousand and a decrease of approximately € 439 thousand in non-controlling interest.

In accordance with common Italian practice, the table below shows the reconciliation of Equity and Profit (Loss) of the Parent Company and Equity and Profit (Loss) of the consolidated financial statements for the year ended 31 December 2013.

Reconciliation between Profit (Loss) and Equity ot the Parent Company and Profit (Loss) and equity of the consolidated financial statement

	Profit (Loss)	Equity
Profit (Loss) and Equity of the Parent Company	**(5,480)**	**227,912**
Reversal of goodwill amortisation and other fixed assets' depreciation	(5)	148
Reversal of unrealized gains on intercompany transactions—Inventory	0	6
Valuation of ongoing services related to Education projects	13	475
Fixed assets under finance lease and fair value of tangible assets	(59)	(34)
Adjustment resulting from actuarial valuation of Staff leaving indemnity	2	(275)
Amortisation of intangible assets	(1,388)	(3,524)
Capitalized development costs	281	631
Reversal of transaction costs capitalized on the investment cost	(534)	
Write-down of investments	82	82
Financing Fees	(3,855)	
Fair value evaluation of vendor loan	(869)	
Dividends received from consolidated Companies	(4,279)	(4,279)
Results and equity pertaining to the consolidated Companies and acquisition of non controlling interests	(12,460)	(38,065)
Profit (Loss) and Equity of the Consolidated Financial Statement	**(28,550)**	**183,077**

23. Staff leaving indemnity

	1 Jan 2012	Change in cons. area	Other movements	Service cost	Interest cost	Actuarial (gain) / loss	(Utilisations)	31 Dec 2012
Staff leaving indemnity	7,008	179	(11)	677	312	1,405	(654)	8,915
Total	**7,008**	**179**	**(11)**	**677**	**312**	**1,405**	**(654)**	**8,915**

	31 Dec 2012	Change in cons. area	Other movements	Service cost	Interest cost	Actuarial (gain) / loss	(Utilisations)	31 Dec 2013
Staff leaving indemnity	8,915	1,333		831	279	(145)	(368)	10,846
Total	**8,915**	**1,333**		**831**	**279**	**(145)**	**(368)**	**10,846**

Staff leaving indemnity at 31 December 2013 amounts to € 10,846 thousand, up on the balance at 31 December 2012 (€ 8,915 thousand) by € 1,931 thousand. Part of the increase in the amount of Staff leaving indemnity is due to the acquisition and the related consolidation of ACG Srl purchased in December 2013.

In accordance with IAS 19, employee termination indemnities are considered to be a defined benefit plan to be accounted for by applying the "Projected Unit Credit Method," which consists of discounting an estimate of the amount to be paid to each employee on termination of their employment and which involves the determination of:

– **initial DBO** , that is, the present value of employee service payments expected to be made in the future, already available at the beginning of the period;

– **service cost**, that is, the present value of employee service expected to be made in the future relating to services provided in the current period;

– **interest cost**, namely, interest on the provision at the beginning of the period and on corresponding movements in the period being considered;

– **benefits paid and transfers in/out** represent all payments and transfers in and out relating to the period being considered, being elements that lead to the utilisation of the provision

– **the actuarial gain and loss**, namely, the actuarial gain/loss relating to the valuation period.

The estimate, performed by an independent actuary, was computed on the basis of the following assumptions:

	Financial year 2013	Financial year 2012
Turnover	4.00%	4.00%
Discount rate	3.39%	3.20%
Anticipation rate	1.00%	1.00%

The discount rate used for the determination of the present value of the provision for severance indemnities was determined with reference to the IBoxx Eurozone Corporate A index both for 31 December 2013 and for 31 December 2012.

Furthermore, it should be noted that, should the annual discount rate vary by plus or minus ¼%, the provision for severance indemnities would be approximately € 10,544 thousand and € 11,162 thousand respectively.

IAS 19—Employee benefits requires that the actuarial gains and losses arising from "remeasurement" of assets and liabilities are recognised in the consolidated statement of comprehensive income. Consequently, the income included in the 2013 consolidated statement of comprehensive income (€ 145 thousand) equates to the actuarial gain and loss as indicated above, net of the tax effect of € 40 thousand. As already explained in these notes, the Group has chosen to apply anticipately at 31 December 2012 the new revised IAS 19; the effect of such change has been accounted in the 2012 consolidated statement of comprehensive income. The effect of the new revised IAS 19 in the opening balance as of 1 Jan 2012, calculated for the drawing-up of the consolidated financial statements, as of 31 December 2012 amounted to € 88 thousand (net of tax effect). Consequently, the charge included in the 2012 consolidated statement of comprehensive income (Euro 1,018 thousand) equates to the actuarial gain and loss (Euro 1,405 thousand) net of the tax effect of Euro 386 thousand.

24. Provisions for risks and charges

	1 Jan 2012	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2012
Provision for pension and similar obligation	1,048		3	114	(229)	936
Provision for litigations	763	27		4	(179)	615
Other Provision for risks and charges	115	189	(3)	97	(93)	305
Total	**1,926**	**216**		**215**	**(501)**	**1,856**

	31 Dec 2012	Change in cons. area	Other movements	Additions	(Utilisations)	31 Dec 2013
Provision for pension and similar obligation	936			103	(322)	717
Provision for litigations	615			70	(28)	657
Other Provision for risks and charges	305			108	(55)	357
Total	**1,856**			**281**	**(406)**	**1,731**

Provisions for risks and charges at 31 December 2013 amount to € 1,731 thousand, down by € 124 thousand compared to the balance at 31 December 2012 (€ 1,856 thousand) mainly due to utilisations of Provisions for pensions and similar obligations (€ 322 thousand) and due to the utilisation of Other Provisions for risks and charges (€ 54 thousand).

Lastly, note that the Group Companies are not party to any additional litigation or disputes worthy of note (in terms of probable liabilities) other than those already reflected by the figures in the financial statements.

25. Other liabilities—current and non current

	31 Dec 2012	1 Jan 2012	Change	% Change
Due to social securities	3,364	3,109	255	8.2%
Employees payables	6,403	5,720	683	11.9%
Advances	3,004	3,555	(552)	− 15.5%
Other liabilities	1,006	880	126	14.3%
Accrued liabilities	291	362	(71)	− 19.7%
Deferred revenues	8,783	7,830	953	12.2%
Other current liabilities	**22,851**	**21,456**	**1,395**	**6.50%**
Due to social securities—non current	854	904	(50)	− 5.5%
Other tax liabilities—non current	95	108	(14)	− 12.5%
Other non current liabilities	**949**	**1,012**	**(63)**	**− 6.23%**
Total Other liabilities	**23,800**	**22,468**	**1,332**	**5.93%**

	31 Dec 2013	31 Dec 2012	Change	% Change
Due to social securities	3,880	3,364	516	15.3%
Employees payables	7,699	6,403	1,296	20.2%
Advances	2,948	3,004	(55)	− 1.8%
Other liabilities	904	1,006	(102)	− 10.2%
Accrued liabilities	87	291	(203)	− 70.0%
Deferred revenues	12,033	8,783	3,250	37.0%
Other current liabilities	**27,552**	**22,851**	**4,701**	**20.57%**
Due to social securities—non current	804	854	(50)	− 5.8%
Other tax liabilities—non current	81	95	(14)	− 14.3%
Other non current liabilities	**885**	**949**	**(64)**	**− 6.69%**
Total Other liabilities	**28,437**	**23,800**	**4,637**	**19.49%**

Other current and non current liabilities at 31 December 2013 amount to € 26,963 thousand, up by € 3,164 thousand compared to the balance at 31 December 2012 (€ 23,800 thousand). This increase is mainly due to a change in Deferred revenues (€ 3,250 thousand) and to a change in Employees payables for € 1,296 thousand.

Employee payables of € 7,699 thousand relate to remuneration and 2013 performance bonuses (not yet paid at the year end) payable to employees, directors and collaborators, as well as accruals for holiday pay and leave of absence. It should be noted that there are no employee bonuses due beyond one year worthy of mention.

Advances at 31 December 2013 amount to € 2,948 thousand and mainly relate to advances received by the Education SBU relating to training services being provided at the consolidated statement of financial position date.

Deferred revenue (€ 12,033 thousand) mainly relates to the portion of revenues for software subscriptions (pertaining essentially to Nuovamacut Group companies) attributable to future financial years, based upon the contract duration.

Other non current liabilities at 31 December 2013 amount to € 885 thousand (€ 949 thousand at 31 December 2012) and relate primarily to the following balances pertaining to TeamSystem Spa:

- € 81 thousand relating to income tax, VAT and other taxes of TeamSystem Fabriano, merged by absorption into TeamSystem in 2001;
- € 804 thousand relating to social contributions, of which € 781 thousand relates to the ancillary establishment in Campobasso and € 24 thousand relates to the ancillary establishment in Fabriano.

26. Tax liabilities—current

	31 Dec 2012	1 Jan 2012	Change	% Change
VAT liabilities	203	176	26	14.80%
Income tax payables	1,051	381	669	n.s.
Liabilities from tax consolidation	10	12	(2)	−18.37%
Withholdings liabilities	1,906	1,827	78	4.29%
Other tax liabilities	1,514	3,423	(1,910)	−55.78%
Total	**4,682**	**5,820**	**(1,138)**	**−19.6%**

	31 Dec 2013	31 Dec 2012	Change	% Change
VAT liabilities	375	203	173	85.29%
Income tax payables	180	1,051	(871)	−82.90%
Liabilities from tax consolidation	(0)	10	(10)	n.s.
Withholdings liabilities	1,971	1,906	66	3.46%
Other tax liabilities	20	1,514	(1,494)	−98.68%
Total	**2,546**	**4,682**	**(2,136)**	**−45.6%**

Current tax liabilities at 31 December 2013 amount to € 2,546 thousand, down by € 2,136 thousand compared to the balance at 31 December 2012 (€ 4,682 thousand). This change is attributable to a decrease in Other tax liabilities (€ 1,494 thousand) primarily due to the payment of the last instalment of substitute tax relating to the tax revaluation of the TeamSystem Spa software asset.

27. Financial instruments and IFRS 7

The Group IS exposed to a variety of risks of a financial nature that are managed and monitored centrally and which can be categorised as follows:

Foreign exchange risks

The Group operate almost exclusively in Italy and, accordingly, are not exposed to foreign exchange risks.

Credit risk

The credit risk is substantially reduced by the high fragmentation of the customer base and the high degree of customer loyalty. Moreover, accurate procedures for the control of overdue balances limit doubtful balances to insignificant amounts.

In any case, the customer credit policy, by customer category (resellers and end-users), envisages:

a) the control and assessment of "credit standing";

b) the control of the flow of payment collection;

c) taking appropriate action by issuing reminders and by the use of credit collection procedures, including recourse to companies specialised in debt recovery.

The maximum theoretical exposure to credit risk for the Group is represented by the carrying value of trade receivables as presented in the consolidated financial statements, as well as residual financial receivables recorded in current and non current financial assets.

As at 31 December 2013 the Group does not have any guarantees covering trade receivables.

The tool used by the Group for the classification and control of trade receivables consists of an Ageing List, in which amounts of overdue receivables are summarised by ageing category, from the most recent (0-30 days) to the oldest (over 180 days).

With respect to overdue receivables, the writedown recorded in the consolidated financial statements was determined based on a specific analysis of doubtful accounts. It should be noted, however, that the Group's performance in terms of credit collection is good and losses incurred in the past have been relatively modest.

Interest rate risk

Subsequent to the debt refinancing process (as described in Note 21), TeamSystem Group 's financial structure is essentially characterised by fixed rate debt, with the sole exception of a revolving credit facility which was utilised in December 2013 to finance the acquisition of ACG Srl (see Note 14).

Accordingly, as at the balance sheet date of 31 December 2013, there are no significant financial risks linked to fluctuations in market interest rates and, consequently, the Company has not performed any analysis of the sensitivity (of its funding costs) to fluctuations in market interest rates.

Liquidity risk

The two main factors that determine the dynamics of the Group's liquidity are, on one hand, the resources generated/absorbed by operating and investment activities and, on the other hand, the maturity and renewal of financial liabilities. Management of these risks is done by the Finance Department of TeamSystem Group.

Of the procedures adopted with the intention of optimising cash flow management and of reducing the liquidity risk, the following should be noted:

- the maintenance of an adequate level of available liquidity;
- the adoption of Cash-pooling at Group level;
- the obtainment of adequate borrowing facilities;
- the control of prospective liquidity conditions, in relation to the corporate planning process.

Set out below are details of the Group's financial liabilities analysed according to the related due dates of the payment outflows. The flows indicated are non discounted nominal cash flows, determined with reference to the residual contractual maturity for both capital and interest elements for which the assumed interest rates have remained unchanged from those existing at 31 December 2013.

POSITION AT 31 DECEMBER 2012	31 Dec 2012	within 12 months	within 1 - 2 years	within 2 - 5 years	over 5 years	Total cash flows
Loans	40	40				**40**
Derivative instruments—assets	3	3				**3**
Loans with banks	(180,897)	(21,569)	(30,016)	(160,550)		**(212,135)**
Overdrafts with banks	(112)	(112)				**(112)**
Financial liabilities with other institutions	(109,552)	(4,081)	(4,163)	(13,548)	(191,665)	**(213,457)**
Derivative instruments—liabilities	(2,758)	(2,765)				**(2,765)**
Vendor loan	(15,515)	(3,984)	(633)	(8,477)	(6,466)	**(19,560)**
Total	**(308,791)**	**(32,468)**	**(34,811)**	**(182,576)**	**(198,131)**	**(447,986)**

POSITION AT 31 DECEMBER 2013	31 Dec 2013	within 12 months	within 1 - 2 years	within 2 - 5 years	over 5 years	Total cash flows
Accruals and prepaid commissions	8	8				**8**
Other financial assets	27	27				**27**
Loans with banks	(24,049)	(4,111)	(1,039)	(3,120)	(21,908)	**(30,178)**
Overdrafts with banks	(12)	(12)				**(12)**
Bond	(302,766)	(22,125)	(22,125)	(66,375)	(333,188)	**(443,813)**
Financial liabilities with other institutions	(800)	(800)				**(800)**
Commissions financial liabilities	(114)	(114)				**(114)**
Other financial liabilities	(702)	(702)				**(702)**
Vendor loan	(18,701)	(207)	(5,759)	(9,836)	(7,632)	**(23,434)**
Total	**(347,108)**	**(28,036)**	**(28,923)**	**(79,331)**	**(362,728)**	**(499,017)**

The difference between the amounts presented in the consolidated financial statements and total cash flow is mainly attributable to the computation of interest over the contractual duration for amounts due to banks, bond-holders or for the vendor loan liabilities.

Financial instruments by category (IFRS 7 paragraph 8)

As required by IFRS 7, paragraph 8, financial instruments have been identified by category pertaining to Group's assets and liabilities with respect to their classification in the statement of financial position.

POSITION AT 31 DECEMBER 2012	31 Dec 2012	FVTPL	LAR	AFS	FLAC
Current and Non current Assets					
Investments	295			295	
Financing fees prepayments—current and non-current	806				806
Other financial assets—current and non current	43	3	0	40	0
Trade receivables	46,466		46,466		
Cash and bank balances	19,265				
Total	**66,876**	**3**	**46,466**	**335**	**806**
Current and Non Current Liabilities					
Shareholders' Loan—current and non current	0				
Financial liabilities with banks and other institutions—current and non current	290,561	0	0	0	290,561
Financing Fees—current and non current	(13,865)	0	0	0	(13,865)
Other financial liabilities—current and non current	18,273	18,272	0	0	1
Trade payables	15,963				
Total	**310,932**	**18,272**	**0**	**0**	**276,696**

POSITION AT 31 DECEMBER 2013	31 Dec 2013	FVTPL	LAR	AFS	FLAC
Current and Non current Assets					
Investments	293			293	
Financing fees prepayments—current and non-current	1,420				1,420
Other financial assets—current and non current	36	0	0	27	0
Trade receivables	48,653		48,653		
Cash and bank balances	17,534				
Total	**67,936**	**0**	**48,653**	**321**	**1,420**
Current and Non Current Liabilities					
Shareholders' Loan—current and non current	0				
Financial liabilities with banks and other institutions—current and non current	327,627	0	0	0	327,627
Financing Fees—current and non current	(12,669)	0	0	0	(12,669)
Other financial liabilities—current and non current	19,517	18,701	0	0	702
Trade payables	18,477				
Total	**352,952**	**18,701**	**0**	**0**	**315,660**

EXPLANATIONS OF FINANCIAL INSTRUMENTS' CATEGORIES

FVTPL = Financial instruments at fair value through profit and loss
LAR = Loans and Receivables
AFS = Financial assets available for sale
FLAC = Financial liabilities measured at amortised cost

Considering the features of the financial assets and liabilities recorded in the financial statements and shown by the above table, the fair value of many of these (current trade receivables and payables, current and non-current financial liabilities) do not differ from their carrying value with the exception of Bond for which the market quote as at 31 December 2013 (of approximately 103.37) consist of the best estimate of fair value as at 31 December 2013.

Levels of fair value hierarchy

In relation to the financial instruments recorded in the statement of financial position at fair value, IFRS 7 requires these amounts to be classified on the basis of levels of hierarchy that reflect the significance of the input used for the determination of fair value. The levels are the following:

- Level 1—prices quoted by active markets for assets or liabilities being measured;
- Level 2—inputs other than Level 1 inputs that are directly observable (prices) or indirectly (derived from prices) market inputs;
- Level 3—inputs not based on observable market data.

POSITION AT 31 DECEMBER 2012	Level 1	Level 2	Level 3	TOTAL
Assets				
Investments			295	**295**
Derivative instruments—assets		3		**3**
Other financial assets			40	**40**
Total		**3**	**335**	**338**
Liabilities				
Vendor loan			15,514	**15,514**
Derivative instruments—liabilities		2,758		**2,758**
Total		**2,758**	**15,514**	**18,272**

POSITION AT 31 DECEMBER 2013	Level 1	Level 2	Level 3	TOTAL
Assets				
Investments			293	**293**
Other financial assets			27	**27**
Total			**320**	**320**
Liabilities				
Vendor loan			18,701	**18,701**
Total			**18,701**	**18,701**

During the year there have been no significant transfers from one level to another of the fair value categories presented.

The financial payable relating to the vendor loan represents the main category within the fair value level 3 and it's represented by the fair value of the estimated liability with respect to put and call or earnout agreements relating to various non-controlling holdings in the Group companies; the related fair value was determined considering the contractual hypotheses for the determination of the consideration. Changes in fair value, due both to timing and possible changes in *estimated* indicators that formed the basis for the computation of the consideration, are accounted for in the consolidated statement of profit or loss; the effect recorded in the 2013 consolidated statement of profit or loss resulting from the change in estimate of the fair value of the liability relating to the vendor loan amounts to approximately € 522 thousand as Vendor loan depreciation and approximately € 3,968 thousand as Vendor loan revaluation while € 910 thousand has been accounted for as Interest in the line Other IFRS financial charges (Note 9 Finance Income and Finance Costs, Note 21 Net Financial Indebtedness).

Note that the discount rate applied for the measurement of the vendor loan at 31 December 2013 is that adopted for the performance of Group impairment tests at 31 December 2013 that is, the rate that equates to the cost of debt (gross of the tax effect) of 6.09% at 31 December 2013 (5.77% at 31 December 2012). This cost of debt is deemed representative of TeamSystem Group's specific credit risk at the balance sheet date. In this regard, the Company has also performed analysis of the sensitivity of the carrying amount of the vendor loan to interest rates applied. The results of this analysis are set out in the table below.

Vendor loan Sensitivity

Cost of Debt—gross of tax	**5.09%**	**5.59%**	**6.09%**	**6.59%**	**7.09%**
Vendor loan	19,363	19,029	**18,701**	18,384	18,075

With reference to the impact on the consolidated income statement, a detailed analysis is provided below in accordance with IFRS 7 paragraph 20.

POSITION AT 31 DECEMBER 2012	Finance Income	Finance Cost	Total Cost
Cash and bank balances	210		210
Trade receivables	49		49
Other financial assets	42		42
Investments		20	(20)
Overdrafts and loans from banks		10,773	(10,773)
Financial liabilities with other institutions		11,234	(11,234)
Financing Fees		3,146	(3,146)
Derivative instruments (interest)		1,875	(1,875)
Derivative instruments (fair value valuation)		94	(94)
Finance leases liabilities		15	(15)
Staff leaving indemnity		332	(332)
Vendor loan (fair value valuation)	2,376	2,025	351
Vendor loan (interest)		752	(752)
Profit (Loss) on forex	3		3
Bank commissions and withholding tax	30	1,186	(1,156)
Other liabilities		97	(97)
Total	**2,710**	**31,548**	**(28,839)**

POSITION AT 31 DECEMBER 2013	Finance Income	Finance Cost	Total Cost
Cash and bank balances	153		153
Trade receivables	107		107
Financial liabilities with other institutions		6,170	(6,170)
Shareholders' loan		253	(253)
Overdrafts and loans from banks		3,078	(3,078)
Bond		14,319	(14,319)
Financing Fees		16,144	(16,144)
Derivative instruments (interest)		960	(960)
Derivative instruments (fair value valuation)	935	3	932
Staff leaving indemnity		297	(297)
Vendor loan (fair value valuation)	522	3,968	(3,446)
Vendor loan (interest)		910	(910)
Profit (Loss) on forex		2	(2)
Bank commissions and withholding tax		1,310	(1,310)
Other liabilities		119	(119)
Total	**1,718**	**47,532**	**(45,814)**

28. Guarantees provided, commitments and other contingent assets and liabilities

Guarantees Provided

Set out below are details of the collateral provided in connection with the revolving credit facility (Note 21):

- Pledge over the shares of TeamSystem Holding Spa;
- Pledge over the shares of TeamSystem Spa;
- Assignment by way of security of receivables deriving from intercompany lending transactions (between TeamSystem Holding Spa and TeamSystem Spa) as per the loan agreements for the Funding Loan and Shareholders Loan;
- Pledge over the shares of Gruppo Euroconference Spa held by TeamSystem Spa;
- Pledge over industrial property rights of TeamSystem Spa;
- Special lien granted by TeamSystem Spa.

The main elements of the collateral provided in connection with the bond (Note 21) include:

- Pledge over the entire share capital of TeamSystem Holding Spa;
- Pledge over the shares of TeamSystem Spa;
- Assignment by way of security of receivables deriving from intercompany lending transactions (between TeamSystem Holding Spa and TeamSystem Spa) as per the loan agreements for the Funding Loan and Shareholders Loan;

in addition to unsecured guarantees provided by Titan Luxco 3 S.à.r.l. (which became TeamSystem Holding 2 Spa and was merged into TeamSystem Holding Spa) and by TeamSystem Spa in order to guarantee, within the limits established by the Indenture, the redemption of the bond.

Other significant commitments and contractual rights

The Subsidiary TeamSystem Spa is party to put option agreements in respect of the shares/quotas held by non-controlling share in the following Companies and for the percentage holdings as indicated below:

Put / Call Options Outstanding	31 Dec 2013	31 Dec 2012
Lexteam Srl	12.50%	12.50%
Metodo Spa	10.00%	10.00%
Inforyou Srl	40.00%	40.00%
Gruppo Euroconference Spa	0.39%	0.39%
TeamSystem Emilia Srl	22.09%	—
I.S.P. Srl	—	40.00%
TeamSystem Communication Srl	40.00%	40.00%
TeamSystem Akron Srl	49.00%	49.00%
Danea Soft Srl	49.00%	49.00%
H-Umus Srl	15.00%	15.00%
Digita Srl	40.00%	40.00%
Education Team Srl	22.50%	22.50%

The strike price of these options will be determined based on normalised earnings parameters of the Companies in question to which will be added the average (or actual) net financial indebtedness for the period in which the put options may be exercised. The best estimate of discounted future disbursements has been recognised in the financial statements (Note 21) while the best estimate of future disbursements (by financial year) is indicated in the table shown in Note 27—Liquidity risk—analysis of financial liabilities by due date of cash outflows.

Operating lease agreements and rental of property

POSITION AT 31 DECEMBER 2012 Euro Million	within 1 year	2 - 4 years	over 5 years	Total
Leases for motor cars	1.9	3.2	0.2	5.3
Leases for operationals premises	2.0	3.9	1.8	7.7
Total	**3.9**	**7.1**	**2.0**	**13.0**

POSITION AT 31 DECEMBER 2013 Euro Million	within 1 year	2 - 4 years	over 5 years	Total
Leases for motor cars	2.1	2.7	0.0	4.8
Leases for operationals premises	1.9	6.4	7.2	15.5
Total	**4.0**	**9.1**	**7.2**	**20.3**

The Group Companies are party to operating lease agreements relating mainly to the use of motor cars. At 31 December 2013 the amount of outstanding instalments for operating leases was approximately € 4.8 million. TeamSystem Group's operational premises are mostly leased. At 31 December 2013, the amount of outstanding lease instalments was approximately € 15.5 million, up by € 7.8 million mainly due to a new lease agreement for TeamSystem Spa's new head office in Pesaro, the delivery of which is expected to be in February 2015

Other commitments and contingent assets/liabilities

The Group Companies, in the performance of their activities, are exposed to a series of legal, tax and other risks. These risks relate to ongoing legal disputes (the outcome of which cannot be forecast with certainty) or claims made against Group Companies for the recovery of damages suffered by third parties. An adverse outcome of these proceedings could lead to the payment of costs not covered (or not fully covered) by insurance and would thus impact the financial position.

The Group, in accordance with opinions provided by its legal advisers, has made specific provision as part of the provision for risks and charges (Note 24) for litigation for which it is believed that a disbursement of resources is probable and for which the amount is capable of being reliably estimated. Based on the information available, there are no further potentially significant contingent liabilities that could lead to significant disbursements for the Group.

Apart from the potential tax asset as discosed in Note 16 (for approximately 15.4 million), the Group has not any further potential significant contingent asset as at 31 December 2013.

29. Related-parties transactions, Board of Directors, statutory auditors and top management

As required by IAS 24, the table below shows the amounts due for 2013 and 2012 years to the members of TeamSystem Holding Spa Board of Directors, those to statutory auditors and in addition those due to the Top Management of the Group.

	31 Dec 2012	31 Dec 2011
Directors	—	—
Statutory Auditors	—	—
Top Management	2,550	2,241
Total emoluments	**2,550**	**2,241**

	31 Dec 2013	31 Dec 2012
Directors	—	—
Statutory Auditors	38	—
Top Management	2,880	2,550
Total emoluments	**2,918**	**2,550**

In detail, compensations due to Top Management includes € 103 thousand at 31 December 2013 (€ 91 thousands at 31 December 2012) related to Italian T.F.R. allowance of the year.

As already indicated elsewhere in these notes, TeamSystem Group ‘s senior and middle managers have approximately a 16.3% of shares of the TeamSystem HoldCo S.à.r.l. These equity investments have the same characteristics in terms of subscription price and risk of other shareholders and there are no differences favouring TeamSystem Group ‘s senior and middle management.

Receivables, payables, revenues and costs with TeamSystem Holdco S.à.r.l.

PARENT COMPANY	Trade payables	Other payables	Financial payables	31 Dec 2013
TeamSystem HoldCo S.à.r.l.		399		399
Total		**399**		**399**

PARENT COMPANY	Cost of raw materials	Cost of services	Other operating costs	Non recurring expenses	Financial costs	Income tax	31 Dec 2013
TeamSystem HoldCo S.à.r.l.					253		253
Total					**253**		**253**

Related companies

TeamSystem Group has not been party to any transactions with related Companies that are worth disclosing other than those previously commented upon.

30. Indipendent auditors

In addition to the above information, please note that fees payable to Deloitte & Touche Spa as independent auditors, expensed by the Group in the 2013 financial year for the audit of the financial statements, amount approximately to € 130 thousand.

31. Oversight and coordination activity

TeamSystem Holsing Spa is subject to oversight and coordination activity pursuant to article 2497 and subsequent articles of the Italian Civil Code by TeamSystem HoldCo S.à.r.l. Attached are the financial statements for the year eneded 31 December 2012 of TeamSystem HoldCo S.à.r.l.

TeamSystem HoldCo S.à.r.l.

Balance sheet as at 31 December 2012

ASSETS (expressed in Euro)	31 Dec 2012	31 Dec 2011
Formation expenses	4,598	6,183
Fixed assets	319,925,111	319,805,111
Current assets	1,197,942	1,652,301
Prepayment and accrued income		
Loss for the financial year	45,313,686	40,279,344
Total Assets	**366,441,337**	**361,742,939**

LIABILITIES (expressed in Euro)	31 Dec 2012	31 Dec 2011
Capital and Reserves	(46,605,825)	(6,326,481)
Provisions for liabilities and charges	3,200	1,600
Creditors, other than subordinated	413,043,962	368,067,820
Total liabilities	**366,441,337**	**361,742,939**

PROFIT AND LOSS ACCOUNT (expressed in Euro)	31 Dec 2012	31 Dec 2011
Total Charges	**45,316,273**	**40,279,344**
Total Income	**45,316,273**	**40,279,344**

Milan, 11 April 2014

On behalf of the Board of Directors
TeamSystem Holding Spa
Chief Executive Officer
Federico Leproux

Consolidated financial statements for the year ended 31 December 2012

Deloitte.

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AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the Shareholder of
TeamSystem S.r.l.

1. We have audited the consolidated financial statements of TeamSystem S.r.l. and subsidiaries (the "TeamSystem Group"), which comprise the consolidated statement of financial position as of 31 December 2012, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with Auditing Standards issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on 21 May 2012. Furthermore, as described in the explanatory notes, the Directors have prepared for the first time the operating segments information contemplated by IFRS 8 and consequently they have also presented the prior years' related comparative data, which have been examined by us for the purpose of expressing our opinion on the consolidated financial statements as of 31 December 2012.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of TeamSystem Group as of 31 December 2012, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

4. The Directors of TeamSystem S.r.l. are responsible for the preparation of the Directors' Report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Directors' Report is consistent with the consolidated financial statements of TeamSystem Group as of 31 December 2012.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Montanari
Partner

Ancona, Italy
4 April 2013

This report has been translated into the English language solely for the convenience of international readers.

TeamSystem Group

Consolidated financial statements for the year ended 31 December 2012

Consolidated statement of financial position
Assets

In Euro thousands	As of 31 Dec 2012	As of 31 Dec 2011	NOTES
ASSETS			
Non-current assets			
Property, plant and equipment	9,850	9,683	1
Intangible assets	266,126	283,990	2
Goodwill	289,317	353,652	3
Investments	295	311	4
Deferred tax assets	1,414	8,049	5
Other non-current financial assets	0	627	10
Total non-current assets	**567,002**	**656,312**	
Current assets			
Inventories	1,334	1,552	6
Trade receivables	46,466	46,885	7
Tax receivables	2,999	2,059	8
Other receivables	6,654	6,058	9
Financing fees—Prepayments	806	1,983	10
Other current financial assets	43	415	10
Cash and bank balances	19,068	13,826	10
Total current assets	**77,371**	**72,778**	
TOTAL ASSETS	**644,373**	**729,090**	

Consolidated statement of financial position
Net equity and liabilities

In Euro thousands	As of 31 Dec 2012	As of 31 Dec 2011	NOTES
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	24,000	24,000	12
Other reserves	301,600	303,320	12
Profit (Loss) for the year	(87,197)	(683)	12
Equity attributable to owners of the Company	**238,403**	**326,637**	
Non-controlling interests			
Non-controlling interests—Capital and reserves	1,367	1,428	12
Non-controlling interests—Profit (loss) for the year	461	365	12
Non-controlling interests—Total	**1,828**	**1,793**	
TOTAL EQUITY	**240,230**	**328,430**	
Non-current liabilities			
Due to shareholders—non current	79,282	75,154	11
Overdrafts and loans from banks and other financial institutions	167,514	165,315	10
Financing fees—non current	(10,011)	(11,438)	10
Other financial liabilities—non-current	11,610	18,376	10
Employee termination indemnities	8,915	7,008	13
Provisions for risks and charges	1,856	1,926	14
Deferred tax liabilities	77,985	83,093	5
Other non-current liabilities	949	1,012	15
Total non-current liabilities	**338,100**	**340,445**	
Current liabilities			
Due to shareholders—current	2,801	2,832	11
Overdrafts and loans from banks and other financial institutions—current	13,543	13,029	10
Other financial liabilities—current	6,663	1,426	10
Trade payables	15,921	16,064	
Tax liabilities—current	4,666	5,810	16
Other current liabilities	22,448	21,053	17
Total current liabilities	**66,042**	**60,214**	
TOTAL LIABILITIES	**404,142**	**400,659**	
TOTAL EQUITY AND LIABILITIES	**644,373**	**729,090**	

Consolidated income statement

In Euro thousands Consolidated income statement	As of 31 Dec 2012	As of 31 Dec 2011	Notes
Revenue	150,769	141,513	**18**
Other operating income	1,577	1,040	**19**
Total Revenue	**152,346**	**142,553**	
Consumption of raw and other materials	(18,334)	(18,883)	**20**
Cost of services	(28,629)	(25,425)	**21**
Personnel	(47,759)	(43,422)	**22**
Other operating expenses	(2,937)	(2,401)	**23**
Non-recurring expenses	(3,777)	(3,146)	**24**
Depreciation and amortization of non-current assets	(25,130)	(24,903)	
Allowance for doubtful receivables and other risks provisions	(1,905)	(1,750)	**25**
Impairment of non-current assets	(75,000)	0	**26**
Operating result	**(51,126)**	**22,622**	
Finance income	2,710	3,899	**27**
Finance cost	(28,170)	(29,728)	**28**
Profit (Loss) before income taxes	**(76,586)**	**(3,207)**	
Current income taxes	(8,201)	(9,459)	**29**
—of which non-recurring	1,392	0	
Deferred income taxes	(1,950)	12,349	**5**
—of which non-recurring	(6,794)	3,104	
Total Income taxes	**(10,151)**	**2,890**	
Profit (Loss) for the year	**(86,737)**	**(318)**	
Loss (Profit) attributable to non-controlling interests	**(461)**	**(365)**	
Profit (Loss) attributable to owners of the Company	**(87,197)**	**(683)**	

Consolidated statement of comprehensive income

In Euro thousands Consolidated statement of comprehensive income	As of 31 Dec 2012	As of 31 Dec 2011	Notes
Profit (Loss) for the year	**(86,737)**	**(318)**	
Actuarial evaluation of Employees termination indemnities	(1,405)	0	**13**
Fiscal effect	386	0	**5 / 13**
Other profit (loss) net of income taxes	**(1,018)**	**0**	
Profit (Loss) on Comprehensive income	**(87,755)**	**(318)**	
Loss (Profit) attributable to non-controlling interests	(418)	(365)	
Profit (Loss) attributable to the Company	**(88,173)**	**(683)**	

Consolidated cash flow statement

In Euro thousands CONSOLIDATED STATEMENT OF CASH FLOW	As of 31 Dec 2012	As of 31 Dec 2011
Operating result	**(51,126)**	**22,622**
Adjustments for		
Capitalized development expenses	(4,267)	(2,294)
Depreciation and amortization	25,130	24,903
Impairment of non-current assets	75,000	0
Allowance for doubtful receivables	1,742	1,486
Other recognized provisions	163	264
Adjustments to Operating result—Total	**97,769**	**24,360**
Movements in working capital		
Trade receivables	(492)	(8,998)
Inventories	218	5
Other receivables	(487)	(233)
Trade payables	(926)	(249)
Change in Staff leaving indemnity	1,729	318
Change in Provision for risks and charges	(449)	(524)
Other liabilities	653	1,650
Movements in working capital—Total	**247**	**(8,031)**
CASH GENERATED FROM OPERATIONS	**46,889**	**38,950**
Property, plant and equipment	(1,025)	(633)
Intangible assets	(1,989)	(325)
Price paid for acquisition of new subsidiaries	(12,683)	(13,048)
CASH FLOWS FROM INVESTING ACTIVITIES	**(15,697)**	**(14,006)**
Net finance cost	(25,460)	(25,829)
Shareholder loan	4,098	5,875
Overdrafts and loans from banks and other financial Institutions net of Financing fees	5,124	(383)
Other financial liabilities	(1,529)	7,102
Other financial assets	998	648
Changes in equity attributable to the owners of the Company	(1,037)	(2,742)
Changes in equity attributable to non-controlling interests	(301)	(1,326)
Dividends paid (non-controlling interests included)	(125)	(2,839)
CASH FLOWS FROM FINANCING ACTIVITIES	**(18,233)**	**(19,495)**
Tax receivables/payables and current and deferred taxes	(10,919)	(10,493)
CASH FLOWS FROM TAXES	**(10,919)**	**(10,493)**
CASH AND BANK BALANCES FROM CONSOLIDATION OF NEW SUBSIDIARIES AT THE DATE OF ACQUISITION	**3,202**	**1,616**
INCREASE (DECREASE) IN CASH AND BANK BALANCES	**5,242**	**(3,429)**
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR	**13,826**	**17,255**
CASH AND BANK BALANCES AT THE END OF THE YEAR	**19,068**	**13,826**

Consolidated statement of changes in owner's equity

In Euro thousands
Year ended 31 December 2011

	Share Capital	Other reserves	Other profit (loss) net of income taxes	Profit (Loss) for the year	Net equity attributable to Owners of the Company	Non-controlling interests	TOTAL
As of 31 Dec 2010	**24,000**	**314,093**	**0**	**(5,757)**	**332,336**	**3,464**	**335,800**
Profit allocation		(5,757)		5,757	0		0
Other movements		(2,304)			(2,304)	204	(2,100)
Changes in non-controlling interests IFRS3		(2,712)			(2,712)	(1,500)	(4,212)
Dividends						(739)	(739)
Profit (Loss) of comprehensive income				(683)	(683)	365	(318)
As of 31 Dec 2011	**24,000**	**303,320**	**0**	**(683)**	**326,637**	**1,793**	**328,430**

Year ended 31 December 2012

	Share Capital	Other reserves	Other profit (loss) net of income taxes	Profit (Loss) for the year	Net equity attributable to Owners of the Company	Non-controlling interests	TOTAL
As of 31 Dec 2011	**24,000**	**303,320**	**0**	**(683)**	**326,637**	**1,793**	**328,430**
Profit allocation		(683)		683	0		0
Capital increases and payments					0	5	5
Changes in non-controlling interests IFRS3		(61)			(61)	(263)	(325)
Dividends						(125)	(125)
Profit (Loss) of comprehensive income			(975)	(87,197)	(88,173)	418	(87,755)
As of 31 Dec 2012	**24,000**	**302,575**	**(975)**	**(87,197)**	**238,403**	**1,828**	**240,230**

Pesaro, 29 March 2013

On behalf of the Board of Directors
of TeamSystem Srl
Managing Director
Federico Leproux

TeamSystem Group
Notes to the consolidated financial statements for the year ended 31 December 2012

Company background

TeamSystem Srl (the "Company" or the "Parent Company") is a Company registered in the Pesaro Business Register and is domiciled in Italy. TeamSystem Srl is a leader in Italy in the production and marketing of management / ERP software and in the provision of training aimed at micro—small and medium enterprises, at professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals) and at associations.

Its registered office is in Via Gagarin 205, Pesaro. TeamSystem Srl does not have any financial instruments listed on the stock market. The Company with its subsidiares (the "TeamSystem Group" or "Group") have operated for more than 30 years in the field of management software for consultants and businesses.The Company is a 100% wholly-owned subsidiary of Titan Luxco 3 S.à.r.l. It is a 53% indirectly held subsidiary of the private equity firm HG Capital and is approximately 23% held by the private investment firm Bain Capital, with the remainder held by TeamSystem's senior and middle managers and by a number of financial investors. It should be noted that the aforementioned equity investments have the same characteristics in terms of subscription price and risk and there are no differences favouring TeamSystem's senior and middle management.

The consolidated financial statements were prepared by the Board of Directors on 29 March 2013.

Accounting standards adopted

The Company has adopted international accounting standards as endorsed by the European Commission (hereinafter "IFRS") for the preparation of its separate and consolidated financial statements pursuant to the provisions of articles 3 and 4 of Legislative Decree 28 February 2005, no. 38, which governs the exercise of options provided for by article 5 of Community regulations no. 1606/2002 concerning international accounting standards.

IFRS is intended to mean all "International Financial Reporting Standards", all International Accounting Standards ("IAS"), and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as Standing Interpretations Committee ("SIC") endorsed by the European Commission at the date of approval of the draft consolidated financial statements by the Parent Company's Board of Directors and covered by EU Regulations published at that date.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value, as well as on a going concern basis.

Set out below are the accounting policies applied for the preparation of the consolidated financial statements, which are unchanged with respect to those applied in the prior year, except for that commented upon later regarding (*i*) the early application of the new accounting standard IAS 19 and (*ii*) the first-time adoption of disclosures pertaining to operating segments in accordance with IFRS 8. As described also in below notes, the early application of IAS 19 revised does not require the Company to restate the 2012 consolidated financial statements due to the fact that the effect of such application on the consolidated statement of comprehensive income was immaterial (approximately Euro 88 thousands), while no impact related to the consolidated statement of financial position.

Going concern basis

The economic environment, which is commented upon in the Report on operations and characterised by widespread uncertainty, inevitably impacts the ability of TeamSystem Group to maintain business growth rates in line with those achieved historically.

In order to prudently take account of the international and Italian economic environment, in a context whereby there may be no continuity with the past and in which forecasts are characterised by elements of considerable uncertainty, on 29 March 2013 TeamSystem Group approved a new Business Plan that shows growth rates for revenues and EBITDA, which are conservative in comparison to historical trends achieved by TeamSystem Group, as well as confirming the commitment of TeamSystem Group to continue, on one hand, on a path of business development and, on the other, with a gradual reduction of financial indebtedness.

With reference to the Business Plan, TeamSystem Group subjected the non-current assets, as stated in the consolidated statement of financial position at 31 December 2012, to impairment tests to verify their recoverability and the outcome showed the need to account for a write-down, of Euro 75 million, fully adjusted against goodwill and without cash impact.

TeamSystem Srl's consolidated financial statements have been prepared on a going concern basis and the Board of Directors is not aware of any material uncertainties or doubts concerning TeamSystem Group's ability to continue its activities in the foreseeable future.

Content of the consolidated financial statements

The consolidated financial statements include:

1. The consolidated income statement for the year ended 31 December 2012, together with the comparative consolidated income statement for the prior year. In particular, it should be noted that the consolidated income statement format presents an analysis of costs aggregated by nature, since this classification is considered to be more relevant for the purposes of an understanding of TeamSystem Group's results.

   Furthermore it should be noted that, with respect to the prior year, the Company has renamed certain components of the consolidated financial statements for the year ended 31 December 2012 with the sole aim of improving the legibility and the quality of reporting. The following income statement totals have been changed: "Total value of production" has been renamed "Total revenue", while the sub-total "Total production costs" has been removed. In addition, the previous used intermediate result called "Gross Operating Margin (GOM)", shown in the consolidated financial statements until 31 December 2011 has been removed, following the same reason as above. All the described changes, occurred in the consolidated financial statements as of 13 December 2012, have been reflected in the 31 December 2011 comparative statements.

   Lastly, since no discontinued or similar operations occurred in either the 2012 or 2011 financial years, "Profit (Loss) for the year" is derived solely from current operations; consequently, the Company has not presented an income statement line "Income (loss) for the year from continuing operations" since, as indicated, this coincides with "Profit (Loss) for the year".

2. The consolidated statement of comprehensive income for the year ended 31 December 2012, compared to the consolidated statement of comprehensive income for the year

ended 31 December 2011. In fact, IAS 1 no longer requires the presentation of income and charges recorded directly within equity (defined as changes generated by transactions with "minorities") in the statement of changes in equity, which has to evidence only changes generated by transactions with shareholders along with comprehensive income as defined below. In accordance with IAS 1, in fact, all the changes generated by transactions with non-controlling interests, whether recorded in the income statement or accounted for directly within equity, are to be shown in one separate statement (statement of comprehensive income) or in two separate statements (income statement and statement of comprehensive income), as is the case for TeamSystem Group, which has presented comprehensive results for the year (so called comprehensive income). Up to the 2011 consolidated financial statements, revenues and costs for the year were presented solely in the consolidated income statement, since there were no circumstances requiring separate presentation in a consolidated statement of comprehensive income as required by IFRS. As detailed later, following the early application of the new accounting standard IAS 19, it was necessary to disclose the required information for the 2012 consolidated statement of comprehensive income, whereas no restatement was made of the information relating to the 2011 consolidated statement of comprehensive income, since the amount was negligible.

3. The consolidated statement of financial position at 31 December 2012, together with the comparative consolidated statement of financial position at 31 December 2011. In particular, the consolidated statement of financial position has been prepared using a format, in accordance with IAS 1, classified on the basis of the operating cycle, with a distinction between current and non-current components. On the basis of this distinction, assets and liabilities are considered to be current, if it is assumed that they will be realised or settled during the normal operating cycle.

4. The consolidated cash flow statement for the year ended 31 December 2012, together with the comparatives for the year ended 31 December 2011. For the preparation of the consolidated cash flow statement, the indirect method has been used, in compliance with IAS 7, under which income or the loss for the year is adjusted for the effects of non-cash transactions, for items such as deferred payments and charges that are the cause of charges and payments in the past or in the future, as well as items of gains or losses associated with cash flows of activities classified as investment or financing. The Company has decided to apply the indirect method starting from the operating result, considering qualitative information factors. It should be noted that, with respect to the version presented up until the prior year, (*i*) certain components of cash flows from financing activities have been grouped together and (*ii*) some descriptive refinements have been made to the presentation of the cash flow statement.

5. The consolidated statement of changes in owner's equity at 31 December 2012 and 2011 takes account of the previously mentioned changes correlated to the implementation of IAS 1; it should be noted that, with respect to the version presented up until the prior year, some descriptive refinements have been made to the presentation.

6. The notes to the consolidated financial statements.

Scope of consolidation

The consolidated financial statements of TeamSystem Group include the financial statements of the Parent Company and those of businesses for which TeamSystem controls directly or indirectly the majority of voting rights that can be exercised at a shareholders' general meeting.

A listing of businesses consolidated on a line-by-line basis is provided in the following table and it should be noted that the consolidation % takes account of any put and call options stipulated during the course of acquisitions:

CONSOLIDATED SUBSIDIARIES	Place of incorporation and operation	Share capital	Net equity	Profit (loss) for the year	Held %	Equity ratios %
TeamSystem Ancona Srl	Ancona	400,000	2,711,723	317,531	89.65%	89.65%
TeamSystem Akron Srl	Ancona	52,000	738,574	280,730	51%(1)	100%
TeamSystem Emilia Srl	Reggio Emilia	100,000	2,478,698	1,042,531	75%	75%
TeamSystem 2 Srl	Milano	66,666	3,416,808	516,209	100%	100%
Gruppo Euroconference Spa	Verona	300,000	6,161,594	1,695,193	96.48%(2)/(3)	96.87%
Paradigma Srl	Torino	46,800	641,964	585,804	77.5%(1)/(4)	100%
Optime Srl	Torino	50,000	90,402	−37,069	77.5%(1)/(4)	100%
Education Team Srl	Torino	500,000	7,390,791	−3,220	77.5%(1)	100%
Lexteam Srl	Pesaro	20,000	909,705	103,339	87.5%(1)	100%
Metodo Spa	Bassano (VI)	100,000	4,129,468	986,215	90%(1)	100%
TeamSystem Roma Srl	Roma	10,320	1,003,794	110,311	100%	100%
Inforyou Srl	Castello di Godego (TV)	31,250	1,688,730	708,674	60%(1)	100%
TeamSystem Service Srl	Campobasso	50,000	−229,431	−279,431	100%	100%
I.S.P. Srl	Parma	10,400	318,845	234,878	60%(1)	100%
TeamSystem Communication Srl	Civitanova Marche (MC)	23,300	73,815	−200,682	60%(1)	100%
Danea Soft Srl	Vigonza (PD)	100,000	1,404,665	973,800	51%(1)	100%
Digita Srl	Asolo (TV)	10,000	−71,794	−91,313	60%(1)	100%
H-Umus Srl	Roncade (TV)	50,000	516,225	247,895	85%(1)	100%
Nuovamacut Automazione Spa	Reggio Emilia	108,000	1,537,556	59,991	100%	100%
Nuovamacut Nord Ovest Srl	Reggio Emilia	89,957	1,255,099	492,719	86.33%(5)	86.34%
Nuovamacut Nord Est Srl	Reggio Emilia	100,000	356,948	101,181	75%(5)	75%
Nuovamacut Bologna Macchine Utensili Srl	Reggio Emilia	70,000	114,941	58,922	75%(5)	75%
Nuovamacut Centro Sud Srl	Roma	10,000	71,214	20,010	70%(5)	70%

(1) = holding would be 100% should put/call option be exercised;

(2) = takes account of treasury shares held by Gruppo Euroconference;

(3) = holding would be 96.87% should put/call option be exercised;

(4) = investment held by Education Team Srl;

(5) = investments held by Nuovamacut Automazione Spa.

Changes to the scope of consolidation and other extraordinary operations that have occurred in 2012

The scope of consolidation, that is, the consolidation percentages, changed during the course of 2012 due to the effect of the following transactions (more detail information on accounting for new acquired companies can be also find in Note 36 of this consolidated financial statements):

a) the acquisition (by the Parent Company) of the entire quota capital of Paradigma Srl and the subsequent contribution of the holding therein to the newly formed company Education Team Srl. A contribution was also made by Optime Srl (initially held by third parties) to Education Team Srl; subsequent to this double contribution, TeamSystem Srl's percentage holding in Education Team Srl fell from the original 100% to 77.50%. At the same time as the above contributions, contracts were entered into for put and call options for non-controlling interests not yet held. The financial statements of Paradigma Srl and Optime Srl have been consolidated for the entire 2012 financial year; the financial statements of Education Team Srl have been consolidated as from the date of incorporation of this company;

b) the acquisition of the entire share capital of Nuovamacut Automazione Spa by the Parent Company TeamSystem Srl;

c) the acquisition of the entire quota capital of TeamSystem Torino Srl and the subsequent merger of this company with TeamSystem Milano Srl, from which emerged the company named TeamSystem 2 Srl (which is fully held by the Parent Company);

d) the acquisition of the entire quota capital of Zeronove Srl and the subsequent merger through the absorption of Zeronove Srl into TeamSystem Srl with an effective date for accounting and tax purposes of 1 January 2012;

e) the acquisition of a further quota of 8.46% in TeamSystem Ancona Srl. The percentage held by the Parent Company in TeamSystem Ancona Srl has thus become 89.65%;

f) the cover of losses incurred by Nuovamacut Bologna Macchine Utensili Srl by Nuovamacut Automazione Spa;

g) the acquisition of a further quota of 19.46% in Nuovamacut Nord Ovest srl by Nuovamacut Automazione Srl; the percentage holding has gone from 66.88% to 86.34%;

h) the acquisition of a further quota of 7.50% in Nuovamacut Nord Est srl by Nuovamacut Automazione Srl; the percentage holding has gone from 67.50% to 75.00%;

i) the merger through the absorption of DRC Form Srl into Gruppo Euroconference Spa;

j) the acquisition of a controlling interest of 60% of the quota capital of Digita Srl (the financial statements of which have been consolidated for the full 2012 financial year considering the proximity of the transaction to the beginning of the financial year) and the simultaneous stipulation of put and call option agreements for the remaining quotas not yet held;

k) the acquisition of an 85% controlling interest in H-Umus Srl (for which only the statement of financial position was consolidated at 31 December 2012) and the subsequent stipulation of put and call option agreements for the remaining quotas not yet held;

l) the acquisition of a further 5.87% of the share capital of Gruppo Euroconference Spa as well as the simultaneous stipulation of put and call option agreements for 0.39% of the company's share capital.

Reference date

The consolidated financial statements have been prepared based on the draft financial statements of the controlled subsiaries within consolidation perimeter already approved by respective Boards of Directors.

All the financial statements of the TeamSystem Group companies have a 31 December financial year end.

Basis of consolidation

The financial statements used for the consolidation are the financial statements of the individual businesses, as approved by the respective administrative bodies. These financial statements are reclassified and adjusted in order to comply with IFRS and the accounting policies adopted by the Parent Company.

In the preparation of the consolidated financial statements, the statement of financial position, of income statement components, of comprehensive income are consolidated line-by-line. Receivables and payables, income and charges and gains and losses originating from transactions between and among the businesses included in the consolidation are eliminated. The carrying value of consolidated equity investments is eliminated against the corresponding portion of equity attributable to the Group (or to non-controlling interests).

Business combinations

Acquired subsidiaries are accounted for in accordance with the acquisition method as provided for by IFRS 3. The cost of the acquisition is determined by the sum of acquisition-date current values of the consideration transferred, liabilities incurred or assumed and financial instruments issued by the Group for the change in control of the business acquired.

All other costs associated with a transaction are expensed.

Identifiable assets, liabilities and contingent liabilities of the businesses acquired, which meet the conditions for recognition under IFRS 3, are measured at their acquisition-date current values, except for non-current assets (or disposal groups) classified as held for sale in accordance with IFRS 5 and which are recorded and measured in accordance with applicable accounting standards.

Goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the value of the acquisition-date amounts of the assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest and the fair value of the acquirer's previously-held equity interest in the acquiree, the surplus is recognised immediately in the income statement as income arising from the completed transaction.

Non-controlling interests at the acquisition date may be measured at fair value or the non-controlling interest's proportionate share of net assets of the acquiree. The option is available on a transaction by transaction basis.

TeamSystem Group, normally at the same time as the acquisition of majority / controlling stakes in an investee, enters into put and call option agreements for the residual stake held by non-controlling owners of the acquiree. For those cases where part of the acquisition takes place through the stipulation of a binding option agreement, with the simultaneous presence of put and call clauses, the investee is consolidated, since the substance of the binding option agreement is that of the payment of deferred consideration for part of the investee's capital, as evidenced by a series of transactions completed in the past. Accordingly, the estimated value of the exercise price of the put / call is included in the cost of acquisition and contributes to the overall determination of goodwill. This accounting method applies only where the Group has acquired majority control of the voting rights of the companies acquired and where no doubt arises as to the distribution of relevant amounts of dividends in the period up to the date the option is exercised. In view of the recognition of goodwill related to these options, TeamSystem Group accounts for, as a financial liability, the payable (so-called vendor loan) related to the estimated actual consideration for the exercise of the options. In accordance with this principle, subsequent changes in the fair value of the payable, due to amendments made to the initial assessment of the exercise consideration, are recognised in the consolidated income statement, as is the case for the notional charges deriving from the gradual decrease of the effect of discounting. To note that, in absence of a clear accounting rule for the accounting of non-controlling interests in the case of put and call arrangements, following also the IFRIC and IASB debate, the Company has decided to use the described method, acceptable under current framework and positions.

Any acquisitions of non-controlling interests subsequent to having achieved control are accounted for as transactions between shareholders, with the pertinent goodwill recorded as a reduction of the Group's equity, in compliance with the requirements of IFRS 3.

Business combinations involving entities or businesses under common control are excluded from the scope of IFRS 3. A business combination involving entities or businesses under common control is a combination in which all the entities or businesses are controlled by the same party or when the controlling party before and after a business combination is the same and control is not of a temporary nature. The existence of a non-controlling interest in each of the entities being combined, before or after the business combination, is not relevant for the determination of whether the business combination involves entities under common control. Transactions of this type (excluding transactions between companies included in the same scope of consolidation, since, in such a case, the principle of continuity of values applies) and which do not have a significant impact on future cash flow from the net assets transferred, are accounted for in accordance with the principle of continuity of carrying values, otherwise they fall within the scope of IFRS 3.

Translation of foreign currency financial statements

The financial statements of the businesses comprised within the scope of consolidation are all prepared in Euros, considering all subsidiaries at today are located in Italy and there are no relevant operations conducted abroad.

Intangible assets

Research and development expenses

In accordance with IAS 38, research expenses are charged to income as incurred.

Development costs incurred in relation to a determined project are capitalised only when the Company can demonstrate, by means of appropriate analysis, the technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

After initial recognition, development costs are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised with reference to the period for which it is envisaged that the associated project will generate revenues for TeamSystem Group. During the period in which an asset is no longer in use, it is assessed annually to ascertain if there has been any impairment.

Other development expenses that do not meet the above requirements are expensed as incurred. Development costs that have previously been expensed are not accounted for as an asset in subsequent periods.

Capitalised development costs are amortised (as from the start of the production or marketing of the product) on a straight line basis over their residual useful life (estimated to be between 3 and 5 years).

Customer relationship

Customer relationship (which arose on accounting for the acquisition of TeamSystem Group that took place on 30 September 2010 by actual main shareholder HG) represents the total of contractual (supply contracts and service contracts etc.) and non contractual customer relationships and has been valued based on discounted income flows (Income Approach). The asset is amortised over its useful life estimated to be twenty years.

Proprietary software

Proprietary software, which arose on accounting for the acquisition of TeamSystem Group that took place on 30 September 2010 is stated at its reproduction cost and is amortised over the length of its expected useful life of 5 years.

Proprietary software developed internally and destined for internal use is stated at cost of production and is amortised over the length of its residual expected useful life.

Third party software licenced for internal use

Third party software licenced for internal use is stated at purchase cost and is amortised over the length of its residual expected useful life estimated to be of five years.

Brands

The TeamSystem, Euroconference, Metodo and Nuovamacut brands, which arose on accounting for the acquisition of TeamSystem Group that took place on 30 September 2010, have been valued in accordance with the royalties method and are amortised over the length of their residual expected useful life estimated to be of twenty years (TeamSystem and Euroconference) or ten years (Metodo and Nuovamacut).

Goodwill

Goodwill is initially recognised at cost, represented by the excess cost of the business combination over the fair value of the assets and liabilities acquired.

Goodwill is not amortised, as required by IFRS, but is allocated to its respective Cash Generating Unit (hereinafter "CGU") and subjected annually (or more frequently if determined events or changes in circumstances indicate the possibility that value has been impaired) to impairment testing in accordance with IAS 36 "Impairment of Assets".

Subsequent costs

Costs incurred subsequently on intangible assets are capitalised if they increase the future economic benefit of the specific capitalised asset.

Amortisation

Amortisation is charged systematically on a straight line basis over the asset's estimated useful life, except for intangible assets with an indefinite life (being solely goodwill) that are not amortised and are systematically assessed to verify the absence of impairment. Other intangible assets are amortised as from the time they become usable. The estimated useful life of each main category is shown in the following table:

Goodwill	Indefinite useful life
Brands	10 - 20 years
Customer relationship	20 years
Proprietary software	5 years
Development expenses	3 - 5 years

Property, plant and equipment

Property, plant and equipment owned by the Group

Property, plant and equipment consisting mainly of land, buildings, electronic machines, furniture and fittings and general and specific plant are stated at purchase cost, net of accumulated depreciation and writedowns. Costs incurred subsequent to acquisition (repairs and maintenance costs and replacement costs) are recorded as part of the carrying value of an asset, or recognised as a separate asset, only when it is believed that it is probable that associated future economic benefits will be generated and that the cost of the asset can be measured in a reliable manner. Repairs and maintenance costs (or costs of replacements that do not have the above characteristics) are expensed in the year in which they are incurred. Property, plant and equipment and assets are systematically depreciated each year at rates determined on the basis of the residual useful life of the asset. The rates applied by the Parent Company are the following:

Land	Indefinite useful life
Buildings	33 years
Plant and machinery	10 years
Industrial and commercial equipment	7 years
Other assets	4 - 7 years

Regardless of the depreciation already accounted for, in the event of impairment, an asset is written down accordingly. Gains and losses arising on disposal are determined by comparing the sales consideration to the net book value. The amount determined is accounted for in the consolidated income statement in the pertinent year.

Financial charges incurred for capital expenditure on an asset that necessarily takes a substantial period of time to get ready for its intended use ("qualifying asset" in accordance with IAS 23—Borrowing Costs) are capitalised and depreciated over the useful life of the asset class to which they relate. All other financial charges are expensed in the year they are incurred.

Leased assets

In accordance with IAS 17, lease contracts are classified as finance leases where the terms of the contract are such as to transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are considered to be operating leases. Leased assets are recognised at amounts equal to the present value of future the minimum lease payments. The corresponding liability towards the lessor is included in the consolidated statement of financial position as a liability for lease obligations. Payments of lease installments are split between their capital and interest elements in order to produce a constant periodic interest rate on the remaining balance of the liability. Financial charges are expensed in the year.

Equity investments

Equity investments in other businesses classified as non current assets are stated at cost, inclusive of directly attributable charges, net of any impairment adjustments.

Inventories

Inventory, that includes mostly some hardware and licences purchased from third parties for re-selling, is stated at the lower of specific purchase cost, inclusive of ancillary charges and its estimated realisable value, which can be derived from market prices. Inventories of obsolete or slow moving items are written down by taking account of their potential use or realisation.

Trade receivables

Receivables are recorded at cost (identified by their nominal value), net of a provision to take account of their expected realisable value equivalent to fair value.

Cash and bank balances

Cash and bank balances include cash on hand, bank and post office account balances and securities with an original maturity of less than three months.

Assets and liabilities classified as held for sale

Non current assets (or disposal groups) are classified as held for sale if their carrying value will be recovered mainly from the sale thereof rather than from their continuous use. Assets are measured at the lower of carrying value and fair value net of costs to sell. Assets and liabilities held for sale are presented separately from other assets and liabilities on the face of the statement of financial position. The impact on income of discontinued assets is presented separately in the income statement net of the tax effect.

No discontinued or similar operations occurred in either the 2012 or 2011 financial years and consequently related financial statements do not present any assets and liabilities classified as held for sale.

Foreign currency transactions

The functional and presentation currency of the Group Companies is the Euro. As required by IAS 21, amounts originally denominated in foreign currency are translated at exchange rates ruling at the year end. Exchange differences realised on the collection of foreign currency receivables and on the payment of foreign currency payables are recorded in the consolidated income statement.

Writedowns (impairment)

The carrying value of assets with an indefinite useful life, for example goodwill and intangible assets in process of formation, are not subject to depreciation or amortisation, but are assessed annually to determine whether an asset may be impaired.

The carrying value of other assets, except for financial instruments covered by IAS39 and for deferred tax assets (IAS12), are subject to assessment at each the consolidated statement of financial position date (or more frequently if determined events or changes in circumstances indicate the possibility that value has been impaired) to determine whether there is any indication that an asset may be impaired (impairment test). The estimated recoverable amount is represented by value in use. For the purposes of assessment, assets are grouped into the smallest identifiable unit for which the Management are capable of separating the related cash inflows (CGU).

If the recoverable amount of the asset or CGU is lower than the net carrying amount, the asset is adjusted to take account of the impairment loss, which is charged to the consolidated income statement within Non-recurring impairment of assets. The impairment loss of a CGU is first allocated to goodwill and any residual balance is allocated to other assets.

Three CGUs, coinciding with the operating segments identified in accordance with IFRS 8, have been identified by the Group as follows: the Software and Services (SWSS) CGU consisting of all TeamSystem Group companies operating in the software sector (comprising Metodo), the Education CGU (consisting of Gruppo Euroconference, Paradigma Srl, Optime Srl, Education Team Srl) and the CAD/CAM CGU (relating to Nuovamacut Group Companies). The goodwill allocated to the Software and Services CGU, to the Education CGU and the CAD/CAM CGU are subject to impairment tests (at least annually) by comparing its carrying value to recoverable amount, given by the higher between fair value and value in use.

Interest bearing financial liabilities

Interest bearing financial liabilities are initially recorded at fair value, net of ancillary charges. Subsequent to their initial recognition, interest bearing financial liabilities are measured at amortised cost. As at the consolidated statement of financial position date, the Group Companies do not hold any financial liabilities designated at fair value through profit or loss.

Hedging instruments

The Group Companies use financial derivatives. These financial derivatives are classified as financial instruments held for trading, unless they are designated as effective hedging instruments. These financial derivatives are initially recognised at fair value at the date in which they are stipulated; subsequently, the fair value is periodically remeasured. They are accounted for as an asset when the fair value is positive and as a liability when it is negative. Any gain or loss resulting from a change in fair value is taken to income. The fair value of interest rate swap contracts is determined with reference to the market value of similar instruments.

At the start of a hedging transaction, the Company designates and formally documents the hedging relationship to which it intends applying hedge accounting, its risk management objectives and the strategies pursued. The documentation includes the identification of the hedging instrument, of the element or transaction subject to hedging, of the nature of the risk and the means by which the business intends assessing the effectiveness of the hedge in offsetting the exposure to changes in the fair value of the hedged element or in the cash flows attributable to the hedged risk. It is expected that these hedges are highly effective in offsetting the hedged exposure or changes in the hedged cash flows attributable to the hedged risk. The assessment of whether these hedges have been proven to be highly effective is performed on a continuous basis during the financial year in which they have been designated. The transactions that satisfy the criteria for hedge accounting are accounted for on the basis of the following policy.

The portion of the gain or loss on the hedging instrument relating to the effective hedge is taken directly to equity, whereas the non effective portion is immediately recognised in the consolidated income statement. The gain or loss included in equity is reclassified to the consolidated income statement in the year in which the hedged transaction impacts the consolidated income statement, that is, when the financial charge or income is recognised. If it is believed that the envisaged transaction will no longer take place, the amounts initially recorded in equity are transferred to the consolidated income statement. If the hedging instrument expires or is sold or annulled or if its designation as hedging is revoked, the amounts previously included in equity remain as such until such time as the expected transaction takes place. To note anyway that in the last two years the Group has designed as hedging none of its derivatives (derivative instruments in place have been in fact considered as held for trading and consequently accounted in compliance with related requirements (changes in fair value in profit and loss).

Employee benefit plans

Defined contribution plans

A defined contribution plan is a pension plan for which the Company pays fixed contributions to a separate entity. The Company does not have any obligation, legal or otherwise, to make additional contributions if the fund has insufficient assets to meet the payment of all employee benefits relating to the period of service. The obligations related to contributions for employees' pensions and other benefits are expensed as incurred.

Defined benefit plans

Net obligations related to defined benefit plans consist mainly of employee termination indemnities and are calculated by estimating, with actuarial techniques, the amount of the future benefit accrued to employees in the current and prior financial years. The benefit thus determined is discounted and recognised net of the fair value of any related assets. The computation is performed by an independent actuary using the projected unit credit method. Actuarial gains and losses are recognised in the consolidated income statement in the year in which they arise.

Following the introduction of new legislation on supplementary pensions, as per Legislative Decree 252/2005, introduced by the 2007 Finance Act, the possibility has arisen to transfer accruing severance indemnities to supplementary pension funds. Consequently, in the actuarial valuation of the Provision for employee termination indemnities at 31 December 2008, account was taken of the effects deriving from the legislation, recognising, for IAS/IFRS purposes, only the liability relating to accrued severance indemnities remaining as a liability in the consolidated statement of financial position, as the amounts accruing are paid over to a separate entity (supplementary pension fund or the state fund Istituto Nazionale di Previdenza Sociale "INPS").

As from the 2012 consolidated financial statements, TeamSystem Group has elected for early application of IAS 19 revised (published in the Official Gazette on 6 June 2012). The amendment to IAS 19—Employee benefits, eliminates the option to defer the recognition of actuarial gains and losses under the "corridor" method and requires the entire deficit or surplus to be recorded in the consolidated statement of financial position and the separate recognition in the consolidated income statement of service cost and net interest, while actuarial gains and losses arising from the new measurement each year of assets and liabilities are required to be recognised in the statement of comprehensive income. Furthermore, the return on assets included in net interest is calculated on the basis of the discount rate used for liabilities and no longer on the expected return.

Provisions

Where the Company has an obligation, legal or otherwise, resulting from a prior event and it is probable that this will lead to the loss of economic benefits to meet the obligation, an appropriate provisions for risks and charges is recorded. No provision is made for future operating losses. Provisions are measured at the current value of management's best estimate of the cost of satisfying the obligation existing at the consolidated statement of financial position date. With respect to legal cases, the amount of the provision is determined on the basis of estimates made by the relevant consolidated Company, together with its legal advisors, in order to determine the probability, the timing and the amounts involved.

Trade and other payables

Trade and other payables are stated at cost, representing their settlement value.

Revenue

The criteria to account and recognize revenues in our business may vary, considering the different nature of sales (software licenses, products as hardware components and assistance services) and the related different streams of revenues, also connected to our three business operating segment (please refer also to Note 30). In detail:

Software and services business unit

Direct Channel

Software licenses: revenues from sales of software licenses are recognized at the delivery date, as all contractual obligations are performed and generally there are no rights of return or acceptance clauses.

In case the sale contracts include separate revenue streams for other services, such as maintenance and assistance, the revenues in respect of these streams are separately identifiable in the contract (no multiple arrangements).

Maintenance and assistance to customers: maintenance and assistance contracts, that include software updates, help lines and on-site support, generally cover a twelve-month period and related revenues are recognized on a straight line basis over that period, considering the portion of revenues pertaining to the following years as deferred income.

Hardware and other products: revenues related to hardware components and other products purchased from third parties, are recognized at the delivery date, as all contractual obligations are performed and generally there are no rights of return or acceptance clauses.

Other services: revenues related to training, support, implementation and customization software activities that are either included within the main contract or negotiated under following deals, are recognized at the service execution date. Revenues related to Erp (Enterprise Resource Planning) implementation services still ongoing at the balance sheet date are recognized on the basis of their percentage of completion at that date.

Indirect Channel

VARs (Value Added Reseller) contracts: the contracts generally cover a three-year period and include a flat fee payment that allows the VARs to download unlimited number of license and to receive software updates and assistance services. Contracts are invoiced on a quarterly or yearly basis and related revenues are recognized on a straight line basis over that period.

Software licenses: revenues from sales of software licenses not included in a flat fee contract (see previous paragraph) are recognized at the delivery date, as all contractual obligations are performed and generally there are no rights of return or acceptance clauses

In case of software sales related to additional features which are sold as Temporary Annual Licenses (TLA), downloaded from TeamSystem website by VARs, revenues are recognized at the download date for new licenses and on a straight line basis for the renewals which automatically take place at the beginning of each year.

Other services and products: additional support services and products are offered to resellers, including training, marketing, manuals; revenues are normally recognized when the service has been rendered consistent with IAS 18 or the product has been delivered.

Education business unit

Publishing: revenues from sale of books and electronic manuals are recognized at the delivery date.

Training: sales include large conferences, masters and specialist training. Revenues are recognized based on the services provided in any given period; in the case of training is delivered across different accounting periods, revenues are recognized on a pro-rata basis according to the "stage of completion" of the training programme, consistent with IAS 18.

Information: sales include newsletter subscriptions and technical update documents, which generally cover a twelve-month period and related revenues are recognized on a straight line basis over that period, considering the portion of revenues pertaining to the following years as deferred income.

CAD/CAM business unit

Software licenses: revenues from sales of software licenses are recognized at the delivery date, as all contractual obligations are performed and generally there are no rights of return or acceptance clauses.

In case the sale contracts include separate revenue streams for other services, such as maintenance and assistance, the revenues in respect of these streams are separately identifiable in the contract (no multiple arrangements).

Maintenance and assistance to customers: maintenance and assistance contracts, that include software updates, help lines and on-site support, generally cover a range from one to three years period and related revenues are recognized on a straight line basis over that period, considering the portion of revenues pertaining to the following years as deferred income.

For all the above streams of revenues, there are usually no sales under multiple-element arrangements (e.g. goods and services) for which separate recognition of revenues would be required (as explained, in the case some services are included in a licence sale contract, we usually specify the different related amounts of revenues).

Grants

Grants are recognised when there is reasonable certainty that they will be received and that all related conditions will be met. Grants towards cost components are recognised as income, but are systematically allocated to the financial year, in order to match the costs they are intended to offset. For grants towards the cost of an asset, the asset and the grant are recognised at their nominal value and the release to income takes place gradually, on a straight line basis, over the expected useful life of the asset.

Where a non cash grant is received, the asset and the contribution are recognised at their nominal value and are released to income on a straight line basis over the expected useful life of the asset.

Dividends

The distribution of dividends to shareholders of the Group Companies is recognised as a liability in the period in which they are approved by the general meeting of shareholders.

Costs

Rent and operating leases charges

Rent and operating leases charges are charged to income on an accruals basis.

Financial income and expense

Financial income and expense are charged to income on an accruals basis.

Current and deferred taxation

The tax charge for the year comprises current and deferred taxation. Current tax is charged to income, except for cases where the tax relates to items accounted for as an equity component. Current tax is calculated by applying the tax rate in force at the consolidated statement of financial position date to taxable income. Concerning IRES (corporate income tax), it should be noted that the Parent Company and some of its subsidiaries have elected for a consolidated tax regime, with the Parent Company as tax consolidator.

Deferred tax is calculated, using the so-called liability method, on temporary differences between the book and tax bases of assets and liabilities. Deferred tax is calculated as a function of the expected timing of the reversal of the temporary differences, using the tax rate in force at the date of the expected reversal. A deferred tax asset is recognised only where it is probable that sufficient taxable income will be generated in subsequent years for the recovery thereof.

Non recurring items

In accordance with normal practice in Italy for listed companies, the Group has evidenced income components deemed to be non-recurring, since they pertain to events or transactions, the occurrence of which is non-recurring, that is, resulting from transactions or facts that are not repeated frequently in the normal conduct of business activities; in detail:

– non recurring expenses relate to costs (such as tax and legal advices, costs incurred in the valuation of possible acquisition) the nature of which is considered to be unusual and non-recurring with respect to the business's ordinary operations;

– non recurring taxes relate to unusual changes in income and deferred taxes. In 2012, the main figure were due to retrospective modification in tax legislation (as the c.d. "Monti's maenuver" in 2012) and to non recurring write down of deferred tax asset related to the change in business plan assumptions.

For further information please refer to notes 5, 24 and 29 of these consolidated financial statements.

Earnings per share

The Company does not have any financial instruments listed on regulated markets; consequently, as permitted by IAS 33, the information on earnings per share is not provided in these notes.

Operating segments

As expressly permitted by IFRS 8, the Parent Company, not having had any financial instruments listed on regulated markets, did not provide any disclosures up until the prior year inclusive on operating segments. As from the current financial year, TeamSystem Group has deemed it appropriate to prepare such information (see Note 30) in order to provide a more complete picture and, consequently, IFRS 8 disclosures have also been provided for 2011 comparatives.

In accordance with IFRS 8—Operating segments, an operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; c) for which discrete financial information is available. Within TeamSystem Group the following three operating segments have been identified, characterised by the autonomous nature of their products/services and production processes that have the aforementioned features:

– Software and Services (SWSS), that is, the operating segment consisting of all the Group companies operating in the software production/marketing sector;

– Education, that is, the segment consisting of companies operating in the professional training sector, being Gruppo Euroconference Spa, Optime Srl, Paradigma Srl and Education Team Srl;

– CAD/CAM, that is, the operating segment relating to Nuovamacut group companies.

Use of estimates

The preparation of the consolidated financial statements requires the Company to apply accounting policies and methods, which, in certain circumstances, depend on difficult and subjective assessments that may be based on past experience and on assumptions that, from time to time, are considered reasonable and realistic based on relevant circumstances. The application of these estimates and assumptions affects the amounts presented in the consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement and consolidated cash flow statement, as well as the disclosures provided. The actual amounts of the consolidated financial statement components, for which estimates and assumptions have been used, may differ from those reported, due to the uncertainty of assumptions and the conditions on which estimates are based. In particular, the uncertainty caused by the current economic and financial crisis has led to the need to make difficult assumptions regarding future business performance as reflected in the Business Plan.

Set out below is a listing of consolidated financial statement components that, more than others, require greater subjectivity, on the part of the Company, in the application of estimates and, for which, a change in the conditions of underlying assumptions used may have a significant impact on the financial statements of the consolidated companies:

- Business combinations (IFRS 3) and measurement of intangible assets: the process of allocation of goodwill to the assets of TeamSystem Group following a business combination is based on estimates and assumptions derived from the professional judgement of the Management. Professional judgement is also used to determine the most appropriate methodologies for measurement, and in certain cases provisional initial accounting has been opted for, as permitted by the accounting standard.

- Goodwill and other intangible assets: goodwill and other intangible assets with an indefinite useful life are tested annually for impairment and during the course of the year if there is any indication thereof. Other intangible assets are tested annually for impairment when there are indications that the carrying amount may not be recovered. When value in use needs to be computed, the Management estimate the cash flows expected from an asset or from the cash generating unit and choose an adequate discount rate in order to calculate the present value of the cash flows. Accordingly, the impairment test for fixed assets is performed using forecasts, which are naturally subject to uncertainty, of cash flow included in business plans approved by the relevant Board of Directors or in projections prepared by management of the Group companies in periods in which the business plan has not been updated for the insights needed to make strategic choices.

- Development expenses: the initial capitalisation of costs is subject to confirmation of the judgement of Management as to the technical and economic feasibility of the project, usually when the project has achieved a precise phase of the development plan. To determine the amount to be capitalised, the Company applies various assumptions regarding expected future cash flows from the asset, the discount rate to apply and the periods in which the expected benefits will occur.

- Deferred tax asset and liability: a deferred tax asset has been recognised until 31 December 2011 on interest expense exceeding gross operating income as defined by art. 96 of Italian TUIR—Testo Unico delle Imposte sui Redditi—(hereinafter “GOI”) carried forward, only to the extent that it is probable that there will be sufficient future GOI to allow the surplus to be utilised. A significant discretional assessment is required to determine the amount that can be accounted for as a deferred tax asset. They have to estimate the probable timing and the amount of future GOI, as well as a planning strategy for future taxation.

- Employee benefits: The cost of employee benefit plans is determined using actuarial assessments. An actuarial assessment requires the application of assumptions with respect to discount rates, the expected yield from investments, future wage increases, mortality rates and future increases in pensions. Due to the long term nature of these plans, the estimates are subject to a significant degree of uncertainty.

- Derivatives: the fair value of financial instruments not traded on an active market (for example, over-the-counter derivatives) is determined using valuation techniques. Company applies their own professional judgement to select the valuation methodology and the related assumptions based on market conditions at the end of each financial year.

Rounding adjustments of data

The figures included in the consolidated financial statements (as described above) and in the notes to the consolidated financial statements are expressed in thousands of Euros, except where otherwise indicated, since this is the currency used in the conduct of TeamSystem Group's operations.

Certain numerical figures contained in this consolidated financial statements, including financial information and certain operating data, have been subject to rounding adjustments due to the above presentation of numbers in thousands of Euros. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row.

First-time adoption of IFRS 8 operating segments

As expressly permitted by IFRS 8, the Parent Company, not having had any financial instruments listed on regulated markets, did not provide any disclosures up until the prior year inclusive on operating segments. As from the current financial year, TeamSystem Group has deemed it appropriate to prepare such information (see Note 30) in order to provide a more complete picture and, consequently, IFRS 8 disclosures have also been provided for 2011 comparatives.

Accounting standards, amendments and interpretations adopted early by the company—new IAS 19

On 16 June 2011 the IASB issued an amendment to IAS 19—Employee benefits, which eliminates the option to defer the recognition of actuarial gains and losses under the "corridor" method and requires the entire deficit or surplus to be recorded in the statement of financial position and the separate recognition in the income statement of service cost and net interest, while actuarial gains and losses arising from the new measurement each year of assets and liabilities are required to be recognised in the statement of comprehensive income. Furthermore, the return on assets included in net interest is calculated on the basis of the discount rate used for liabilities and no longer on the expected return. The amendment, which is applicable retrospectively for annual periods beginning on or after 1 January 2013, has been applied early by TeamSystem Group as from 1 January 2012.

If (in compliance with IAS 1, following the early application of IAS 19 as just commented upon) the Company had restated the 2011 consolidated income statement and consolidated statement of comprehensive income, the Group's loss for the financial year would have been negatively impacted by approximately Euro 88 thousand (net of the tax effect), whereas the comprehensive result would have remained unchanged and neither would there have been any impact on the consolidated financial position. Consequently, considering the absolute immateriality of the amounts in question, the Company did not restate the consolidated income statement or the consolidated statement of comprehensive income for the 2011 financial year, while no impact related to the consolidated statement of financial position.

Accounting standards, amendments and interpretations applicable as from 1 January 2012 not relevant to the company

The following amendments, improvements and interpretations, effective as from 1 January 2012, apply to circumstances and cases that are not present within the Company as of the date of this annual financial report, but they could have an accounting impact on future transactions or agreements:

- On 7 October 2011 the International Accounting Standards Board ("IASB") published some amendments to **IFRS 7—*Financial instruments: Disclosures***. The amendments were issued with the intention of enhancing derecognition disclosure requirements for transfers of financial assets. In particular, the amendments require greater transparency as to the risk exposure associated with transfers of financial assets, where the transferor has some form of continuing involvement in these assets. Furthermore, the amendments require further disclosures, where a disproportionate amount of these transactions takes place at the end of an accounting period. The adoption of these amendments did not have any impact on the financial statement disclosures.
- On 20 December 2011 the IASB issued a minor amendment to **IAS 12—*Income taxes*** that requires entities to measure deferred tax relating to investment property measured at fair value to reflect the manner in which the carrying amount of the asset will be recovered (through continued use or through sale). Specifically, the amendment introduces a rebuttable presumption that the carrying amount of an investment property measured at fair value in accordance with IAS 40 will be recovered entirely through sale and that the measurement of deferred tax, in jurisdictions in which tax rates are different, should reflect the rate applicable to the sale. The adoption of this amendment did not have any effect on the measurement of deferred tax at 31 December 2012.

Accounting standards, amendments and interpretations not yet applicable and not adopted early by the company

As of the date of this annual financial report the European Union's delegated bodies had not yet concluded the endorsement process required for the adoption of the amendments and standards described below:

- On 12 November 2009 the IASB published IFRS 9—Financial instruments: this standard was then amended on 28 October 2011. The standard, applicable retrospectively as from 1 January 2015, is the first part of a process in stages that has the objective of completely replacing IAS 39 and it introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets. In particular, for financial assets, the new standard uses a single approach based on the means of management of financial instruments and on the features of contractual cash flows from financial assets for the determination of the assessment criterion, replacing various provisions of IAS 39. Regarding financial liabilities, the main amendments relate to the accounting treatment of changes in fair value of a financial liability designated as at fair value through profit or loss, in the event that these are due to a change in the credit risk of the liability in question. In accordance with the new standard, these changes are to be presented in other comprehensive income and shall no longer be presented in the income statement.

- On 19 March 2011 the IASB published an amendment to IFRS 1 First-time adoption of International Financial Reporting Standards—Government Loans that amends the reference to accounting for government loans in the transition to IFRS (and, accordingly, it is not applicable to the Company).

- On 17 May 2012 the IASB published the document Annual Improvements to IFRSs: 2009-2011 Cycle, a collection of amendments to standards as part of the annual process of improvements thereto that concentrates on amendments considered necessary, but not urgent. Set out below are those that will lead to a change in presentation, recognition and measurement of financial statement components, with the omission of those that will only lead to a change in terminology or editorial changes with minimum effects in accounting terms, or those that have an effect on standards or interpretations not applicable to the Company:

  – IAS 1 Presentation of financial statements—Comparative information: this clarifies that, if additional comparative information is provided, this has to be presented in accordance with IAS/IFRS. Moreover, it clarifies that, if an entity changes an accounting policy or makes a retrospective restatement or reclassification, the entity is required to present an opening statement of financial position for the comparative period ("third statement of financial position"), whereas the explanatory notes are not required to provide comparative disclosures, not even for the "third statement of financial position", apart for the components affected.

  – IAS 16 Property, plant and machinery —Classification of servicing equipment: this clarifies that servicing equipment has to classified within property, plant and equipment if used for more than one financial year, or, otherwise, in inventory.

  – IAS 32—Financial instruments: presentation—Tax effect of a distribution to holders of equity instruments and costs of equity instrument transactions: this clarifies that the tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12.

  – IAS 34 Interim financial reporting—Total assets for a particular reportable segment: this clarifies that total assets need to be disclosed only when the amount is regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity's previous annual financial statements for that reportable segment.

  The effective date for the proposed amendments is foreseen for annual periods beginning on or after 1 January 2013, with early application permitted.

- On 28 June 2012 the IASB published the document Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12). In the first place, this aims to clarify the intentions of the Board with reference to the transition rules of IFRS 10 Consolidated financial statements. The document defines the date of initial application of IFRS 10 as "the beginning of the annual period in which IFRS 10 is applied for the first time". Accordingly, with entities with a financial year that coincides with the calendar year and which apply IFRS 10 for the first time to financial statements for the year ending 31 December 2013, the date of initial application will be 1 January 2013. If the conclusions regarding consolidation are the same as those under IAS 27 Consolidated and separate financial statements / SIC 12 Consolidation — Special Purpose Entities and under IFRS 10 at the date of initial recognition, the entities will have no obligation. Likewise, no obligation will arise if an equity interest is disposed of during the course of a comparative period (and, as such, is no longer present at the date of initial application). The document proposes to amend IFRS 10 to clarify how an investor should retrospectively restate the period(s) and comparatives if the conclusions regarding consolidation are not the same as those under IAS 27 / SIC 12 and IFRS 10 at the date of initial application. In particular, when it is not practicable to make a retrospective restatement as defined above, an acquisition/sale will be accounted for at the beginning of the comparative period presented, with a consequent restatement of retained earnings.

- On 31 October 2012 amendments were issued to IFRS 10, IFRS 12 and IAS 27 Investment Entities that introduce an exception from consolidation of subsidiaries by investment entities, except where the subsidiaries provide services relating to the investment activities. Pursuant to those amendments, an investment entity should measure those investments at fair value through profit or loss. To qualify as an investment entity, it has to:
  - obtain funds from one or more investor for the purpose of providing those investor(s) with investment management services;
  - commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both;
  - measure and evaluate the performance of substantially all of its investments on a fair value basis; and
  - these amendments apply to annual periods beginning on or after 1 January 2014, with early application permitted.

All the above changes, according to Company's evaluation, will no cause significant impacts on its consolidated financial statements, rather than some minor disclosure changes in the case.

As of the date of this annual financial report the European Union's delegated bodies had not yet concluded the endorsement process required for the adoption of the amendments and standards described below and which the Company has decided not to adopt early:

- On 12 May 2011 the IASB issued IFRS 10—Consolidated financial statements that will replace SIC-12 Consolidation—Special Purpose Entities and part of IAS 27—Consolidated and separate financial statements, which will be renamed Separate financial statements and will outline the accounting treatment of equity investments in separate financial statements. The new standard moves away from existing standards, identifying the concept of control as a determining factor for the purposes of consolidation of a company in the parent company's consolidated financial statements. Moreover, it provides guidance for the determination of the existence of control where it is difficult to ascertain. The standard is applicable retrospectively as from 1 January 2013.
- On 12 May 2011 the IASB issued IFRS 11—Joint Arrangements, which will replace IAS 31—Interests in Joint Ventures and SIC-13—Jointly Controlled Entities—Non-Monetary Contributions by Ventures. The new standard provides criteria for the identification of joint

arrangements based on rights and obligations deriving from the arrangements, rather than on the legal form thereof and establishes that the equity method has to be used to account for entities subject to joint control in consolidated financial statements. The standard is applicable retrospectively as from 1 January 2013. Subsequent to the adoption of IAS 28—Investments in associates, it was amended to include in the scope of its application, as from the effective date of the standard, equity investments in entities subject to joint control.

- On 1 May 2011 the IASB issued IFRS 12—Disclosure of interests in other entities, which is a new and complete standard on additional disclosures to be provided for all types of equity investments, including subsidiaries, joint arrangements, associates, special purpose entities and other non-consolidated vehicles. The standard is applicable retrospectively as from 1 January 2013.
- On 12 May 2011 the IASB issued IFRS 13—Fair value measurement, which explains how fair value has to be determined for the purposes of financial statements and it applies to all standards that require or permit measurement at fair value or fair value disclosures. The standard is applicable prospectively as from 1 January 2013.
- On 16 December 2011 the IASB issued some amendments to IAS 32—Financial instruments: presentation, to clarify the application of certain criteria present in IAS 32 for offsetting financial assets and liabilities. The amendments are applicable retrospectively for annual periods beginning on or after 1 January 2014.
- On 16 December 2011 the IASB issued some amendments to IFRS 7—Financial instruments: disclosures. The amendment requires disclosure of the effect or the potential effect on the financial position of offsetting arrangements for financial assets and liabilities. The amendments are applicable to annual periods beginning on or after 1 January 2013 and for interim periods subsequent to that date. The information has to be provided retrospectively.
- On 16 June 2011 the IASB issued an amendment to IAS 1—Presentation of financial statements, which requires companies to group together items within other comprehensive income that may be reclassified to the profit or loss section of the income statement. The amendment is applicable to annual periods beginning on or after 1 July 2012.
- On October 2011 IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine was published. This applies to waste removal costs incurred by surface mining operations during the production phase of the mine. This interpretation applies to annual periods beginning on or after 1 January 2013.

(all amounts are expressed in thousands of Euro)

1 Property, plant and equipment

Changes in tangible fixed assets in the 2012 and 2011 financial years are set out below:

COST	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Disposals)	As of 31 Dec 2011
Lands	1,898					1,898
Buildings	7,923			25		7,947
Plant and machinery	1,584	36		82	(20)	1,682
Equipments	348	83		120	(2)	549
Other assets	6,771	534		468	(558)	7,215
Total	**18,523**	**654**		**695**	**(580)**	**19,291**

ACCUMULATED DEPRECIATION	As of 31 Dec 2010	Change in consolidation area	Other movements	Depreciation	(Disposals)	As of 31 Dec 2011
Lands						
Buildings	1,637			257		1,894
Plant and machinery	1,340	27	(1)	85	(20)	1,432
Equipments	290	81		26	(2)	395
Other assets	5,477	386	1	522	(498)	5,888
Total	**8,744**	**494**		**890**	**(520)**	**9,608**

NET VALUE	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Depreciation)	(Disposals)	As of 31 Dec 2011
Lands	1,898						1,898
Buildings	6,286			25	(257)		6,054
Plant and machinery	244	9	1	82	(85)		251
Equipments	58	3		120	(26)		154
Other assets	1,294	148	(1)	468	(522)	(60)	1,327
Total	**9,779**	**160**		**695**	**(890)**	**(60)**	**9,683**

COST	As of 31 Dec 2011	Change in consolidation area	Other movements	Additions	(Disposals)	As of 31 Dec 2012
Lands	1,898			0		1,898
Buildings	7,947			59		8,007
Plant and machinery	1,682	19	(4)	282	(36)	1,944
Equipments	549	2	(5)	61	(1)	606
Other assets	7,215	242	9	640	(282)	7,823
Assets under construction				26		26
Total	**19,291**	**263**	**0**	**1,068**	**(319)**	**20,304**

ACCUMULATED DEPRECIATION	As of 31 Dec 2011	Change in consolidation area	Other movements	Depreciation	(Disposals)	As of 31 Dec 2012
Lands						
Buildings	1,894			258		2,152
Plant and machinery	1,432	11	(2)	88	(34)	1,495
Equipments	395	1	(7)	38	(1)	426
Other assets	5,888	174	11	551	(245)	6,379
Total	**9,608**	**185**	**3**	**936**	**(280)**	**10,453**

NET VALUE	As of 31 Dec 2011	Change in consolidation area	Other movements	Additions	(Depreciation)	(Disposals)	As of 31 Dec 2012
Lands	1,898			0			1,898
Buildings	6,054			59	(258)		5,855
Plant and machinery	251	9	(1)	282	(88)	(2)	449
Equipments	154	1	1	61	(38)	(0)	180
Other assets	1,327	68	(3)	640	(551)	(38)	1,444
Assets under construction				26			26
Total	**9,683**	**78**	**(3)**	**1,068**	**(936)**	**(40)**	**9,850**

During the course of 2012 the subsidiary TeamSystem Ancona Srl exercised the purchase option on previously leased land and buildings and, accordingly, there was no impact on the consolidated financial statements.

"Land" at 31 December 2012 consists of approximately Euro 997 thousand of freehold land owned by the aforementioned company and approximately Euro 901 thousand of land owned by the Parent Company. "Buildings", consist of Euro 3,961 thousand relating to the Parent Company and approximately Euro 1,894 thousand relating to the subsidiary TeamSystem Ancona Srl.

The most significant additions in 2012 relate to "Other assets" of approximately Euro 640 thousand and "Equipment" of approximately Euro 61 thousand.

2 Intangible assets

Changes in intangible assets in the 2012 and 2011 financial years are set out below:

	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Amortization)	(Impairments)	As of 31 Dec 2011
Capitalized development expenses	416	129	93	1,152	(536)		1,254
Software, trademarks, patents and licenses	265	182	12	135	(192)		403
Brand IFRS	36,780				(2,069)		34,711
Software IFRS	40,527				(9,648)		30,879
Customer relationship IFRS	223,549				(11,312)		212,236
Other assets arising from IFRS adoption	2,958				(167)		2,791
Other intangible assets	232	5		59	(89)		207
Assets under construction	343		(105)	1,270			1,508
Total	**305,070**	**317**	**0**	**2,616**	**(24,013)**		**283,990**

	As of 31 Dec 2011	Change in consolidation area	Other movements	Additions	(Amortization)	(Impairments)	As of 31 Dec 2012
Capitalized development expenses	1,254	59	1,115	2,204	(1,327)		3,304
Software, trademarks, patents and licenses	403	7		1,828	(552)		1,686
Brand IFRS	34,711				(2,073)		32,638
Software IFRS	30,879				(8,624)		22,255
Customer relationship IFRS	212,236				(11,343)		200,893
Other assets arising from IFRS adoption	2,791				(167)		2,624
Other intangible assets	207	9	(3)	116	(108)		221
Assets under construction	1,508		(1,115)	2,112			2,505
Total	**283,990**	**75**	**(3)**	**6,259**	**(24,194)**		**266,126**

With respect to additions, in 2012, totalling Euro 6,259 thousand (2,616 thousand Euro at December 2011), the main expenditures are related to:

a) capitalised development costs of Euro 2,183 thousand relating to new products and / or new software modules developed mainly by the Parent Company during the course of 2012 and which started being marketed in the same financial year (Euro 1,076 thousand in 2011);

b) assets in process of formation capitalised mainly by the Parent Company of Euro 2,084 thousand with respect to development costs of new products and / or new software modules, which at 31 December 2012 had not yet been completed or for which the marketing and sales phase had not yet started (Euro 1,085 thousand in 2011).

During the 2012 financial year the Parent Company initiated a complex long term project of technological renewal ("PROTEO 360"). This initiative, which is highly strategic in the field of information technology, is aimed at technological upgrading of the Group's entire software portfolio and application platforms by means of the renewal and innovation of existing software products and the alignment of the range to more recent and innovative technologies. The duration of the research and development on "PROTEO 360" (Product Renewal Project) is approximately 5 years, with an overall expenditure budget of approximately Euro 16 million. In any case, the benefits of the project for the renewal of the software infrastructure will already be evident during the interim phase of gradual release of the innovative applications-functionalities. During the 2012 financial year expenditure was incurred of approximately Euro 2.4 million.

3 Goodwill

	As of 31 Dec 2010	Other movements	Additions	(Impairments)	As of 31 Dec 2011
Goodwill CGU SWSS	314,794		11,788		326,582
Goodwill CGU Education	20,645		15		20,660
Goodwill CGU CAD/CAM	6,410				6,410
Total	**341,849**		**11,803**		**353,652**

	As of 31 Dec 2011	Other movements	Additions	(Impairments)	As of 31 Dec 2012
Goodwill CGU SWSS	326,582		4,028	(75,000)	255,610
Goodwill CGU Education	20,660		6,636		27,296
Goodwill CGU CAD/CAM	6,410				6,410
Total	**353,652**		**10,664**	**(75,000)**	**289,317**

"Goodwill" (amounting to Euro 289,317 thousand at 31 December 2012) relates to the acquisition in 2010 of TeamSystem Group from HG Capital via the special purpose vehicle Titan BidCo Srl, with the exception of investments made in 2011 and 2012.

The Goodwill relating to the acquisition of TeamSystem Group primarily consists of the excess consideration paid over the current value of the assets and liabilities acquired and it was allocated to the three CGU Software and Services (SWSS), Education and CAD/CAM, net of a writedown of Euro 75 million made in the 2012 financial year and which is commented upon later.

The increases in "Goodwill" recorded in 2012 relate to the following:

– with respect to the Software and Services CGU, Euro 3,565 thousand arising from the acquisition of H-Umus Srl and approximately Euro 462 thousand arising from the acquisition of Digita Srl;

– with respect to the Education CGU, the increase in goodwill is linked to the acquisitions of the companies Optime Srl and Paradigma Srl, the holdings in which were then contributed by the Parent Company to Education Team Srl.

The purchased Goodwill arising in 2012 has been determined provisionally, as determined and specified in Note 36 to these consolidated financial statements and to which reference should be made. In this regard, it should be noted that the definition of purchased Goodwill arising in 2011 and which was considered to be provisional for the purposes of the 2011 consolidated financial statements, did not lead to any differences with respect to the amount recorded in those consolidated financial statements and, accordingly, it has not been necessary to restate the 2011 consolidated financial statements.

Impairment Tests

The goodwill pertaining to each of the aforementioned CGUs is subject to impairment testing at least annually, except for acquisitions made at the year end, for which the consideration paid is representative of fair value.

With respect to impairment tests, steps were taken to determine the recoverable amount (so-called Enterprise Value) of each CGU of TeamSystem Group as a whole, by means of the application of discounted cash flow methodology. The test was performed by discounting prospective cash flow for 2013-2017 as reported by the Business Plan approved by the Board of Directors on 29 March 2013; these forecasts evidence growth rates in turnover, EBITDA and cash flow that are more conservative with respect to TeamSystem Group's historical growth rates, to take account of the considerable uncertainty of the Italian economic environment.

Beyond the time span of the Business Plan, a terminal value was determined assuming an operating cash flow (Net operating profit Less Adjusted Tax—NOPLAT) suitably normalised to maintain conditions of normal business operations. In the choice of the growth rate to apply to NOPLAT, it was established that, consistent with the development foreseen by the Business Plan and with historical growth, there was a reasonable expectation of growth of 1.90% (so-called g rate; the 2011 impairment test adopted a 2.0% g rate).

In addition to that for the g rate, the main assumptions adopted regard the estimate of the weighted average cost of capital ("WACC") of 9.78% (9.80% was the rate used for the 2011 impairment test) for the SWSS CGU and the CAD/CAM CGU and of 8.78% (8.07% was the rate used for the 2011 impairment test) for the Education CGU.

The impairment tests performed required a writedown of Euro 75 million to be recorded in the consolidated financial statements for the year ended 31 December 2012, entirely related to the SWSS CGU; there was no evidence of impairment for the Education and CAD/CAM CGUs.

The Company have also performed sensitivity analysis, by applying more prudent assumptions for the determination of WACC and g-rate parameters and the results of this analysis for the three CGU are set out below, stated that the impairment loss of Euro 75 million highlighted in the sensitivity analysis related to the CGU SWSS has been recorded into the consolidated financial statements and consequently the impacts of sensitivity have to be interpreted taking into consideration such aspect.

CGU SWSS Cover/(Impairment) Sensitivity Euro / million		WACC 8.78%	9.28%	9.78%	10.28%	10.78%
G RATE	**0.0%**	−99.9	−124.1	−145.8	−165.4	−183.1
	0.50%	−79.5	−106.2	−130.0	−151.3	−170.5
	1.00%	−56.4	−86.1	−112.3	−135.7	−156.7
	1.90%	−6.5	−43.0	−74.9	−102.9	−127.8
	2.00%	−0.1	−37.6	−70.2	−98.8	−124.2

CGU Education Cover/(Impairment) Sensitivity Euro / million		WACC 7.78%	8.28%	8.78%	9.28%	9.78%
G RATE	**0.0%**	5.8	3.9	2.1	0.6	−0.8
	0.50%	7.6	5.4	3.4	1.7	0.2
	1.00%	9.5	7.1	4.9	3.0	1.3
	1.90%	13.9	10.8	8.1	5.7	3.7
	2.00%	14.5	11.3	8.5	6.1	4.0

CGU CAD/CAM Cover/(Impairment) Sensitivity Euro / million		WACC 8.78%	9.28%	9.78%	10.28%	10.78%
G RATE	**0.0%**	5.0	4.2	3.5	2.9	2.3
	0.50%	5.7	4.8	4.0	3.3	2.7
	1.00%	6.5	5.5	4.6	3.8	3.1
	1.90%	8.1	6.9	5.8	4.9	4.1
	2.00%	8.3	7.0	6.0	5.0	4.2

The impairment test models and related results were approved by the Board of Directors on 29 March 2013, in accordance with guidelines of the joint document No. 4 of March 2010 issued by ISVAP, Bank of Italy and Consob.

4 Equity investments in other companies

OTHER INVESTMENTS	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Disposals)	As of 31 Dec 2011
Other investments	111	266	(66)			311
Total	**111**	**266**	**(66)**			**311**

OTHER INVESTMENTS	As of 31 Dec 2011	Change in consolidation area	Other movements	Additions	(Disposals)	As of 31 Dec 2012
Other investments	311			3	(20)	295
Total	**311**			**3**	**(20)**	**295**

5 Deferred tax assets and liabilities

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
Deferred tax assets	1,414	8,049	(6,634)	−82.4%
Deferred tax liabilities	77,985	83,093	(5,108)	−6.1%

The deferred tax asset recorded by the Group companies mainly relates to the provision for doubtful accounts, the provision for agents' indemnity and other provisions for risks and/or provisions disallowed for tax purposes; these tax assets are not subject to any time maturity/ expiration. The change since prior year is essentially attributable to the non-recurring write-down of the deferred tax asset of Euro 6,794 thousand, recorded in prior years and relating to a portion of interest expense temporarily non-deductible in the year it is incurred pursuant to Art. 96, paragraph 4. The write-down of this asset and the non-recognition of a deferred tax asset pertaining to the portion theoretically accruing in the year is due to the expected lengthening of the timing of the recoverability thereof, as indicated by forecasts included in the Business Plan.

With respect to the deferred tax liabilities, reference should be made to the following tables.

	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Disposals)	As of 31 Dec 2011
Fair value valuation of Lands and Buildings	1,548				(49)	1,499
TeamSystem—Intangibles	88,798		(4,803)		(9,198)	74,796
Staff leaving indemnity—actuary valuation	170			11		181
Investments revaluation	244					244
Total Parent company	**90,759**		**(4,803)**	**11**	**(9,247)**	**76,720**
Deferred tax liabilities of subsidiaries	26				(13)	13
Total subsidiaries	**26**				**(13)**	**13**
Staff leaving indemnity—actuary valuation	138	17		49	(3)	200
Euroconference—Intangibles	1,705				(86)	1,619
Euroconference—Services in progress	384			400	(384)	400
Finance lease and valuation of assets at fair value	808			37	(16)	828
Investment revaluation in TeamSystem	(244)					(244)
Metodo—Intangibles	1,888				(361)	1,527
Nuovamacut—Intangibles	2,056				(190)	1,866
Research and development	152			72	(61)	164
Total consolidation entries	**6,887**	**17**		**557**	**(1,102)**	**6,360**
Total	**97,673**	**17**	**(4,803)**	**569**	**(10,362)**	**83,092**

	As of 31 Dec 2011	Change in consolidation area	Other movements	Additions	(Disposals)	As of 31 Dec 2012
Fair value valuation of Lands and Buildings	1,499				(49)	1,450
TeamSystem—Intangibles	74,796				(3,998)	70,798
Staff leaving indemnity—actuary valuation	181		18	3	(152)	51
Investments revaluation	244					244
Research and development			43		(43)	
Total Parent company	**76,720**		**61**	**3**	**(4,241)**	**72,543**
Deferred tax liabilities of subsidiaries	13		40	46	(52)	47
Total subsidiaries	**13**		**40**	**46**	**(52)**	**47**
Staff leaving indemnity—actuary valuation	200	8	(18)	48	(217)	21
Euroconference—Intangibles	1,619				(86)	1,533
Euroconference—Services in progress	400			218	(400)	218
Finance lease and valuation of assets at fair value	828			6	(17)	818
Investment revaluation in TeamSystem	(244)					(244)
Metodo—Intangibles	1,527				(361)	1,166
Nuovamacut—Intangibles	1,866				(190)	1,675
Research and development	164		(43)	168	(81)	208
Total consolidation entries	**6,360**	**8**	**(61)**	**440**	**(1,352)**	**5,395**
Total	**83,092**	**8**	**40**	**489**	**(5,645)**	**77,985**

The main decrease in the deferred tax liability that took place in 2012 relates to an amount of approximately Euro 4,635 thousand concerning the reversal of the deferred tax component pertaining to the amortisation of intangible assets (software, brands, customer relationships and other IFRS assets) identified on allocation of the price paid for the acquisition of TeamSystem Group.

Considering that all companies belonging to the Group are located in Italy, the only actual significant difference between effective and nominal tax rate relates to the above described write off of deferred tax assets on interest expenses.

Overall, changes in the deferred tax asset and deferred tax liability had a negative impact on the consolidated income statement of Euro 1,950 thousand and a positive impact on the consolidated statement of comprehensive income of Euro 386 thousand.

6 Inventories

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
Raw and ancillary materials	154	48	106	n.m.
Finished products and goods	1,207	1,484	(278)	−18.7%
Advances		71	(71)	−100.0%
(Allowance for slow-moving inventory)	(27)	(52)	25	−48.1%
Total	**1,334**	**1,552**	**(218)**	**−14.1%**

The closing inventory of finished products and goods includes hardware products not yet delivered at the consolidated statement of financial position date, as well as consumables, accessories, third party software modules and licences for resale, characterised by a high turnover.

7 Trade receivables

The Trade receivables balance is comprised as follows:

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
Trade receivables	49,853	49,761	92	0.2%
(Allowance for doubtful receivables)	(3,387)	(2,876)	(511)	17.8%
Total	**46,466**	**46,885**	**(419)**	**−0.9%**

Trade receivables amount in total to approximately Euro 49,853 thousand, gross of the provision for doubtful accounts.

	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Utilisations)	As of 31 Dec 2011
Allowance for doubtful receivables	2,763	73		1,223	(1,183)	2,876
Total	**2,763**	**73**		**1,223**	**(1,183)**	**2,876**

	As of 31 Dec 2011	Change in consolidation area	Other movements	Additions	(Utilisations)	As of 31 Dec 2012
Allowance for doubtful receivables	2,876	2		1,680	(1,171)	3,387
Total	**2,876**	**2**		**1,680**	**(1,171)**	**3,387**

The increase in the provision for doubtful accounts is to take account of the expected realisable value of receivables not yet collected at 31 December 2012. The utilisations of the provision are due to the write off of receivables, based on elements of certainty and precision, or based on ongoing insolvency proceedings.

8 Tax receivables

The "Tax receivables" balance is comprised as follows:

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
VAT receivables	471	58	413	n.m.
Income taxes receivable	2,029	1,755	274	15.6%
Other tax receivables	499	246	253	n.m.
Total	**2,999**	**2,059**	**940**	**45.6%**

"Income tax receivable" mainly relates to an amount receivable by the Group companies concerning non-recurring income from a reimbursement of IRES due to the failure to make an IRAP deduction (Euro 1,392 thousand) with respect to prior years. This income originates from a law introduced in 2012.

9 Other receivables

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
Deposits	315	246	70	28.4%
Receivables from employees	51	47	5	9.9%
Other receivables	608	409	199	48.6%
Accrued income	13	12	1	12.5%
Prepayments	5,666	5,344	322	6.0%
Total	**6,654**	**6,058**	**597**	**9.8%**

"Other receivables" consist of an amount of approximately Euro 157 thousand due to the Parent Company, following the temporary suspension of the payment of contributions decided by the Italian government in connection with the earthquake that damaged the ancillary establishments in Campobasso and Fabriano in prior years (see also Note 15).

Prepayments mainly relate to the portion of costs of software subscriptions (pertaining essentially to Nuovamacut Group Companies) attributable to future financial years on the basis of the contractual duration. The deferred income arising from the same accounting treatment adopted for the corresponding income is disclosed in Note 17.

10 Net financial indebtedness (net of shareholder loan)

Net consolidated financial indebtedness at 31 December 2012, with the exception of the shareholder loan (Note 11), is set out as follows and shows a total amount in line with 31 December 2011.

	As of 31 Dec 2012			As of 31 Dec 2011		
	Current	Non-current	Total	Current	Non-current	Total
Bank accounts and post office	18,955		18,955	13,587		13,587
Cash and bank balances	113		113	240		240
Total Cash and bank balances (a)	**19,068**		**19,068**	**13,826**		**13,826**
Derivative instruments—Non current	3		3	0	79	79
Other financial assets	40		40	415	547	962
Total—Other financial assets (b)	**43**		**43**	**415**	**627**	**1,041**
Overdrafts and loans from banks	(13,495)	(167,514)	(181,009)	(12,806)	(165,315)	(178,121)
Finance lease liabilities				(223)		(223)
Overdrafts and loans from other financial institutions	(48)		(48)			
Total financial liabilities—Gross	**(13,543)**	**(167,514)**	**(181,057)**	**(13,029)**	**(165,315)**	**(178,344)**
Financing fees with banks		10,011	10,011		11,438	11,438
Financing fees—Prepayments		806	806		1,983	1,983
Total financing fees		**10,817**	**10,817**		**13,421**	**13,421**
Total financial liabilities (c)	**(13,543)**	**(156,697)**	**(170,240)**	**(13,029)**	**(151,894)**	**(164,923)**
Vendor loan	(3,904)	(11,610)	(15,515)	(1,420)	(15,636)	(17,056)
Derivative instruments—Non current	(2,758)		(2,758)	(6)	(2,740)	(2,746)
Other financial liabilities	(1)		(1)	(0)		(0)
Total other financial liabilities (d)	**(6,663)**	**(11,610)**	**(18,273)**	**(1,426)**	**(18,376)**	**(19,802)**
(a) + (b) + (c) + (d) = Total	**(1,094)**	**(168,307)**	**(169,402)**	**(214)**	**(169,643)**	**(169,857)**

Cash and bank accounts at 31 December 2012 amounted to Euro 19,068 thousand (Euro 13,826 as 31 December 2011).

At 31 December 2012 the market value of option contracts on interest rates held for trading by the Parent Company is approximately Euro 3 thousand and is included in "Other current financial assets".

At 31 December 2011 the amounts due to banks relate essentially to loans from the bank, Unicredit, obtained by the Parent Company for a total of Euro 180,823 thousand (comprising interest accrued at that date of approximately Euro 83 thousand) relating to the financing facilities "Facility A" (Euro 62.2 million), "Facility B" (Euro 100 million) and "Acquisition Facility" (Euro 18.5 million). For all the lending facilities, the interest rates applied are equal to EURIBOR (corresponding to the interest period duration decided from time to time) increased by a spread determined periodically in relation to the outcome of certain economic-financial parameters. At the consolidated statement of financial position date, the variable spread was 4% for Facility A and for the Acquisition Facility and 4.5% for Facility B. Facility A is repayable in six monthly installments as from June 2011. Facility B is repayable in one instalment on the contractual maturity of the loan in September 2017. The "Acquisition" facility is repayable in six monthly instalments as from June 2014. It should be noted that, for the measurement of financial liabilities at amortised cost, financing fees due to banks represent pro-rata temporis amortisation of ancillary costs incurred to obtain financing, whereas prepaid financing fees represent the amount of ancillary charges relating to financing facilities not yet used, but for which it is believed that they will be used in the following financial year.

Set out below are the movements (solely of the capital elements) in the aforementioned Unicredit facilities during the course of 2012:

	As of 31 Dec 2010	(Reimbursement)	New draught	Capitalization	Other movements	As of 31 Dec 2011
Facility A	77,800	(4,668)				73,132
Facility B	100,000					100,000
Facility Acquisition			3,000			3,000
Facility Revolving						
Total	**177,800**	**(4,668)**	**3,000**			**176,132**

	As of 31 Dec 2011	(Reimbursement)	New draught	Capitalization	Other movements	As of 31 Dec 2012
Facility A	73,132	(10,892)				62,240
Facility B	100,000					100,000
Facility Acquisition	3,000		15,500			18,500
Facility Revolving						
Total	**176,132**	**(10,892)**	**15,500**			**180,740**

Facility A, Facility B and the Acquisition facility are secured by pledges over the quotas of the Parent Company and the subsidiary Group Euroconference Spa, by pledges over trade receivables, over brands, as well as a special lien over fixed assets and inventory of the Parent Company.

Furthermore, on a quarterly/annual basis, a check is made of compliance with certain covenants linked to the following ratios and components of the consolidated financial statements (as specified by the terms of the loan agreements):

1) ratio of "Cash-Flow" to "Debt Service";

2) ratio of "Financial Charges" to "EBITDA".

3) ratio of "Senior Net Debt" to "EBITDA";

4) ratio of "Total Net Debt" to "EBITDA";

5) level of capital expenditure on tangible fixed assets and intangible assets "Capex".

The Group's financial projections do not indicate any critical issues concerning its ability to generate sufficient cash flow in 2013 to meet its contractual commitments. Regular and systematic historical and prospective analyses of contractual financial covenants are performed; from the computation prepared by Company for 2012, the contractual financial parameters have been complied with, whereas, with respect to 2013 forecasts, it is reasonable to believe that the objective of compliance with these conditions will be met. Moreover, it should be noted that TeamSystem Group' Management is considering whether to proceed with extraordinary operations in order to refinance the Group, with the aims being to increase its financial flexibility and to better support its mid-long term development projects.

The Vendor Loan (Euro 15,515 thousand at 31 December 2012 and Euro 17,056 at 21 December 2011) relates to put / call options and/or earn-outs due to non-controlling shareholders of some consolidated subsidiaries (Metodo Spa, Lexteam Srl, Inforyou Srl, Gruppo Euroconference Spa, I.S.P. Srl, TeamSystem Communication Srl, TeamSystem Akron Srl, Danea Soft Srl, H-Umus Srl, Digita Srl e di Education Team Srl). As already explained in "Basis of consolidation" paragraph, TeamSystem Group, normally at the same time as the acquisition of controlling stakes in an investee, enters into put and call option agreements for the residual stake held by non-controlling owners of the acquiree. For those cases, where part of the acquisition takes place through the stipulation of a binding option agreement, with the simultaneous presence of put and call clauses, the investee is consolidated and the estimated value of the exercise price of the put / call is included in the cost of acquisition and contributes to the overall determination of goodwill; a debt towards minorities (the above called " vendor loan") is accounted for, subject to fair value measurement and subsequent changes.

Concerning the 2012 acquisitions (Digita Srl, Education Team and H-Umus Srl) it should be noted that the measurement of goodwill has been considered as a provisional measurement (according to IFRS 3); consequently, the related vendor loans represent the today best estimates and can be subject to changes.

Lastly, it should be noted that, with reference to the allocation of the definitive "Goodwill" pertinent to the acquisition of Danea Srl, the allocation made provisionally in the financial statements for the year ended 31 December 2011 has been confirmed without the need for restatement of the financial statements for the year ended 31 December 2011, whereas the change in fair value of the vendor loan payable pertaining to that acquisition has been expensed in the year (approximately Euro 839 thousand) as it originated from decisions/ measurement based on elements subsequent to the acquisition date.

Other financial liabilities at 31 December 2012 include IRS derivatives at market value of Euro 2,758 thousand. These derivative contracts were entered into by the Parent Company and do not qualify as hedging for the purposes of IFRS.

11 Shareholder loan

The balance of Euro 82,083 thousand (Euro 77,986 at 31 December 2011) relates to a loan provided by the holding company Titan Luxco 3 S.à.r.l. Approximately, Euro 2,801 thousand (Euro 2,832 at 31 December 2011) was classified within current liabilities.

The interest rate applied equates to the "Cash margin" (6.00%) to which has been added the PIK margin (of 5.80%) arriving at an annual total of 11.80%. The repayment of the loan (subject to the extinction of all existing facilities) is envisaged no later than 12 months after the repayment of the last senior facility (that is, Facility B granted by Unicredit as previously indicated in Note 10).

12 Capital and reserves

	Share Capital	Other reserves	Other profit (loss) net of income taxes	Profit (Loss) for the year	Net equity attributable to Owners of the Company	Non-controlling interests	TOTAL
As of 31 Dec 2010	**24,000**	**314,093**		**(5,757)**	**332,336**	**3,464**	**335,800**
Profit allocation		(5,757)		5,757	0		0
Other movements		(2,304)			(2,304)	204	(2,100)
Changes in non-controlling interests IFRS3		(2,712)			(2,712)	(1,500)	(4,212)
Dividends						(739)	(739)
Profit (Loss) of comprehensive income				(683)	(683)	365	(318)
As of 31 Dec 2011	**24,000**	**303,320**	**0**	**(683)**	**326,637**	**1,793**	**328,430**

	Share Capital	Other reserves	Other profit (loss) net of income taxes	Profit (Loss) for the year	Net equity attributable to Owners of the Company	Non-controlling interests	TOTAL
As of 31 Dec 2011	**24,000**	**303,320**	**0**	**(683)**	**326,637**	**1,793**	**328,430**
Profit allocation		(683)		683	0		0
Capital increases and payments					0	5	5
Changes in non-controlling interests IFRS3		(61)			(61)	(263)	(325)
Dividends						(125)	(125)
Profit (Loss) of comprehensive income			(975)	(87,197)	(88,173)	418	(87,755)
As of 31 Dec 2012	**24,000**	**302,575**	**(975)**	**(87,197)**	**238,403**	**1,828**	**240,230**

At 31 December 2012, TeamSystem Group's quota capital, which coincides with that of the Parent Company, was fully subscribed and paid in and consisted of one quota. No change has occurred in the financial year.

"Other income (expenses) net of the tax effect" relate primarily to the recognition of actuarial differences in accordance with the new standard "IAS 19 revised". The early application thereof had a negative effect on comprehensive income of Euro 1,018 thousand net of tax effect. There was no significant effect on the related opening balances.

The line labeled "Transactions with non-controlling interests" shows the change in equity pertaining to the Group (and that pertaining to non-controlling interest) as a consequence of the decrease in the non-controlling interest following the acquisition of further stakes by Group companies, also by means of the stipulation of agreements for put and call options on the shares/quotas not yet held. In particular, in the 2012 financial year the acquisition of a further 19.46% holding in Nuovamacut Nord Ovest srl led to a decrease in "retained earnings arising on consolidation" of approximately Euro 31 thousand and a decrease of approximately Euro 243 thousand in non-controlling interest; the acquisition of a further 7.5% holding in Nuovamacut Nord Est srl led to a decrease in "retained earnings arising on consolidation" of approximately Euro 31 thousand and a decrease of approximately Euro 20 thousand in non-controlling interest.

In accordance with common Italian practice, the table below shows the reconciliation of Net Equity and Profit (Loss) of the Parent Company and Net Equity and Profit (Loss) of the consolidated financial statements for the year ended 31 December 2012.

Reconciliation between profit (loss) and net equity of the parent company and profit (loss) and net equity of the consolidated financial statement

	Profit (Loss)	Net Equity
Profit (Loss) and Net Equity of the Parent Company	**(91,054)**	**239,041**
—Reversal of goodwill amortisation and other fixed assets' depreciation	90	167
—Reversal of unrealized gains on intercompany transactions—Inventory	26	5
—Valuation of ongoing services related to Education projects	(384)	462
—Fixed assets under finance lease and adjustment to fair value of PPE	(22)	25
—Adjustment resulting from the actuary valuation of Employee termination indemnities	120	(274)
—Amortisation of intangible assets	(1,388)	(2,136)
—Research and development expenses	191	351
—Reversal of transaction costs capitalized on the investment cost	(334)	0
—Provision for losses exceeding equity of consolidated companies and other provisions	(43)	0
—Write-down of investments	1,881	279
—Fair value evaluation of vendor loan	(587)	0
—Dividends received from consolidated companies	(2,908)	(2,908)
—Results and equity pertaining to the consolidated companies	7,216	3,390
Profit (Loss) and Net Equity of the Consolidated Financial Statement	**(87,197)**	**238,403**

13 Employee termination indemnities

	As of 31 Dec 2010	Change in consolidation area	Other movements	Service cost	Interest cost	Actuarial (gain) / loss	(Benefits paid)	As of 31 Dec 2011
Employee termination indemnities	6,382	308	0	651	287	(122)	(498)	7,008
Total	**6,382**	**308**	**0**	**651**	**287**	**(122)**	**(498)**	**7,008**

	As of 31 Dec 2011	Change in consolidation area	Other movements	Service cost	Interest cost	Actuarial (gain) / loss	(Benefits paid)	As of 31 Dec 2012
Employee termination indemnities	7,008	179	(11)	677	312	1,405	(654)	8,915
Total	**7,008**	**179**	**(11)**	**677**	**312**	**1,405**	**(654)**	**8,915**

In accordance with IAS 19, employee termination indemnities are considered to be a defined benefit plan to be accounted for by applying the "Projected Unit Credit Method," which consists of discounting an estimate of the amount to be paid to each employee on termination of their employment and which involves the determination of:

– **initial DBO** , that is, the present value of employee service payments expected to be made in the future, already available at the beginning of the period;

– **service cost**, that is, the present value of employee service expected to be made in the future relating to services provided in the current period;

– **interest cost**, namely, interest on the provision at the beginning of the period and on corresponding movements in the period being considered;

– **benefits paid and transfers in/out** represent all payments and transfers in and out relating to the period being considered, being elements that lead to the utilisation of the provision;

– **the actuarial gain and loss**, namely, the actuarial gain/loss relating to the valuation period.

The estimate, performed by an independent actuary, was computed on the basis of the following assumptions:

	Financial year 2012	Financial year 2011
Turnover	4.00%	4.00%
Discount rate	3.20%	4.60%
Anticipation rate	1.00%	1.00%

The discount rate used for the determination of the present value of the provision for severance indemnities was determined with reference to the IBoxx Corporate A index for December 2012, whereas the discount rate used for the determination of the liability at 31 December 2011 was determined with reference to the IBoxx Eurozone Corporate AA index. It should be noted that if the Company had not changed the criteria for estimating the provision for severance indemnities and had it adopted the same discount rates applied for the measurement of severance indemnities at 31 December 2011, the amount of the liability would have been approximately Euro 559 thousand higher.

Furthermore, it should be noted that, should the annual discount rate vary by plus or minus ¼%, the provision for severance indemnities would be approximately Euro 8,656 thousand and Euro 9,189 thousand, respectively.

As described in the section relating to accounting standards, the amendment to IAS 19— Employee benefits, eliminates the option to defer the recognition of actuarial gains and losses under the "corridor" method and requires the entire deficit or surplus to be recorded in the consolidated statement of financial position and the separate recognition in the consolidated income statement of service cost and net interest, while actuarial gains and losses arising from "remeasurement" each year of assets and liabilities are required to be recognised in the consolidated statement of comprehensive income. Consequently, the change included in the 2012 consolidated statement of comprehensive income (Euro 1,018 thousand) equates to the actuarial gain and loss (Euro 1,405 thousand) as indicated above, net of the tax effect of Euro 386 thousand.

If (in compliance with IAS 1, following the early application of IAS 19 as just commented upon) the Company had restated the 2011 consolidated income statement and consolidated statement of comprehensive income, the Group's results for the financial year would have been negatively impacted by approximately Euro 88 thousand (net of the tax effect), whereas the comprehensive result would have remained unchanged and neither would there have been any impact on the consolidated statement of financial position. Consequently, considering the absolute immateriality of the amounts in question, the Company did not restate the consolidated income statement and consolidated statement of comprehensive income for the 2011 financial year.

14 Provisions for risks and charges

	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Utilisations)	As of 31 Dec 2011
Provision for pension and similar obligations	975	279		84	(290)	1,048
Provision for litigations	628			149	(15)	763
Other provision for risks and charges	302	2		65	(254)	115
Total	**1,906**	**280**		**298**	**(559)**	**1,926**

	As of 31 Dec 2011	Change in consolidation area	Other movements	Additions	(Utilisations)	As of 31 Dec 2012
Provision for pension and similar obligations	1,048		3	114	(229)	937
Provision for litigations	763	27		4	(179)	614
Other provision for risks and charges	115	189	(3)	97	(93)	304
Total	**1,926**	**215**	**0**	**214**	**(501)**	**1,856**

The "Provision for pensions and similar obligations" amounts to Euro 937 thousand at 31 December 2012 and mainly relates to the Provision for agents' indemnity.

The Provision for litigation at 31 December 2012 amounts to Euro 614 thousand and mainly refers to some tax arguments within preliminary report issued by the Italian Tax Authority in relation to the Company. Despite of this, the Group is not party to any other significant litigation or disputes.

15 Other non current liabilities

Other non current liabilities" amount to Euro 949 thousand at 31 December 2012 (Euro 1,012 thousand at 31 December 2011) and essentially relate to Parent Company balances:

- Euro 95 thousand relating to income tax, VAT and other taxes of TeamSystem Fabriano Srl, merged by absorption into TeamSystem Srl in 2001 ;
- Euro 854 thousand relating to social contributions of which Euro 827 thousand relates to the ancillary establishment in Campobasso and Euro 27 thousand relates to the ancillary establishment in Fabriano.

It should be noted that Legislative Decree 61/2008 (ratified by Law 103/2008) and Legislative Decree 62/2008 (ratified by Law 201/2008) have provided for the payment, at an amount reduced by 40%, without any additional penalties and interest, by means of 120 monthly instalments, of taxation and contributions suspended as a result of regulatory provisions for areas hit by the earthquake of 1997 (Marche and Umbria).

16 Current tax liabilities

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
VAT liabilities	203	176	26	14.80%
Income tax payables	1,051	381	669	175.50%
Liability resulting from tax consolidation	10	12	(2)	−18.37%
Withholdings	1,906	1,827	78	4.3%
Other tax liabilities	1,498	3,413	(1,915)	−56.1%
Total	**4,666**	**5,810**	**(1,143)**	**−19.7%**

"Other tax liabilities" almost entirely relate to substitute tax payable, whose payment is divided by instalments, (triggered by the Parent Company) due to the effect of the step-up of the tax basis (during 2011) of the asset "TeamSystem Software" on the allocation of the purchase price for the acquisition of TeamSystem Group by the private equity firm HG Capital.

17 Other current liabilities

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
Due to social securities	3,364	3,109	255	8.2%
Employee payables	6,403	5,720	683	11.9%
Advances	3,004	3,555	(552)	−15.5%
Other liabilities	604	478	126	26.4%
Accrued income	291	362	(71)	−19.7%
Deferred revenues	8,783	7,830	953	12.2%
Total	**22,448**	**21,053**	**1,395**	**6.6%**

"Employee payables" of Euro 6,403 thousand relate to remuneration and 2012 performance bonuses (not yet paid at the year end) payable to employees, directors and collaborators, as well as accruals for holiday pay and leave of absence. It should be noted that there are no employee bonuses due beyond one year worthy of mention.

"Advances" at 31 December 2012 amount to Euro 3,004 thousand and mainly relate to advances received by the "Education" SBU relating to training services being provided at the consolidated statement of financial position date.

"Deferred revenues" (Euro 8,783 thousand) mainly relates to the portion of revenues for software subscriptions (pertaining essentially to Nuovamacut Group companies) attributable to future financial years, based upon the contract duration.

18 Revenue

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
Sales and subscriptions of hardware	7,576	8,829	(1,253)	−14.2%
Sales and subscriptions of software	109,696	100,056	9,640	9.6%
Sales of other products	1,714	1,654	60	3.6%
Sales of other services	18,068	19,073	(1,004)	−5.3%
Education	13,715	11,902	1,813	15.2%
Total	**150,769**	**141,513**	**9,256**	**6.5%**

For comments relating to revenue trends, reference should be made to the Note 30 (Operating segments).

19 Other operating income

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
Credit notes and expenses reimbursements	948	852	96	11.2%
Other revenues	629	187	442	236.0%
Total	**1,577**	**1,040**	**538**	**51.7%**

20 Consumption of raw and other materials

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
HW purchases	4,692	5,400	(708)	−13.1%
Third parties' SW for resale	10,744	10,854	(111)	−1.0%
Handbooks and forms	192	214	(22)	−10.4%
Materials for education	497	459	38	8.3%
Fuel	1,167	969	198	20.4%
Other materials	909	928	(19)	−2.1%
Change in inventory of raw materials and consumables	134	60	75	125.7%
Total	**18,334**	**18,883**	**(549)**	**−2.9%**

The cost of "Consumption of raw and other materials" mainly relates to the cost of sales of hardware, third party software and manuals.

21 Cost of services

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
Agents commissions and other costs	3,372	3,040	331	10.9%
Consulting and third parties services	7,591	5,662	1,929	34.1%
Administrative, tax and legal expenses	1,273	1,297	(24)	−1.8%
Education—Consulting and copyrights	3,388	2,528	861	34.1%
Magazines—Consulting and copyrights	711	690	21	3.0%
Other costs for education services	1,170	1,276	(106)	−8.3%
Advertising and marketing	2,480	1,655	825	49.8%
Car rentals	1,964	1,851	113	6.1%
Consumptions	1,920	1,804	117	6.5%
Other services	6,024	5,622	402	7.1%
Services capitalized as development costs	(1,264)		(1,264)	
Total	**28,629**	**25,425**	**3,204**	**12.6%**

"Other services" mainly comprise:

a) costs (incurred by the Parent Company) of approximately Euro 564 thousand relating to the activation and/or the provision of services such as TeamSystem Electronic Services, tax return assistance etc.;

b) costs for shipping and transport of Euro 1,333 thousand;

c) costs for reimbursement of expenses of Euro 1,789 thousand;

d) insurance costs of Euro 233 thousand;

e) repairs and maintenance costs of Euro 368 thousand.

Mainly as a result of the project for renewal of "PROTEO 360" software (as previously commented upon in Note 2 to these consolidated financial statements) the Parent Company resorted to external resources (with respect to employed staff) to assist with the completion of the project for innovation of its product portfolio. The related expenditure (approximately Euro 1,264 thousand) has thus been reversed from operating costs and has been capitalised.

22 Personnel cost

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
Wages	34,361	30,803	3,559	11.6%
Social securities	10,108	9,070	1,038	11.4%
Employee termination indemnities	1,899	1,664	235	14.1%
Other personnel expenses	40	32	9	27.4%
Total personnel expenses	46,408	41,568	4,840	11.6%
Freelancers and collaborators fees	846	830	16	1.9%
Directors' fees and related costs	3,509	3,318	191	5.8%
Personnel capitalized as development costs	(3,004)	(2,294)	(710)	31.0%
Total	**47,759**	**43,422**	**4,337**	**10.0%**

With respect to the cost of employee termination indemnities, reference should be made to Note 13 thereon.

23 Other operating expenses

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
Rents	2,021	1,712	309	18.0%
Rentals	373	235	138	59.0%
Other expenses for use of third parties assets	29	34	(5)	−15.0%
Other taxes	206	149	57	38.6%
Losses from assets disposals	8	27	(19)	−69.5%
Other expenses	299	243	56	22.9%
Total	**2,937**	**2,401**	**536**	**22.3%**

The growth in "Other operating costs" since the prior financial year is basically due to the growth in costs for "Rent" (Euro 309 thousand) consequent to changes in the scope of consolidation.

24 Non-recurring expenses

Non-recurring costs for the year ended 31 December 2012 amount to Euro 3,777 thousand (Euro 3,146 thousand for the year ended 31 December 2011) and relate to tax and legal advice and other sundry expenses, the nature of which is deemed to be non-recurring with respect to the business's normal operations. In particular, these costs include advisory costs incurred for acquisitions of equity investments (Euro 1,408 thousand) and management consulting

(Euro 1,345 thousand) performed by leading international consulting firms aimed at the improvement of commercial performance and the quality of the Group's product range as well as the improvement of the efficiency of business processes (project Blue Print).

25 Allowance for doubtful receivables and other risk provisions

This reflects accruals made to the provision for doubtful accounts and the provision for risks (Euro 1,905 thousand for the year ended 31 December 2012 and Euro 1,750 thousand for the year ended 31 December 2011).

26 Impairment of non current assets

This exclusively reflects the writedown of Euro 75 million of part of the carrying value of Goodwill as a result of the outcome of impairment tests.

27 Finance income

"Finance income" is comprised of the following:

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
Interests and other finance income	2,500	1,921	579	30.2%
Interest from banks	210	224	(14)	−6.4%
MTM valuation of derivative instruments		1,754	(1,754)	−100.0%
Total	**2,710**	**3,899**	**(1,189)**	**−30.5%**

"Interest and other income" includes income of Euro 2,376 thousand relating to a decrease in the estimated vendor loan payable, due to changes in fair-value in the year.

28 Finance cost

"Finance cost" are comprised of the following:

	As of 31 Dec 2012	As of 31 Dec 2011	Net change	Net change—%
Interest on bank overdrafts and loans	10,773	11,242	(469)	−4.2%
Interest on loans from shareholders	8,398	8,375	23	0.3%
Interest on derivative instruments	1,875	2,607	(732)	−28.1%
Interest—financing fees	2,604	2,597	7	0.3%
Bank commission	925	1,106	(180)	−16.3%
Loss resulting from MTM derivatives valuation	94	2,321	(2,227)	−96.0%
Interest from actuary valuation of employee benefit	332	310	21	6.9%
Other Ifrs financial charges	2,792	800	1,992	249.1%
Other financial charges	358	371	(13)	−3.5%
Impairment of other equity investments	20		20	100.0%
Total	**28,170**	**29,728**	**(1,558)**	**−5.2%**

An amount of Euro 2,024 thousand of "Other IFRS financial charges" relates to the change in the year of the fair value of the vendor loan. Of this financial charge, approximately Euro 587 thousand is due to the payment of dividends to third parties.

29 Current taxes

Current taxes for the 2012 financial year amount to Euro 8,201 thousand and consist of the following:

– IRES of Euro 4,820 thousand;

– IRAP (regional tax on productive activities) of Euro 3,381 thousand.

It should be noted that the aforementioned IRES amount is stated net of non-recurring income of Euro 1,392 thousand relating to an IRES refund claim for the failure to deduct labour costs from IRAP. This claim is based on Art. 2, paragraph 1, of Legislative Decree 201/2011 (converted into Law no. 214/2011)—"Monti's maneuver"—plus Legislative Decree no. 16 of 2/3/2012 (so called tax simplification decree, converted, with amendments, by Law no. 44 of 26 April 2012) that has ruled on the possibility to also apply the new provisions concerning full deductibility to the prior tax years 2007-2011.

With respect to the amount of deferred tax recorded in the consolidated income statement, reference should be made to details provided in Note 5.

30 Operating segments

In accordance with IFRS 8—Operating segments, an operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; c) for which discrete financial information is available. Within TeamSystem Group the following three operating segments have been identified, characterised by the autonomous nature of their products/services and production processes that have the aforementioned features:

- Software and Services (SWSS), that is, the operating segment consisting of all the Group companies operating in the software production/marketing sector;
- Education, that is, the segment consisting of companies operating in the professional training sector, being Gruppo Euroconference Spa, Optime Srl, Paradigma Srl and Education Team Srl;
- CAD/CAM, that is, the operating segment relating to Nuovamacut group companies.

Please note that all costs have been properly allocated to the corresponding operating segment (none "non-allocated costs"), considering the nature and relations of such costs to corresponding revenues.

The following definitions relate to terms used in the table set out below:

EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation;

It is calculated as operating result plus (i) impairment of non-current assets, (ii) allowance for doubtful receivables and other risks provisions (iii) depreciation and amortization of non current assets (iv) non-recurring expenses.

Cash EBITDA = is calculated as the difference between EBITDA as above, net of capitalized development expenses in the financial year;

Adjusted EBITDA = is equal to the above EBITDA without taking account of the allowance for doubtful receivables.

EBIT = Earnings before Interest and Taxes

It is calculated as follows with reference to the format of the financial statements: Profit (Loss) for the year +/- current and deferred tax for the year +/- financial charges and income. This parameter coincides with the operating result presented by the consolidated income statement.

It should be noted that these financial parameters are not disciplined by IFRS and, accordingly, the preparation criteria adopted by the Company and by the Group may not be comparable with those adopted by other companies.

SEGMENT INFORMATION As of 31 Dec 2011	SWSS	Education	CAD/CAM	TOTAL	Reconciliation	Consolidated Financial Statement
TOTAL REVENUE	**110,409**	**12,202**	**20,528**	**143,140**	**(587)**	**142,553**
Total Revenue— External from other reportable segments	110,125	12,000	20,428	142,553		
Total Revenue— Internal from other reportable segments	284	203	100	587		
EBITDA "cash"	**43,797**	**3,382**	**1,463**	**48,643**	**(1)**	**48,641**
Capitalized development expenses	2,294	0	0	2,294	0	2,294
EBITDA	**46,091**	**3,382**	**1,463**	**50,936**	**(1)**	**50,935**
Allowance for doubtful receivables	(1,370)	(2)	(115)	(1,486)	0	(1,486)
EBITDA adjusted	**47,461**	**3,384**	**1,577**	**52,423**	**(1)**	**52,421**
Depreciation on tangible assets	(712)	(81)	(97)	(890)	0	(890)
Depreciation on intangible assets	(23,048)	(324)	(641)	(24,013)	0	(24,013)
Other provisions	(24)	(65)	(175)	(264)	0	(264)
Non-recurring expenses	(3,071)	(16)	(61)	(3,148)	1	(3,146)
EBIT	**19,236**	**2,897**	**489**	**22,622**	**(0)**	**22,622**
Financial income	3,866	272	9	4,147	(248)	3,899
Dividends	1,631	0	0	1,631	(1,631)	0
Financial expenses	(29,732)	(50)	(195)	(29,976)	248	(29,728)
Profit (Loss) before income taxes	**(4,998)**	**3,119**	**303**	**(1,576)**	**(1,631)**	**(3,207)**
Income taxes	(7,700)	(1,166)	(593)	(9,459)	0	(9,459)
Deferred taxes	12,011	121	217	12,349	0	12,349
Profit (Loss) for the year	**(688)**	**2,074**	**(73)**	**1,313**	**(1,631)**	**(318)**

SEGMENT INFORMATION As of 31 Dec 2011	SWSS	Education	CAD/CAM	TOTAL	Reconciliation	Consolidated Financial Statement
Asset—Net Invested Capital	546,473	18,524	11,161	576,159	115	576,274
Liabilities—Net Financial Position	180,904	(10,972)	(194)	169,738	119	169,857
Capex—Tangible assets	545	69	81	695	0	695
Capex—Intangible assets	186	106	31	323	0	323
Capex—Capitalized development expenses	2,294	0	0	2,294	0	2,294
Capex—Total	3,024	175	112	3,311	0	3,311

SEGMENT INFORMATION As of 31 Dec 2012	SWSS	Education	CAD/CAM	TOTAL	Reconciliation	Consolidated Financial Statement
TOTAL REVENUE	**117,953**	**14,345**	**20,750**	**153,048**	**(701)**	**152,346**
Total Revenue— External from other reportable segments	117,641	14,077	20,629	152,346		
Total Revenue— Internal from other reportable segments	311	268	122	701		
EBITDA "cash"	**44,160**	**2,855**	**1,670**	**48,684**	**(7)**	**48,677**
Capitalized development expenses	4,148	0	120	(975)	0	4,267
EBITDA	**48,307**	**2,855**	**1,789**	**52,951**	**(7)**	**52,945**
Allowance for doubtful receivables	(1,500)	0	(242)	(975)	0	(1,742)
EBITDA adjusted	**49,808**	**2,855**	**2,031**	**54,694**	**(7)**	**54,687**
Depretiation on tangible assets	(762)	(89)	(86)	(937)	0	(937)
Depretiation on intangible assets	(23,175)	(350)	(668)	(24,194)	0	(24,194)
Other provisions	(36)	(90)	(37)	(163)	0	(163)
Non-recurring expenses	(3,573)	(86)	(125)	(3,784)	7	(3,777)
Non recurring impairment on intangible assets	(75,000)	0	0	(75,000)	0	(75,000)
EBIT	**(54,239)**	**2,240**	**873**	**(51,126)**	**0**	**(51,126)**
Financial income	2,597	291	13	2,901	(191)	2,710
Dividends	1,396	0	0	1,396	(1,396)	0
Financial expenses	(28,077)	(78)	(205)	(28,361)	191	(28,170)
Profit (Loss) before income taxes	**(78,323)**	**2,453**	**680**	**(75,190)**	**(1,396)**	**(76,586)**
Income taxes	(6,798)	(1,138)	(265)	(8,201)	0	(8,201)
Deferred taxes	(2,346)	291	106	(1,950)	0	(1,950)
Profit (Loss) for the year	**(87,467)**	**1,606**	**520**	**(85,341)**	**(1,396)**	**(86,737)**

SEGMENT INFORMATION As of 31 Dec 2012	SWSS	Education	CAD/CAM	TOTAL	Reconciliation	Consolidated Financial Statement
Asset—Net Invested Capital	**454,883**	**26,503**	**10,265**	**491,651**	**64**	**491,715**
Liabilities—Net Financial Position	**182,097**	**(11,633)**	**(1,177)**	**169,287**	**114**	**169,402**
Capex—Tangible assets	**934**	**79**	**56**	**1,068**	**0**	**1,068**
Capex—Intangible assets	**1,840**	**70**	**84**	**1,994**	**0**	**1,994**
Capex—Capitalized development expenses	**4,148**	**0**	**120**	**4,267**	**0**	**4,267**
Capex—Total	**6,922**	**148**	**260**	**7,330**	**0**	**7,330**

In 2012 TeamSystem Group's revenues and EBITDA both grew significantly compared to 2011. Revenues recorded an increase of approximately Euro 9,793 thousand (with growth of approximately 7% and amounting to Euro 152,346 thousand) whereas EBITDA grew by approximately Euro 2,010 thousand (corresponding to an increase of approximately 4% compared to 2011). This growth is partly attributable to the contribution made by the companies newly consolidated in 2012, that is, Digita Srl, Education Team Srl, Paradigma Srl, Optime Srl and, lastly, Danea Srl (only the statement of financial position of the latter was consolidated at 31 December 2011).

From an analysis of EBITDA relating to TeamSystem Group's three operating segments, it should be noted that the Software and Services business unit contributed to the Group an EBITDA of Euro 48,307 thousand (over 91% of total EBITDA) with growth of Euro 2,216 thousand compared to 2011 (up approximately 5% in percentage terms), the CAD/CAM business unit contributed an EBITDA of Euro 1,789 thousand, with growth of Euro 326 thousand (up approximately 22% in percentage terms), while the Education business unit contributed an EBITDA of Euro 2,855 thousand, down on 2011 by approximately Euro 527 thousand (−16% in percentage terms). The negative result recorded by Education, which contrasts with the trend of the other two business units, is attributable to the not particularly brilliant trend in the relevant market, but also and above all, to the effects of the hostile spin-off of former employees and directors, the negative effects of which, in terms of earnings performance, partly continued into the first three months of 2013.

In any case, it should be noted that almost all of TeamSystem Group's revenues and activities relate to Italy, where almost all its operations are concentrated. The fragmentation of customers, which is typical of the sectors in which the Group operates, impedes any significant dependence on individual customers.

31 Financial instruments and IFRS 7

The Group Companies are exposed to a variety of risks of a financial nature that are managed and monitored centrally and which can be categorised as follows:

Foreign exchange risks

The Group Companies operate almost exclusively in Italy and, accordingly, are not exposed to foreign exchange risks.

Credit risk

The credit risk is substantially reduced by the high fragmentation of the customer base and the high degree of customer loyalty. Moreover, accurate procedures for the control of overdue balances limit doubtful balances to insignificant amounts.

In any case, the customer credit policy, by customer category (resellers and end-users), envisages:

a) the control and assessment of "credit standing";

b) the control of the flow of payment collection;

c) taking appropriate action by issuing reminders and by the use of credit collection procedures, including recourse to companies specialised in debt recovery.

The maximum theoretical exposure to credit risk for the Group Companies is represented by the carrying value of trade receivables as presented in the consolidated financial statements, as well as residual financial receivables recorded in current and non current financial assets.

As at 31 December 2012 the Group does not have any guarantees covering trade receivables.

The tool used by the Group for the classification and control of trade receivables consists of an Ageing List, in which amounts of overdue receivables are summarised by ageing category, from the most recent (0-30 days) to the oldest (over 180 days).

With respect to overdue receivables, the writedown recorded in the consolidated financial statements was determined based on a specific analysis of doubtful accounts. It should be noted, however, that the Group's performance in terms of credit collection is good and losses incurred in the past have been relatively modest.

In consideration of the insignificant credit exposure, no disclosure has been made at 31 December 2012 of past due trade receivables by ageing category.

Interest rate risk

TeamSystem Group is exposed mainly to interest rate risk, and mainly due to the indebtedness incurred for the purposes of the leveraged transaction in 2010, followed by a reverse merger. The floating rate loans, the features of which are disclosed in Notes 10 and 11, expose, in fact, the Parent Company and its subsidiaries to the risk of what could even be significant changes in cash flow. The aim of the management of interest rate risk is to limit and stabilise cash outflows due to interest expense on existing loans; for this purpose, the Parent Company has entered into interest rate swap contracts, which, even though they do not qualify as hedging for the purposes of IFRS, have characteristics that offset in part fluctuations in the Euribor rate that is a feature of much of the Group's debt.

As required by IFRS 7 and in order to measure the impact of the risk of variability of interest rates, Group Management has performed specific sensitivity analysis; this sensitivity analysis has been applied to the main statement of financial position components that could be subject to changes in carrying value as a result of fluctuations in market interest rates.

In particular, the analysis has taken into consideration the floating rate loans (primarily represented by "Facility A", "Facility B" and the "Acquisition facility") as well as the derivative financial instruments held by the Parent Company and has assumed a fluctuation of 30% upwards and downwards in applicable interest rates. The potential effects on income (before income taxes) of this assumed change would be a higher or lower financial charge of approximately Euro 360 thousand in the year to 31 December 2012 (it would have been Euro 105 thousand in the year ended 31 December 2011).

It should be noted that the spread applied to Facility A and Facility B also fluctuates based on certain financial parameters established by the loan agreement; in particular, the contractual spread may vary by a maximum of 4.5% to a minimum of 3.5% for "Facility A" and the "Acquisition facility" and by a maximum of 5% to a minimum of 4.5% for Facility B, based on the financial covenants (see also disclosures made in Note 10). The aforementioned sensitivity analysis was conducted assuming the maintenance of current levels of spread (4% for Facility A and Acquisition and 4.5% for Facility B); the change in the Group's performance consequently reflects an interest rate risk with variability that is additional to the interest related to the debt.

Liquidity risk

The two main factors that determine the dynamics of the Group's liquidity are, on one hand, the resources generated/absorbed by operating and investment activities and, on the other hand, the maturity and renewal of financial liabilities. Management of these risks is done by the Finance Department of the Parent Company.

Of the procedures adopted with the intention of optimising cash flow management and of reducing the liquidity risk, the following should be noted:

– the maintenance of an adequate level of available liquidity;

– the adoption of Cash-pooling at Group level;

– the obtainment of adequate borrowing facilities;

– the control of prospective liquidity conditions, in relation to the corporate planning process, also with reference to the verification of compliance with covenants.

The Group's financial projections do not indicate any critical issues concerning its ability to generate sufficient cash flow in 2013 to meet its contractual commitments. Regular and systematic historical and prospective analyses of contractual financial covenants are performed; from the computation prepared by Management for 2012, the contractual financial parameters have been complied with, whereas, with respect to 2013 forecasts, it is reasonable to believe that the objective of compliance with these conditions will be met. Moreover, it should be noted that TeamSystem Group Management is considering whether to proceed with extraordinary operations in order to restructure financial indebtedness, with one of the aims being to raise additional funding for acquisitions.

Set out below are details of the Group's financial liabilities analysed according to the related due dates of the payment outflows. The flows indicated are non discounted nominal cash flows, determined with reference to the residual contractual maturity for both capital and interest elements for which the assumed interest rates have remained unchanged from those existing at 31 December 2012 (both for loans and for interest rate swap derivatives at the consolidated statement of financial position date).

Position at 31 December 2011

	As of 31 Dec 2011	within 12 months	1-2 years	2-5 years	over 5 years	Total cash flow
Due to shareholders	77,986	4,300	4,086	13,732	97,328	119,446
Overdrafts and loans from banks	178,121	23,451	21,569	86,952	100,000	231,972
Other financial liabilities (leasing)	223	227				227
Derivative instruments	2,746	1,877	2,765			4,642
Vendor loan	17,056	2,970	3,517	5,543	6,286	18,315
	276,131	32,825	31,937	106,227	203,614	374,602

Position at 31 December 2012

	As of 31 Dec 2012	within 12 months	1-2 years	2-5 years	over 5 years	Total cash flow
Due to shareholders	82,083	4,086	4,286	14,660	100,373	123,405
Overdrafts and loans from banks	181,009	21,681	30,016	160,550		212,247
Overdrafts and loans from other financial institutions	48	48				1,793
Derivative instruments	2,758	2,765				2,765
Vendor loan	15,515	3,984	633	8,477	6,466	19,560
	281,413	32,564	34,935	183,687	106,839	358,026

The difference between the amounts presented in the consolidated financial statements and total cash flow is mainly attributable to the computation of interest over the contractual duration for amounts due to banks or for the vendor loan.

Financial instruments by category (IFRS 7 parag. 8)

As required by IFRS 7, paragraph 8, financial instruments have been identified by category pertaining to Group's assets and liabilities with respect to their classification in the statement of financial position.

TeamSystem Group
Notes to the consolidated financial statements (Continued)
for the year ended 31 December 2012

Position at 31 December 2011

	As of 31 Dec 2011	FVTPL	LAR	AFS	FLAC
Non-current assets					
Investments	311			311	
Other financial assets—non recurring	627	627			
Current assets					
Trade receivables	46,885		46,885		
Financing fees—Prepayments	1,983				1,983
Other current financial assets	415	415			
Cash and bank balances	13,826				
Non-current liabilities					
Due to shareholders—non current	75,154				75,154
Overdrafts and loans from banks and other financial institutions	165,315				165,315
Financing fees—non current	(11,438)				(11,438)
Other financial liabilities—non-current	18,376	18,376			
Current liabilities					
Due to shareholders—current	2,832				2,832
Overdrafts and loans from banks and other financial institutions—current	13,029				13,029
Other financial liabilities—current	1,426	1,426			
Trade payables	16,064				16,064

Position at 31 December 2012

	As of 31 Dec 2012	FVTPL	LAR	AFS	FLAC
Non-current assets					
Investments	295			295	
Current assets					
Trade receivables	46,466		46,466		
Financing fees—Prepayments	806				806
Other current financial assets	43	3		40	
Cash and bank balances	19,068				
Non-current liabilities					
Due to shareholders—non current	79,282				79,282
Overdrafts and loans from banks and other financial institutions	167,514				167,514
Financing fees—non current	(10,011)				(10,011)
Other financial liabilities—non-current	11,610	11,610			
Current liabilities					
Due to shareholders—current	2,801				2,801
Overdrafts and loans from banks and other financial institutions—current	13,543				13,543
Financing fees—current	0				
Other financial liabilities—current	6,663	6,663			
Trade payables	15,921				15,921

Explanations of financial instruments' categories

FVTPL = Financial instruments at fair value through profit and loss
LAR = Loans and Receivables
AFS = Financial assets available for sale
FLAC = Financial liabilities measured at amortised cost

Considering the features of the financial assets and liabilities recorded in the financial statements and shown by the above table, the fair value of many of these (current trade receivables and payables, current and non-current financial liabilities) do not differ from their carrying value.

Levels of fair value hierarchy

In relation to the financial instruments recorded in the statement of financial position at fair value, IFRS 7 requires these amounts to be classified on the basis of levels of hierarchy that reflect the significance of the input used for the determination of fair value. The levels are the following:

– Level 1—prices quoted by active markets for assets or liabilities being measured;

– Level 2—inputs other than Level 1 inputs that are directly observable (prices) or indirectly (derived from prices) market inputs;

– Level 3—inputs not based on observable market data.

Position at 31 December 2011

	Level 1	Level 2	Level 3	TOTAL
ASSETS				
Investments			311	311
Derivative instruments		82		82
Other financial assets	927		32	959
	927	**82**	**343**	**1,352**
LIABILITIES				
Vendor Loan			17,056	17,056
Derivative instruments		2,746		2,746
		2,746	**17,056**	**19,802**

Position at 31 December 2012

	Level 1	Level 2	Level 3	TOTAL
ASSETS				
Investments			295	295
Derivative instruments		3		3
Other financial assets			40	40
		3	**335**	**338**
LIABILITIES				
Vendor Loan			15,514	15,514
Derivative instruments		2,758		2,758
		2,758	**15,514**	**18,272**

During the year there have been no significant transfers from one level to another of the fair value categories presented.

The financial payable relating to the "vendor loan" represents the main category within the fair value level 3 and it's represented by the fair value of the estimated liability with respect to put and call or earnout agreements relating to various non-controlling holdings in the Group companies; the related fair value was determined considering the contractual hypotheses for the determination of the consideration. Changes in fair value, due both to timing and possible changes in *estimated* indicators that formed the basis for the computation of the consideration, are accounted for in the consolidatedincome statement; the effect recorded in the 2012 consolidated income statement resulting from the change in estimate of the fair value of the liability relating to the vendor loan amounts to approximately Euro 352 thousand and approximately Euro 2,376 thousand has been accounted for as "Interest and other income" (see also Note 27 in relation thereto) and approximately Euro 2,024 thousand as "Other IFRS financial charges" (Note 28).

With reference to the impact on the consolidated income statement, a detailed analysis is provided below in accordance with parag. 20 of IFRS 7.

Position at 31 December 2011

INCOME STATEMENT EFFECT 2011	FINANCIAL INCOME	FINANCIAL EXPENSE	OVERALL EFFECT
Cash and bank balances	224		224
Trade receivables	48		48
Due to shareholders		8,375	(8,375)
Overdrafts and loans from banks		11,242	(11,242)
Financing Fees		2,597	(2,597)
Derivative instruments (interests)		2,607	(2,607)
Derivative instruments (fair value)	1,754	2,321	(567)
Other financial liabilities (leasing)		7	(7)
Employee termination indemnities		310	(310)
Vendor loan (fair value)	1,843	360	1,483
Vendor loan (discounting)		433	(433)
Profits and Losses on changes	10	53	(43)
Other liabilities (fees and withholding tax)	21	1,372	(1,352)
Other liabilities		51	(51)
	3,899	**29,728**	**(25,829)**

Position at 31 December 2012

INCOME STATEMENT EFFECT 2012	FINANCIAL INCOME	FINANCIAL EXPENSE	OVERALL EFFECT
Cash and bank balances	210		210
Trade receivables	49		49
Other financial assets	42		42
Investments		20	(20)
Due to shareholders		8,398	(8,398)
Overdrafts and loans from banks		10,773	(10,773)
Financing Fees		2,604	(2,604)
Derivative instruments (interests)		1,875	(1,875)
Derivative instruments (fair value)		94	(94)
Other financial liabilities (leasing)		15	(15)
Employee termination indemnities		332	(332)
Vendor loan (fair value)	2,376	2,025	351
Vendor loan (discounting)		752	(752)
Profits and Losses on changes	3		3
Other liabilities (fees and withholding tax)	31	1,187	(1,155)
Other liabilities		97	(97)
	2,710	**28,170**	**(25,459)**

32 Guarantees provided, commitments and other contingent assets and liabilities

Guarantees Provided

At 31 December 2012, the quotas of the Parent Company as well as the shares of Gruppo Euroconference Spa were pledged as collateral for loans granted to the Parent Company (Note 10).

Other significant commitments and contractual rights

The Parent Company is party to put option agreements in respect of the shares/quotas held by non-controlling share in the following companies and for the percentage holdings as indicated below:

1) Digita Srl, with reference to 40.00% of the quota capital;

2) Education Team Srl, with reference to 22.50% of the quota capital;

3) H-Umus Srl, with reference to 15.00% of the quota capital;

4) TeamSystem Akron Srl, with reference to 49.00% of the quota capital;

5) Danea Srl, with reference to 49.00% of the quota capital;

6) Gruppo Euroconference Spa, with reference to 0.39% of the share capital;

7) Inforyou Srl, with reference to 40% of the quota capital;

8) I.S.P. Srl, with reference to 40% of the quota capital;

9) Lexteam Srl, with reference to 12.50% of the quota capital;

10) Metodo Srl, with reference to 10.00% of the quota capital;

11) TeamSystem Communication Srl, with reference to 40.00% of the quota capital;

The strike price of these options will be determined based on normalised earnings parameters of the companies in question to which will be added the average (or actual) net financial indebtedness for the period in which the put options may be exercised. The best estimate of discounted future disbursements has been recognised in the financial statements (Note 10) while the best estimate of future disbursements (by financial year) is indicated in the table shown in Note 31—Liquidity risk—analysis of financial liabilities by due date of cash outflows.

Operating lease agreements and rental of property

The Group companies are party to operating lease agreements relating mainly to the use of motor cars. At 31 December 2012 the amount of outstanding instalments for operating leases was approximately Euro 5.3 million. TeamSystem Group's operational premises are mostly leased. At 31 December 2012, the amount of outstanding lease instalments was approximately Euro 7.7 million.

	within 1 year	2 - 4 years	over 5 years	Total
Leases for motor cars	1,940	3,196	166	5,301
Leases for operational premises	1,979	3,877	1,805	7,662
	3,919	**7,073**	**1,971**	**12,963**

Other commitments and contingent assets/liabilities

The Group companies, in the performance of their activities, are exposed to a series of legal, tax and other risks. These risks relate to ongoing legal disputes (the outcome of which cannot be forecast with certainty) or claims made against Group companies for the recovery of damages suffered by third parties. An adverse outcome of these proceedings could lead to the payment of costs not covered (or not fully covered) by insurance and would thus impact the financial position.

The Group, in accordance with opinions provided by its legal advisers, has made specific provision as part of the provision for risks and charges (Note 14) for litigation for which it is believed that a disbursement of resources is probable and for which the amount is capable of being reliably estimated. Based on the information available, there are no further potentially significant contingent liabilities that could lead to significant disbursements for the Group.

Neither does the Group have any potentially significant contingent assets at 31 December 2012.

33 Related-parties transactions

Directors, board of audit committee and top management

As required by IAS 24, the table below shows the amounts due for 2012 and 2011 years to the members of TeamSystem Srl Board of Directors, those to statutory auditors and in addition those due to the Top Management of the Group.

	As of 31 Dec 2012	As of 31 Dec 2011
Directors	50	25
Audit committee	88	88
Top management	2,550	2,241
Total emoluments	2,688	2,354

In detail, compensations due to Top Management includes Euro 91 thousands (Euro 80 thousands as 31 December 2011) related to Italian T.F.R. allowance of the year.

As already indicated elsewhere in these notes, TeamSystem's senior and middle managers have a 24% of shares of the ultimate Parent Company of the Group; as already disclosed, these equity investments have the same characteristics in terms of subscription price and risk of other shareholders and there are no differences favouring Teamsystem's senior and middle management.

Receivables, payables, revenues and costs with parent companies

PARENT COMPANIES	Trade receivables	Other receivables	Financial receivables	As of 31 Dec 2012	Trade payables	Other liabilities	Financial liabilities	As of 31 Dec 2012
Titan Luxco 3 Sàrl						10	82,083	82,093
Total						**10**	**82,083**	**82,093**

PARENT COMPANIES	Raw materials consumables and purchased goods	Costs related to services	Other operating costs	Non recurring costs	Financial expenses	Taxes	As of 31 Dec 2012
Titan Luxco 3 Sàrl					8,398		8,398
Total					**8,398**		**8,398**

Related companies

TeamSystem Group has not been party to any transactions with related companies that are worth disclosing, other than those previously commented upon.

34 Average number of group employees

Set out below is a summary of the employees of Group Companies by category.

	Average 2012	Average 2011	Change	As of 31 Dec 2012	As of 31 Dec 2011	Change
Managers	18	12	6	21	14	7
Middle managers, White collars, workers	925	839	86	974	876	98
Total	**943**	**851**	**92**	**995**	**890**	**105**

35 Statutory auditors

In addition to the above information, please note that fees payable to Deloitte & Touche Spa as independent auditors, expensed by the Group in the 2012 financial year, amount to approximately Euro 115 thousand.

36 Goodwill of new subsidiaries acquired in 2012

The below tables show the details of the purchase price allocations of new acquired companies occurred in 2012.

Digita SRL—IFRS3 provisional goodwill

Statement of financial position
Digita Srl—As of 1 Jan 2012

ASSETS	As of 1 Jan 2012	Reclassifications adjustments PPA	As of 1 Jan 2012 post PPA	NOTES
Non-current assets				
Property, plant and equipment	23		23	
Deferred tax assets	46		46	**2**
Total non-current assets	**70**	**0**	**70**	
Current assets				
Trade receivables	153		153	**2**
Tax receivables	3		3	
Other receivables	5		5	
Cash and bank balances	2		2	
Total current assets	**163**	**0**	**163**	
TOTAL ASSETS	**233**	**0**	**233**	

Statement of financial position
Digita Srl—As of 1 Jan 2012

NET EQUITY AND LIABILITIES	As of 1 Jan 2012	Reclassifications adjustments PPA	As of 1 Jan 2012 post PPA	NOTES
TOTAL NET EQUITY	**(80)**	**3**	**(78)**	
Non current liabilities				
Employee termination indemnities	20	(4)	17	**1**
Deferred tax liabilities		1	1	**1**
Total non current liabilities	**21**	**(3)**	**18**	
Current liabilities				
Overdrafts and loans from banks and other financial institutions—current	193		193	
Trade payables	6		6	
Tax liabilities—current	42		42	
Other current liabilities	51		51	
Total current liabilities	**293**	**0**	**293**	
TOTAL LIABILITIES	**314**	**(3)**	**311**	
TOTAL NET EQUITY AND LIABILITIES	**233**	**0**	**233**	

	Gross value	Tax impact	Net equity adjustments	NOTES
RECONCILING STATEMENT OF GOODWILL AND NET EQUITY—IFRS OF Digita Srl As of 1 Jan 2012 POST PPA				
Adjustments description				
Valuation of Staff leaving indemnity	4	(1)	3	**1**
TOTAL ADJUSTMENTS PPA IFRS	**4**	**(1)**	**3**	a
Net equity as of 1 Jan 2012 ITA GAAP			**(80)**	b
Net equity IFRS post PPA			**(78)**	c = a+b
Cost of the investment			**417**	d
Capitalized transaction costs			**32**	e
Goodwill IFRS 3 Digita Srl—Provisional			**462**	f = d-c-e

NOTE 1 = actuarial valuation of the provision for termination indemnities at 31 December 2012.

It should be noted that the determination of Goodwill relating to Digita Srl is provisional.

H-Umus—IFRS 3 provisional goodwill

Statement of financial position
H-Umus Srl—As of 31 Dec 2012

ASSETS	As of 31 Dec 2012	Reclassifications adjustments PPA	As of 31 Dec 2012 post PPA	NOTES
Non-current assets				
Property, plant and equipment	19		19	
Intangible assets	59		59	
Deferred tax assets	18		18	**2**
Total non-current assets	**95**	**0**	**95**	
Current assets				
Inventories				
Trade receivables	450		450	**2**
Tax receivables	186		186	
Other receivables	17		17	
Cash and bank balances	395		395	
Total current assets	**1,048**	**0**	**1,048**	
TOTAL ASSETS	**1,143**	**0**	**1,143**	

Statement of financial position
H-Umus Srl—As of 31 Dec 2012

NET EQUITY AND LIABILITIES	As of 31 Dec 2012	Reclassifications adjustments PPA	As of 31 Dec 2012 post PPA	NOTES
TOTAL NET EQUITY	**516**	**1**	**517**	
Non current liabilities				
Employee termination indemnities	61	(1)	60	**1**
Provisions for risks and charges	182		182	
Total non current liabilities	**243**	**(1)**	**242**	
Current liabilities				
Trade payables	27		27	
Tax liabilities—current	208	0	208	
Other current liabilities	149		149	
Total current liabilities	**384**	**0**	**384**	
TOTAL LIABILITIES	**627**	**(1)**	**626**	
TOTAL NET EQUITY AND LIABILITIES	**1,143**	**(0)**	**1,143**	

	Gross value	Tax impact	Net equity adjustments	NOTES
RECONCILING STATEMENT OF GOODWILL AND NET EQUITY—IFRS OF H Umus Srl As of 31 Dec 2012 POST PPA				
Adjustments description				
Valuation of Staff leaving indemnity	1	(0)	1	**1**
TOTAL ADJUSTMENTS PPA IFRS	**1**	**(0)**	**1**	a
Net equity as of 31 Dec 2012 ITA GAAP			**516**	b
Net equity IFRS post PPA			**517**	c = a+b
Cost of the investment			**4,172**	d
Capitalized transaction costs			**90**	e
Goodwil IFRS 3 H Umus Srl—Provisional			**3,565**	f = d-c-e

Note 1 = Actuarial valuation of the provision for termination indemnities at 31 December 2012.

It should be noted that the determination of Goodwill relating to H-Umus's is provisional.

Education team SRL—IFRS 3 provisional goodwill

Consolidated statement of financial position
Education team Srl

ASSETS	Paradigma Srl ITA GAAP	Optime Srl ITA GAAP	Education Team Srl ITA GAAP	Elision of investments	Consolidated Statement Education Team Srl	Reclassifications adjustments PPA	Consolidated Statement POST PPA	NOTES
Non current assets								
Property, plant and equipment	9	28			37		37	
Intangible assets	5	16			21	(6)	15	**2**
Goodwill				5,805	5,805	(5,805)	(0)	**3**
Investments			7,384	(7,384)	(0)		(0)	
Deferred tax assets		30			30	2	32	
Total non current assets	**13**	**74**	**7,384**	**(1,579)**	**5,892**	**(5,809)**	**83**	
Current assets								
Trade receivables	120	109			229		229	
Tax receivables	24	67			91		91	
Other receivables	82	6			88		88	
Cash and bank balances	2,615	180	10		2,804		2,804	
Total current assets	**2,840**	**362**	**10**	**0**	**3,212**	**0**	**3,212**	
TOTAL ASSETS	**2,854**	**436**	**7,394**	**(1,579)**	**9,104**	**(5,809)**	**1,793**	

Consolidated statement of financial position
Education team Srl

NET EQUITY AND LIABILITIES	Paradigma Srl ITA GAAP	Optime Srl ITA GAAP	Education Team Srl ITA GAAP	Elision of investments	Consolidated Statement Education Team Srl	Reclassifications adjustments PPA	Consolidated Statement POST PPA	NOTES
TOTAL NET EQUITY	**1,452**	**127**	**7,394**	**(1,579)**	**7,394**	**(5,798)**	**1,596**	**1/2/3**
Non current liabilities								
Employee termination indemnities	104	13			117	(16)	101	1
Provisions for risks and charges		33			33		33	
Deferred tax liabilities						4	4	
Total non current liabilities	**104**	**46**	**0**	**0**	**151**	**(12)**	**139**	
Current liabilities								
Trade payables	644	106			749		749	
Tax liabilities—current	296	37			332		332	
Other current liabilities	359	120			479		479	
Total current liabilities	**1,298**	**262**	**0**	**0**	**1,560**	**0**	**1,560**	
TOTAL LIABILITIES	**1,4025**	**308**	**0**	**0**	**1,710**	**(12)**	**1,699**	
TOTAL NET EQUITY AND LIABILITIES	**2,854**	**436**	**7,394**	**(975)**	**9,104**	**(5,809)**	**3,295**	

	Gross value	Tax impact	Net equity adjustments	NOTES
RECONCILING STATEMENT OF GOODWILL AND NET EQUITY—IFRS OF Education Team Srl CONSOLIDATED STATEMENT				
Adjustments description				
Staff leaving indemnity (Paradigma)	14	(4)	10	**1**
Staff leaving indemnity (Optime)	2	(1)	1	**1**
Write-off start-up expenses Optime Srl	(6)	2	(4)	**2**
Write-off Goodwill	(5,805)		(5,805)	**3**
TOTAL ADJUSTMENTS PPA IFRS	**(5,795)**	**(3)**	**(5,798)**	a
Net equity As of 1 Jan 2012 ITA GAAP			**7,394**	b
Net equity IFRS post PPA			**1,596**	c = a+b
Cost of the investment			**8,407**	d
Capitalized transaction costs			**174**	e
Consolidated Goodwill IFRS 3 Education Team Srl—Provisional			**6,636**	f = d-c-e

Note 1 = Actuarial valuation of the provision for termination indemnities at 31 December 2012.

Note 2 = Writedown of start-up costs.

Note 3 = Writedown of goodwill in Italian GAAP consolidation.

It should be noted that the goodwill arising on consolidation of Education Team Srl, Paradigma Srl and Optime Srl is also provisional.

* * *

On behalf of the Board of Directors
of TeamSystem Srl

Pesaro, 29 March 2013

Managing Director
Federico Leproux

Consolidated financial statements for the year ended 31 December 2011

Deloitte.

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AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholder of TeamSystem S.r.l.

1. We have audited the consolidated financial statements of TeamSystem S.r.1. and its subsidiaries (the "TeamSystem Group"), which comprise the consolidated statement of financial position as of December 31, 2011 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with Auditing Standards issued by the Italian Accounting Profession (CNDCEC) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to the auditors' report issued by other auditors on June 28, 2011. In addition, the consolidated financial statements include a *pro forma* consolidated income statement related to the year 2010, in order to present retroactively at January 1, 2010 the *pro-forma* accounting effects of the acquisition of TeamSystem S.r.l. by Titan Bidco S.r.l., occurred on September 29, 2010; the *pro-forma* consolidated income statement was analyzed by other auditors, whose report was issued on June 28, 2011.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of TeamSystem Group as of December 31, 2011, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

4. The Directors of TeamSystem S.r.l. are responsible for the preparation of the Directors' Report in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Directors' Report is consistent with the consolidated financial statements of TeamSystem Group as of December 31, 2011.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Montanari
Partner

Ancona, Italy
May 21, 2012

This report has been translated into the English language solely for the convenience of international readers.

TeamSystem Group

Consolidated financial statements
For the year ended 31 December 2011

Consolidated statement of financial position

In Euro thousands	As of 31 Dec 2011	As of 31 Dec 2010	NOTES
ASSETS			
Non-current assets			
Property, plant and equipment	9,683	9,779	1
Intangible assets	283,990	305,069	2
Goodwill	353,652	341,849	3
Investments	311	111	4
Deferred tax assets	8,049	5,447	5
Other non-current financial assets	627	809	10
Total non-current assets	**656,312**	**663,065**	
Current assets			
Inventories	1,552	1,238	6
Trade receivables	46,885	38,009	7
Tax receivables	2,059	3,190	8
Other receivables	6,058	5,748	9
Financing fees—Prepayments	1,983	2,497	10
Other current financial assets	415	28	10
Cash and bank balances	13,826	17,255	10
Total current assets	**72,778**	**67,965**	
TOTAL ASSETS	**729,090**	**731,030**	

Consolidated statement of financial position

In Euro thousands	As of 31 Dec 2011	As of 31 Dec 2010	NOTES
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	24,000	24,000	12
Other reserves	303,320	314,093	12
Profit (Loss) for the year	(683)	(5,757)	12
Equity attributable to owners of the Company	**326,637**	**332,336**	
Non-controlling interests			
Non-controlling interests—Capital and reserves	1,428	3,142	12
Non-controlling interests—Profit (loss) for the year	365	322	12
Non-controlling interests—Total	**1,793**	**3,463**	
TOTAL EQUITY	**328,430**	**335,799**	
Non-current liabilities			
Due to shareholders—non current	75,154	71,038	11
Overdrafts and loans from banks and other financial institutions	165,315	173,355	10
Financing fees—non current	(11,438)	(12,732)	10
Other financial liabilities—non-current	18,376	9,424	10
Employee termination indemnities	7,008	6,382	13
Provisions for risks and charges	1,926	1,906	14
Deferred tax liabilities	83,093	97,673	5
Other non-current liabilities	1,012	1,131	15
Total non-current liabilities	**340,445**	**348,176**	
Current liabilities			
Due to shareholders—current	2,832	1,073	
Overdrafts and loans from banks and other financial institutions—current	13,029	6,463	10
Other financial liabilities—current	1,426	3,182	10
Trade payables	16,064	15,683	
Tax liabilities—current	5,810	2,938	16
Other current liabilities	21,053	17,716	17
Total current liabilities	**60,214**	**47,055**	
TOTAL LIABILITIES	**400,659**	**395,231**	
TOTAL EQUITY AND LIABILITIES	**729,090**	**731,030**	

Consolidated income statement

In Euro thousands Consolidated income statement	As of 31 Dec 2011	As of 31 Dec 2010	As of 31 Dec 2010 Pro-forma	Notes
Revenue	141,513	35,944	127,783	**18**
Other operating income	1,040	417	1,385	**19**
Total Value of production	**142,553**	**36,361**	**129,168**	
Consumption of raw and other materials	(18,883)	(4,874)	(16,746)	**20**
Cost of services	(25,425)	(7,087)	(22,836)	**21**
Personnel	(43,422)	(10,178)	(38,803)	**22**
—of which non-recurring	0	0	(50)	
Other operating expenses	(2,401)	(564)	(2,154)	**23**
Non-recurring expenses	(3,146)	(5,278)	(777)	
Total Cost of production	**(93,278)**	**(27,982)**	**(81,316)**	
Gross operating margin	**49,275**	**8,380**	**47,852**	
Depreciation, amortization and impairment of assets	(24,903)	(6,438)	(24,964)	**1 / 2**
Allowance for doubtful receivables and other risks provisions	(1,750)	(381)	(1,542)	**7**
Operating result	**22,622**	**1,560**	**21,347**	
Finance income	3,899	1,336	2,498	**24**
Finance cost	(29,728)	(7,382)	(26,353)	**25**
Loss before income taxes	**(3,207)**	**(4,486)**	**(2,508)**	
Income taxes				
—current income taxes	(9,459)	(2,720)	(10,947)	**26**
—deferred income taxes	12,349	1,770	9,161	**5**
—of which non-recurring	3,104	0	323	**5**
Profit (Loss) for the year	**(318)**	**(5,435)**	**(4,295)**	
Loss (Profit) attributable to non-controlling interests	**(365)**	**(322)**	**(553)**	
Profit (Loss) attributable to owners of the Company	**(683)**	**(5,757)**	**(4,847)**	

Note 1: for the purposes of a better understanding of the trend in results, consolidated pro-forma comparatives have been provided for 2010, backdated to 1 January 2010 to comprise the effects of the acquisition of Teamsystem S.r.l. by Titan Bidco S.r.l. (subsequently merged into Teamsystem S.r.l.) on 30 September 2010.

Note 2: it has not been considered necessary to prepare a consolidated statement of comprehensive income, since there are no additional components to be presented in either of the 2 financial years with respect to what has already been presented in the consolidated income statement.

Consolidated cash flow statement

In Euro thousands CONSOLIDATED STATEMENT OF CASH FLOW	As of 31 Dec 2011	As of 31 Dec 2010
Operating result	**22,622**	**1,560**
Adjustments for		
Capitalized development expenses	(2,294)	(524)
Depreciation, amortization and impairment of assets	24,903	6,438
Allowance for doubtful receivables	1,486	346
Other recognized provisions	264	35
Adjustments to Operating result—Total	**24,360**	**6,296**
Movements in working capital		
Trade receivables	(8,998)	5,969
Inventories	5	(212)
Other receivables	(233)	(1,507)
Trade payables	(249)	7,589
Change in Employee termination benefits	318	59
Change in Provision for risks and charges	(524)	(4)
Other liabilities	1,650	(15,440)
Movements in working capital—Total	**(8,031)**	**(3,547)**
CASH GENERATED FROM OPERATIONS	**38,950**	**4,309**
Property, plant and equipment	(633)	(111)
Intangible assets	(325)	(318)
Price paid for acquisition of new subsidiaries	(13,048)	(388,612)
CASH FLOWS FROM INVESTING ACTIVITIES	**(14,006)**	**(389,041)**
Net finance cost	(25,829)	(6,814)
Shareholder loan	5,875	72,111
Overdrafts and loans from banks and other financial institutions	(2,192)	49,739
Net of Financing fees	1,809	(15,230)
Other financial liabilities	7,102	(4,121)
Other financial assets	648	(43,443)
Changes in equity attributable to the owners of the Company	(2,742)	338,851
Changes in equity attributable to non-controlling interests	(1,326)	(4)
Dividends paid (non-controlling interests included)	(2,839)	(22)
CASH FLOWS FROM FINANCING ACTIVITIES	**(19,495)**	**391,067**
Tax receivables/payables and current and deferred taxes	(10,493)	(8,042)
CASH FLOWS FROM TAXES	**(10,493)**	**(8,042)**
CASH AND BANK BALANCES FROM CONSOLIDATION OF NEW SUBSIDIARIES AT THE DATE OF ACQUISITION	**1,616**	**18,952**
INCREASE (DECREASE) IN CASH AND BANK BALANCES	**(3,428)**	**17,245**
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR	**17,255**	**10**
CASH AND BANK BALANCES AT THE END OF THE YEAR	**13,826**	**17,255**

Note 1: the consolidated cash flow statement presents the change in cash flow and, accordingly, variations attributable to changes in scope of consolidation have been offset.

Note 2: the consolidated cash flow statement for the year ended 31 December 2010 relates to the period 30 September 2010—31 December 2010 due to the acquisition of Teamsystem S.r.l. by Titan Bidco S.r.l. (subsequently merged into Teamsystem S.r.l.) on 30 September 2010.

Consolidated statement of changes in owner's equity

In Euro thousands
Year ended 31 December 2010

	OPENING BALANCE	Appropriation of prior year result	Increase in share capital	Reverse merger	TS Group balances As of 30 Sep 2010	Other movements	Change in ownership	(Dividends)	Profit (Loss) for the year	As of 31 Dec 2010
Capital	**10**		**110**	**23,880**						**24,000**
Other reserves										
Reserve from payments on capital account			318,876	(23,880)		19,100				314,096
Retained earnings arising on consolidation							(3)			(3)
Total of other reserves	**0**	**0**	**318,876**	**(23,880)**	**0**	**19,100**	**(3)**	**0**	**0**	**314,093**
Profit (Loss) for the year									**(5,757)**	**(5,757)**
Total—Owners of the company	**10**	**0**	**318,986**	**0**	**0**	**19,100**	**(3)**	**0**	**(5,757)**	**332,336**
Non-controlling interests										
Non-controlling interests—Capital and reserves					3,168		(4)	(22)		3,142
Non-controlling interests—Profit (loss)									322	322
Total—Non-controlling interests	**0**	**0**	**0**	**0**	**3,168**	**0**	**(4)**	**(22)**	**322**	**3,463**
Net equity	**10**	**0**	**318,986**	**0**	**3,168**	**19,100**	**(7)**	**(22)**	**(5,435)**	**335,799**

Consolidated statement of changes in owner's equity (Continued)

Year ended 31 December 2011

	As of 31 Dec 2010	Appropriation of prior year result	Increase in share capital	Reverse merger	TS Group balances As of 30 Sep 2010	Other movements	Change in ownership	(Dividends)	Profit (Loss) for the year	As of 31 Dec 2011
Capital	**24,000**									**24,000**
Other reserves										
Legal reserve	0					4,800				4,800
Reserve from payments on capital account	314,096	(3,293)				(6,900)				303,903
Retained earnings arising on consolidation	(3)	(2,464)				(204)	(2,712)			(5,383)
Total of other reserves	**314,093**	**(5,757)**	**0**	**0**	**0**	**(2,304)**	**(2,712)**	**0**	**0**	**303,320**
Profit (Loss) for the year	**(5,757)**	**5,757**							**(683)**	**(683)**
Total—Owners of the company	**332,336**	**0**	**0**	**0**	**0**	**(2,304)**	**(2,712)**	**0**	**(683)**	**326,637**
Non-controlling interests										
Non-controlling interests—Capital and reserves	3,142	322				204	(1,500)	(739)		1,428
Non-controlling interests—Profit (loss)	322	(322)							365	365
Total—Non-controlling interests	**3,463**	**0**	**0**	**0**	**0**	**204**	**(1,500)**	**(739)**	**365**	**1,793**
Net equity	**335,799**	**0**	**0**	**0**	**0**	**(2,100)**	**(4,213)**	**(739)**	**(318)**	**328,430**

Note: The Other Movements column relates to the restitution of capital, whereas the Change in ownership column relates to the acquisition of further quotas from non-controlling shareholders, accounted for in accordance with IFRS 3.

Pesaro, 11 May 2012

On behalf of the Board of Directors of
TeamSystem Srl
Managing Director
Federico Leproux

TeamSystem Group
Notes to the consolidated financial statements for the year ended 31 December 2011

Introduction

On 30 September 2010 the private equity firm HG Capital (hereinafter "HGC") won the auction for the acquisition from Bain Capital of TeamSystem Srl (hereinafter "Incorporating Company") and its subsidiaries (hereinafter "TeamSystem Group" or the "Group") for approximately Euro 567 million. The purchase transaction ("Acquisition") was finalised by means of a corporate "vehicle" Titan Bidco Srl (hereinafter "Company" or "Incorporated Company"), a company entirely held by Luxco 3 S.à.r.l. and ultimately controlled by HG Capital Ltd.

The total amount of original financial indebtedness to which recourse was made by Titan Bidco Srl (a company set up on 16 December 2009) for the purpose of the acquisition (comprising that taken on by TeamSystem Srl) was approximately Euro 247.8 million, of which Euro 177.8 million relates to bank debt and Euro 70.0 million to a Shareholders Loan.

Subsequent to the acquisition, on 9 November 2010, TeamSystem was transformed from an S.p.A. (a company limited by shares) to an Srl (a company limited by quotas) and on 21 December 2010 the reverse merger took place between TeamSystem Srl (Incorporating Company) and Titan Bidco Srl (Incorporated Company). The consequent deed of merger was deposited with the business register on 21 December 2010. The accounting and tax effects have been backdated to 30 September 2010, the date when Titan Bidco Srl effectively acquired ownership of the stake in TeamSystem Srl and its subsidiaries.

For the sole purpose of improving disclosure, in these consolidated financial statements, as was the case for the consolidated financial statements of the previous year, the 2010 consolidated income statement shows a second column headed "31 December 2010 pro-forma", for the purpose of presenting the pro-forma accounting effects, backdated to 1 January 2010, of the acquisition by Titan Bidco Srl of TeamSystem Group. These figures are derived from the "Consolidated pro-forma financial statements of the Group for the year ended 31 December 2010" prepared, on a voluntary basis, in compliance with the provisions contained in the Consob communication DEM/1052803 of 5 July 2001.

Company background

TeamSystem Srl (the "Company" or the "Parent Company") is a company registered in the Pesaro Business Register and is domiciled in Italy. TeamSystem Srl is a leader in Italy in the production and marketing of management / ERP software and in the provision of training aimed at micro—small and medium enterprises, at professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals) and at associations.

Its registered office is in Via Gagarin 205, Pesaro. TeamSystem Srl does not have any financial instruments listed on the stockmarket. The company is a 100% directly held subsidiary of Titan Luxco 3 S.à.r.l. It is a 53% indirectly held subsidiary of the private equity firm HG Capital and is approximately 23% held by the private investment firm Bain Capital, with the remainder held by TeamSystem's senior and middle managers and by a number of financial investors. TeamSystem has operated for more than 30 years in the field of management software for consultants and businesses. It should be noted that the aforementioned equity investments have the same characteristics in terms of subscription price and risk and there are no differences favouring Teamsystem's senior and middle management.

These consolidated financial statements were prepared by the Board of Directors on 11 May 2012 for approval by the first call of the General Meeting of Shareholders set for 24 May 2012, with the second call set for 29 May 2012.

Accounting standards adopted

With respect to the accounting standards adopted for the preparation of the financial statements, it should be noted that, pursuant to articles 3 and 4 of Legislative Decree No. 38 of 28 February 2005 that governs the exercise of options provided for by article 5 of Community regulations No. 1606/2002 concerning international accounting standards, the Company has elected to adopt on a voluntary basis the international accounting standards approved by the European Commission (hereinafter "IFRS") for the preparation of its statutory and consolidated financial statements.

IFRS is intended to mean all "International Financial Reporting Standards", all International Accounting Standards ("IAS"), all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as Standing Interpretations Committee ("SIC") endorsed by the European Commission at the date of approval of the draft consolidated financial statements by the Parent Company's Board of Directors and covered by EU Regulations published at that date.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value, as well as on a going concern basis.

TeamSystem Srl's consolidated financial statements have been prepared on a going concern basis and the Board of Directors is not aware of any material uncertainties or doubts concerning TeamSystem Group's ability to continue its activities in the foreseeable future.

Set out below are the accounting policies applied in the preparation of the consolidated financial statements and which do not differ from those applied in the previous year.

Content of the consolidated financial statements

The consolidated financial statements include:

1. the consolidated income statement for the year ended 31 December 2011, together with the comparative consolidated income statement for the year ended 31 December 2010. In particular, it should be noted that the consolidated income statement format presents an analysis of costs aggregated by nature, since this classification is considered to be more relevant for the purposes of an understanding of TeamSystem Group's results. In particular, it should be noted that the income statement format adopted, in compliance with IAS 1, presents the following captions, not defined as accounting measures by IFRS (accordingly the criteria for the definition of these captions may not be consistent with that adopted by other companies), since the Company believes that this information is relevant for the purposes of an understanding of TeamSystem Group's results:

   a. Gross operating margin: consists of net income for the year before the following: 1) taxation; 2) gains/losses on assets held for sale; 3) financial income/expense; 4) depreciation and amortisation and writedowns of fixed assets 5) writedowns of receivables and other accruals;

b. Operating result: consists of net income for the year, before tax, gains/losses on assets held for sale and financial income/expense;

c. Profit (Loss) before income taxes: consists of net income for the year before income taxes.

Revenues and costs for the year are presented solely in the income statement, since there are no circumstances requiring separate presentation in the consolidated statement of comprehensive income as required by IFRS.

As previously indicated, the third income statement column "31 Dec 2010 Pro-forma" presents TeamSystem Group's results for 2010 as though the extraordinary transactions mentioned in the Introduction had been carried out at the beginning of the 2010 financial year.

2. the consolidated statement of financial position at 31 December 2011, together with the comparative consolidated statement of financial position at 31 December 2010. In particular, the consolidated statement of financial position has been prepared using a format, in accordance with IAS 1, classified on the basis of the operating cycle, with a distinction between current and non-current components. On the basis of this distinction, assets and liabilities are considered to be current, if it is assumed that they will be realised or settled during the normal operating cycle.

3. the consolidated cash flow statement for the year ended 31 December 2011, together with comparatives for the year ended 31 December 2010. For the preparation of the consolidated cash flow statement, the indirect method has been used, in compliance with IAS 7, under which income or the loss for the year is adjusted for the effects of non-cash transactions, for all sorts of items of deferred payments and charges that are the cause of charges and payments in the past or in the future, as well as items of gains or losses associated with cash flows of activities classified as investment or financing.

4. the consolidated statement of changes in owner's equity for the years ended 31 December 2011 and 2010 takes account of the previously mentioned changes correlated to the implementation of IAS 1 (Revised);

5. the notes to the consolidated financial statements (inclusive of appendices).

The figures included in the consolidated financial statements (as described above) and in the notes to the consolidated financial statements are expressed in thousands of Euros, except where otherwise indicated.

Scope of consolidation

The consolidated financial statements of TeamSystem Group include the financial statements of the Parent Company and those of businesses for which TeamSystem controls directly or indirectly the majority of voting rights that can be exercised at a shareholders' general meeting.

A listing of businesses consolidated on a line-by-line basis is provided in the following table:

CONSOLIDATED SUBSIDIARIES	Place of incorporation and operation	Share capital	Net equity	Profit (loss) for the year	Held %	Equity ratios %
TeamSystem Ancona Srl	Ancona	400,000	2,394,190	145,497	81.19%(1)	89.65%
TeamSystem Akron Srl	Ancona	52,000	628,015	264,934	51%(2)	100.00%
TeamSystem Emilia Srl	Reggio Emilia	100,000	1,936,169	769,522	75.00%	75.00%
TeamSystem Milano Srl	Milano	66,666	2,642,636	644,753	100.00%	100.00%
Gruppo Euroconference Spa	Verona	300,000	4,466,397	2,182,036	90.61%(3)/(4)	96.87%
Drc Form Srl	Milano	15,000	32,093	5,861	100%(5)	96.87%
Lexteam Srl	Pesaro	20,000	806,368	104,294	87.5%(2)	100.00%
Zeronove Srl	Faenza (RA)	10,000	3,943,190	622,478	93%(2)	100.00%
Metodo Spa	Bassano (VI)	100,000	3,693,257	790,860	90%(2)	100.00%
TeamSystem Roma Srl	Roma	10,320	893,483	267,644	100.00%	100.00%
Inforyou Srl	Castello di Godego (TV)	31,250	1,530,058	566,222	60%(2)	100.00%
TeamSystem Torino Srl	Torino	26,000	257,963	−24,543	75%(2)	100.00%
TeamSystem Service Srl	Campobasso	50,000	−155,515	−189,745	100.00%	100.00%
I.S.P. Srl	Parma	10,400	153,967	134,372	60%(2)	100.00%
TeamSystem Communication Srl	Civitanova Marche (MC)	23,300	274,496	−23,372	60%(2)	100.00%
Danea Soft Srl	Vigonza (PD)	100,000	790,865	417,632	51%(2)	100.00%
Nuovamacut Automazione Spa	Reggio Emilia	108,000	1,477,563	541,790	80%(2)	100.00%
Nuovamacut Nord Ouest Srl	Reggio Emilia	89,957	762,380	156,734	66.88%(6)	66.88%
Nuovamacut Nord Est Srl	Reggio Emilia	100,000	255,768	5,767	67.50%(6)	67.50%
Nuovamacut Bologna Macchine Utensili Srl	Reggio Emilia	70,000	36,018	25,677	75%(6)	75.00%
Nuovamacut Centro Sud Srl	Roma	10,000	51,204	24,131	70%(6)	70.00%

(1) = holding would be 89.65% should put/call option be exercised;

(2) = holding would be 100% should put/call option be exercised;

(3) = takes account of treasury shares held by Gruppo Euroconference;

(4) = holding would be 96.87% should put/call option be exercised;

(5) = investment held by Gruppo Euroconference Spa;

(6) = investments held by Nuovamacut Automazione Spa.

Changes to the scope of consolidation during the course of 2011

The scope of consolidation (that is, consolidation percentages) changed during the course of 2011 due to the effect of the following:

a) of the acquisition of a controlling interest in I.S.P. Srl (for which the results and financial position have been consolidated for the entire financial year) and the stipulation of contracts for a put/call option on the remaining quota capital not yet held;

b) of the acquisition of a controlling interest in TeamSystem Communication Srl (for which the results and financial position have been consolidated for the entire financial year) and the stipulation of contracts for a put/call option on the remaining quota capital not yet held;

c) of the acquisition of a controlling interest in Danea Soft Srl (for which only the financial position has been consolidated at 31 December 2011, as the combination occurred very close to year end) and the stipulation of contracts for a put/call option on the remaining quota capital not yet held;

d) of the acquisition (by Gruppo Euroconference Spa) of a 100% controlling interest in Drc Form Srl (for which the results and financial position have been consolidated for the entire financial year) and the stipulation of contracts for a put/call option on the remaining quota capital not yet held;

e) of the acquisition (by Nuovamacut Automazione Spa) of a 100% controlling interest in Nuovamacut 5 Srl, which was merged by absorption during the course of 2011 into its parent company Nuovamacut Automazione Spa;

f) of the merger between Nuovamacut Veneto Srl and Nuovamacut Friuli Srl that resulted in a company named Nuovamacut Nord Est, which is controlled by Nuovamacut Automazione Spa;

g) of the acquisition of further quotas in TeamSystem Ancona Srl and the stipulation of contracts for the purchase of further non-controlling interests therein;

h) of the stipulation of contracts for a put/call option on the entire quota capital not yet held of TeamSystem Akron Srl;

i) of the acquisition of the entire quota capital of TeamSystem Roma Srl (the results of which were already considered as being 100% attributable to the Group due to the effect of the stipulation of contracts for a put/call option on the entire quota capital);

j) of the acquisition of further quotas in TeamSystem Torino Srl (the results of which were already considered as being 100% attributable to the Group, due to the effect of the stipulation of contracts for a put/call option on the entire quota capital).

Reference date

The consolidated financial statements have been prepared from draft financial statements approved by the Boards of Directors.

All the financial statements of the TeamSystem Group companies have a 31 December financial year end.

Basis of consolidation

The financial statements used for the consolidation are the financial statements of the individual businesses, as approved by the respective administrative bodies. These financial statements are reclassified and adjusted in order to comply with IFRS and the accounting policies adopted by the Parent Company.

In the preparation of the consolidated financial statements, the statement of financial position and income statement components are consolidated line-by-line. Receivables and payables, income and charges and gains and losses originating from transactions between and among the businesses included in the consolidation are eliminated. The carrying value of consolidated equity investments is eliminated against the corresponding portion of equity attributable to the Group (or to non-controlling interest).

Equity investments in subsidiaries
These are consolidated on a line-by-line basis with respect to companies / entities over which the Group exercises control ("subsidiaries"), either through a direct or indirect majority holding of shares or quotas with voting rights or through the exercise of dominant influence, intended as the power to determine, even indirectly, the financial and operating policies of the companies / entities and to obtain benefits from their activities, regardless of the equity stake held. The existence of potential voting rights capable of being exercised at 31 December is considered for the purposes of the determination of control.

Subsidiaries are essentially consolidated as from the date on which control is assumed and are deconsolidated from the date on which control ceases.

On consolidation, amounts arising from transactions with consolidated subsidiaries are eliminated, particularly receivables and payables at the year end, costs and revenues as well as financial charges and income. Moreover, gains and losses realised between subsidiaries consolidated on a line-by-line basis are reversed, if significant.

Business combinations

Acquired subsidiaries are accounted for in accordance with the acquisition method as provided for by IFRS 3. The cost of the acquisition is determined by the sum of acquisition-date current values of the consideration transferred, liabilities incurred or assumed and financial instruments issued by the Group for the change in control of the business acquired.

All other costs associated with a transaction are expensed.

Identifiable assets, liabilities and contingent liabilities of the businesses acquired, which meet the conditions for recognition under IFRS 3, are measured at their acquisition-date current values, except for non-current assets (or disposal groups) classified as held for sale in accordance with IFRS 5 and which are recorded and measured in accordance with applicable accounting standards.

Goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any non-controlling interest and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the value of the acquisition-date amounts of the assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest and the fair value of the acquirer's previously-held equity interest in the acquiree, the surplus is recognised immediately in the income statement as income arising from the completed transaction.

Non-controlling interests at the acquisition date, may be measured at fair value or the non-controlling interest's proportionate share of net assets of the acquiree. The option is available on a transaction by transaction basis.

The Group, normally at the same time as the acquisition of majority / controlling stakes in an investee, enters into put and call option agreements for the residual stake held by non-controlling owners of the acquiree. For those cases where part of the acquisition takes place through the stipulation of a binding option agreement, with the simultaneous presence of put and call clauses, the investee is consolidated, since the substance of the binding option agreement is that of the payment of deferred consideration for part of the investee's capital, as evidenced by a series of transactions completed in the past. Accordingly, the estimated value of the exercise price of the put / call is included in the cost of acquisition and contributes to the overall determination of goodwill.

This accounting method applies only where the Group has acquired majority control of the voting rights of the companies acquired and where no doubt arises as to the distribution of relevant amounts of dividends in the period up to the date the option is exercised.

In view of the recognition of goodwill related to these options, TeamSystem Group accounts for, as a financial liability, the payable (so-called vendor loan) related to the estimated actual consideration for the exercise of the options.

In accordance with this principle, subsequent changes in the fair value of the payable, due to amendments made to the initial assessment of the exercise consideration, are recognised in the consolidated income statement, as is the case for the notional charges deriving from the gradual decrease of the effect of discounting.

Business combinations involving entities or businesses under common control are excluded from the scope of IFRS 3. A business combination involving entities or businesses under common control is a combination in which all the entities or businesses are controlled by the same party or when the controlling party before and after a business combination is the same and control is not of a temporary nature.

The existence of a non-controlling interest in each of the entities being combined, before or after the business combination, is not relevant for the determination of whether the business combination involves entities under common control. Transactions of this type (excluding transactions between companies included in the same scope of consolidation, since, in such a case, the principle of continuity of values applies) and which do not have a significant impact on future cash flow from the net assets transferred, are accounted for in accordance with the principle of continuity of values, otherwise they fall within the scope of IFRS 3.

Translation of foreign currency financial statements

The financial statements of the businesses comprised within the scope of consolidation are all prepared in Euros.

Intangible assets

Research and development expenses

In accordance with IAS 38, research expenses are charged to income as incurred.

Development costs incurred in relation to a determined project are capitalised only when the Company can demonstrate, by means of appropriate analysis, the technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

After initial recognition, development costs are carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation begins when development is complete and the asset is available for use. It is amortised with reference to the period for which it is envisaged that the associated project will generate revenues for the Group. During the period in which an asset is no longer in use, it is assessed annually to ascertain if there has been any impairment.

Other development expenses that do not meet the above requirements are expensed as incurred. Development costs that have previously been expensed are not accounted for as an asset in subsequent periods.

Capitalised development costs are amortised (as from the start of the production or marketing of the product) on a straight line basis over their residual useful life (estimated to be between 3 and 5 years).

Customer relationship

Customer relationship (which arose on accounting for the acquisition of TeamSystem Group that took place on 30 September 2010) represents the sum total of contractual (supply contracts and service contracts etc.) and non contractual customer relationships and has been valued based on discounted income flows (Income Approach). The asset is amortised over its useful life estimated to be twenty years.

Proprietary software

Proprietary software, which arose on accounting for the acquisition of TeamSystem Group that took place on 30 September 2010, is stated at its reproduction cost and is amortised over the length of its expected useful life of 5 years.

Proprietary software developed internally and destined for internal use is stated at cost of production and is amortised over the length of its residual expected useful life.

Third party software licenced for internal use

Third party software licenced for internal use is stated at purchase cost and is amortised over the length of its residual expected useful life estimated to be of five years.

Brands

The TeamSystem, Euroconference, Metodo and Nuovamacut brands, which arose on accounting for the acquisition of TeamSystem Group that took place on 30 September 2010, have been valued in accordance with the royalties method and are amortised over the length of their residual expected useful life estimated to be of twenty years (TeamSystem and Euroconference) or ten years (Metodo and Nuovamacut).

Goodwill

Goodwill is initially recognised at cost, represented by the excess cost of the business combination over the fair value of the assets and liabilities acquired.

Goodwill is not amortised, as required by IFRS, but is allocated to its respective Cash Generating Unit (hereinafter "CGU") and subjected annually (or more frequently if determined events or changes in circumstances indicate the possibility that value has been impaired) to impairment testing in accordance with IAS 36 "Impairment of Assets".

Subsequent costs

Costs incurred subsequently on intangible assets are capitalised if they increase the future economic benefit of the specific capitalised asset.

Amortisation

Amortisation is charged systematically on a straight line basis over the asset's estimated useful life, except for intangible assets with an indefinite life (being solely goodwill) that are not amortised and are systematically assessed to verify the absence of impairment. Other intangible assets are amortised as from the time they become usable. The estimated useful life of each main category is shown in the following table:

Goodwill	Indefinite useful life
Brands	10 - 20 years
Customer relationship	20 years
Proprietary software	5 years
Development expenses	3 - 5 years

Property, plant and equipment

Property, plant and equipment owned by the Group

Property, plant and equipment, consisting mainly of land, buildings, electronic machines, furniture and fittings and general and specific plant are stated at purchase cost, net of accumulated depreciation and writedowns. Costs incurred subsequent to acquisition (repairs and maintenance costs and replacement costs) are recorded as part of the carrying value of an asset, or recognised as a separate asset, only when it is believed that it is probable that associated future economic benefits will be generated and that the cost of the asset can be measured in a reliable manner. Repairs and maintenance costs (or costs of replacements that do not have the above characteristics) are expensed in the year in which they are incurred. Property, plant and equipment are systematically depreciated each year at rates determined on the basis of the residual useful life of the asset. The rates applied by the Parent Company are the following:

Land	Indefinite useful life
Buildings	33 years
Plant and machinery	10 years
Industrial and commercial equipment	7 years
Other assets	4 - 7 years

Regardless of the depreciation already accounted for, in the event of impairment, an asset is written down accordingly. Gains and losses arising on disposal are determined by comparing the sales consideration to the net book value. The amount determined is accounted for in the consolidated income statement in the pertinent year.

Financial charges incurred for capital expenditure on an asset that necessarily takes a substantial period of time to get it ready for its intended use ("qualifying asset" in accordance with IAS 23—Borrowing Costs) are capitalised and depreciated over the useful life of the asset class to which they relate. All other financial charges are expensed in the year they are incurred.

Borrowing costs for the purchase of fixed assets are charged to income.

Leased assets

In accordance with IAS 17, lease contracts are classified as finance leases where the terms of the contract are such as to transfer substantially all the risks and rewards incidental to ownership to the lessee. All other leases are considered to be operating leases. Leased assets are recognised at amounts equal to the present value of the future minimum lease payments. The corresponding liability towards the lessor is included in the consolidated statement of financial position as a liability for lease obligations. Payments of lease instalments are split between their capital and interest elements in order to produce a constant periodic interest rate on the remaining balance of the liability. Financial charges are expensed in the year.

Equity investments

Equity investments in other businesses classified as non current assets are stated at cost, inclusive of directly attributable charges, net of any impairment adjustments.

Inventories

Inventory is stated at the lower of specific purchase cost, inclusive of ancillary charges and its estimated realisable value, which can be derived from market prices. Inventories of obsolete or slow moving items are written down by taking account of their potential use or realisation.

Trade receivables

Receivables are recorded at cost (identified by their nominal value), net of a provision to take account of their expected realisable value.

Cash and bank balances

Cash and bank balances include cash on hand, bank and post office account balances and securities with an original maturity of less than three months.

Assets and liabilities classified as held for sale

Non current assets (or disposal groups) are classified as held for sale if their carrying value will be recovered mainly from the sale thereof rather than from their continuous use. Assets are measured at the lower of carrying value and fair value net of costs to sell. Assets and liabilities held for sale are presented separately from other assets and liabilities on the face of the statement of financial position. The impact on income of assets sold is presented separately in the income statement net of the tax effect.

Foreign currency transactions

The functional and presentation currency of the Group Companies is the Euro. As required by IAS 21, amounts originally denominated in foreign currency are translated at exchange rates ruling at the year end. Exchange differences realised on the collection of foreign currency receivables and on the payment of foreign currency payables are recorded in the consolidated income statement.

Writedowns (impairment)

The carrying value of assets with an indefinite useful life, for example goodwill and intangible assets in process of formation, are not subject to depreciation or amortisation, but are assessed annually to determine whether an asset may be impaired.

The carrying value of other assets, except for long term work in progress (IAS11), for financial instruments covered by IAS39 and for deferred tax assets (IAS12), are subject to assessment at each consolidated statements of financial position date sheet date to determine whether there is any indication that an asset may be impaired (impairment test). The estimated recoverable amount is represented by value in use. For the purposes of assessment, assets are grouped into the smallest identifiable unit for which the Company is capable of separating the related cash inflows (CGU).

If the recoverable amount of the asset or CGU is lower than the net carrying amount, the asset is adjusted to take account of the impairment loss, which is charged to the consolidate income statement within Non recurring impairment of assets. The impairment loss of a CGU is firstly allocated to goodwill and any residual balance is allocated to other assets.

Three CGUs have been identified by the Group as follows: the Software Solutions CGU consisting of all the Group companies operating in the software sector (comprising Metodo), the Education CGU (consisting of Gruppo Euroconference) and the Nuovamacut CGU (relating to Nuovamacut Group Companies). The goodwill allocated to the Software Solutions CGU, to the Education CGU and the Nuovamacut CGU are subject to impairment tests (at least annually) by use of the DCF Method, that is, using the cash flows (arising from the most recent business plans approved by management of the Companies) discounted at a rate which is representative of each CGU's business risk.

Interest bearing financial liabilities

Interest bearing financial liabilities are initially recorded at fair value, net of ancillary charges. Subsequent to their initial recognition, interest bearing financial liabilities are measured at amortised cost. As at the consolidated statement of financial position date, the Group Companies do not hold any financial liabilities designated at fair value through profit or loss.

Hedging instruments

The Group Companies use financial derivatives. These financial derivatives are classified as financial instruments held for trading, unless they are designated as effective hedging instruments. These financial derivatives are initially recognised at fair value at the date in which they are stipulated; subsequently, the fair value is periodically remeasured. They are accounted for as an asset when the fair value is positive and as a liability when it is negative. Any gain or loss resulting from a change in fair value is taken to income. The fair value of interest rate swap contracts is determined with reference to the market value of similar instruments.

At the start of a hedging transaction, the Company designates and formally documents the hedging relationship to which it intends applying hedge accounting, its risk management objectives and the strategies pursued. The documentation includes the identification of the hedging instrument, of the element or transaction subject to hedging, of the nature of the risk and the means by which the business intends assessing the effectiveness of the hedge in offsetting the exposure to changes in the fair value of the hedged element or in the cash flows attributable to the hedged risk. It is expected that these hedges are highly effective in offsetting the hedged exposure or changes in the hedged cash flows attributable to the hedged risk. The assessment of whether these hedges have been proven to be highly effective is performed on a continuous basis during the financial year in which they have been designated. The transactions that satisfy the criteria for hedge accounting are accounted for on the basis of the following policy.

The portion of the gain or loss on the hedging instrument relating to the effective hedge is taken directly to equity, whereas the non effective portion is immediately recognised in the consolidated income statement. The gain or loss included in equity is reclassified to the consolidated income statement in the year in which the hedged transaction impacts the income statement, that is, when the financial charge or income is recognised. If it is believed that the envisaged transaction will no longer take place, the amounts initially recorded in equity are transferred to the consolidated income statement. If the hedging instrument expires or is sold or annulled or if its designation as hedging is revoked, the amounts previously included in equity remain as such until such time as the expected transaction takes place.

Employee benefit plans

Defined contribution plans

A defined contribution plan is a pension plan for which the company pays fixed contributions to a separate entity. The company does not have any obligation, legal or otherwise, to make additional contributions if the fund has insufficient assets to meet the payment of all employee benefits relating to the period of service. The obligations related to contributions for employees' pensions and other benefits are expensed as incurred.

Defined benefit plans

Net obligations related to defined benefit plans consist mainly of employee termination indemnities and are calculated by estimating, with actuarial techniques, the amount of the future benefit accrued to employees in the current and prior financial years. The benefit thus determined is discounted and recognised net of the fair value of any related assets. The computation is performed by an independent actuary using the projected unit credit method. Actuarial gains and losses are recognised in the consolidated income statement in the year in which they arise.

Following the introduction of new legislation on supplementary pensions, as per Legislative Decree 252/2005, introduced by the 2007 Finance Act, the possibility has arisen to transfer accruing severance indemnities to supplementary pension funds. Consequently, in the actuarial valuation of the Provision for employee termination indemnities at 31 December 2008, account was taken of the effects deriving from the legislation, recognising, for IAS/IFRS purposes, only the liability relating to accrued severance indemnities remaining as a liability in the consolidated statement of financial position, as the amounts accruing are paid over to a separate entity (supplementary pension fund or the state fund Istituto Nazionale di Previdenza Sociale "INPS").

Provisions for risks and charges

Where the Company has an obligation, legal or otherwise, resulting from a prior event and it is probable that this will lead to the loss of economic benefits to meet the obligation, an appropriate provisions for risks and charges is recorded. No provision is made for future operating losses. Provisions are measured at the current value of Company's best estimate of the cost of satisfying the obligation existing at the consolidated statement of financial position date. With respect to legal cases, the amount of the provision is determined on the basis of estimates made by the relevant consolidated Company, together with its legal advisors, in order to determine the probability, the timing and the amounts involved.

Trade and other payables

Trade and other payables are stated at cost, representing their settlement value.

Revenues

Revenues from sales of goods and services

Revenues for sales of software licences or hardware are recognised on shipment of the goods, at which point the risks and benefits associated with ownership of the goods are transferred to the purchaser.

Revenues from sales of goods are recognised when the risks and benefits associated with ownership of the goods are transferred to the purchaser. Revenues from services still ongoing at the consolidated statement of financial position date are recognised on the basis of their percentage of completion at that date.

Revenues for support services are taken to income over the contractual duration.

There are no sales under multiple-element arrangements (e.g. goods and services) for which separate recognition of revenues would be required.

Grants

Grants are recognised when there is reasonable certainty that they will be received and that all related conditions will be met. Grants towards cost components are recognised as income, but are systematically allocated to the financial year, in order to match the costs they are intended to offset. For grants towards the cost of an asset, the asset and the grant are recognised at their nominal value and the release to income takes place gradually, on a straight line basis, over the expected useful life of the asset.

Where a non cash grant is received, the asset and the contribution are recognised at their nominal value and are released to income on a straight line basis over the expected useful life of the asset.

Dividends

The distribution of dividends to shareholders of the Group Companies is recognised as a liability in the period in which they are approved by the general meeting of shareholders.

Costs

Rent and operating leases charges

Rent and operating leases charges are charged to income on an accruals basis.

Financial income and expense

Financial income and expense are charged to income on an accruals basis.

Current and deferred taxation

The tax charge for the year comprises current and deferred taxation. Current tax is charged to income, except for cases where the tax relates to items accounted for as an equity component. Current tax is calculated by applying the tax rate in force at the consolidated statement of financial position date to taxable income. Concerning IRES (corporate income tax), it should be noted that the Parent Company and its subsidiaries have elected for a consolidated tax regime, with the Parent Company as tax consolidator.

Deferred tax is calculated, using the so-called liability method, on temporary differences between the book and tax bases of assets and liabilities. Deferred tax is calculated as a function of the expected timing of the reversal of the temporary differences, using the tax rate in force at the date of the expected reversal. A deferred tax asset is recognised only where it is probable that sufficient taxable income will be generated in subsequent years for the recovery thereof.

Segment information

As expressely provided for by IFRS 8, the Parent Company does not have any financial instruments listed on regulated markets and thus does not prepare segment information. In any case, the notes to the consolidated financial statements provide information on the more significant amounts (goodwill, revenues, etc.) relating to the Education division.

Use of estimates

The preparation of financial statements requires the Company to apply accounting policies and methods, which, in certain circumstances, depend on difficult and subjective assessments that may be based on past experience and on assumptions that, from time to time, are considered reasonable and realistic based on relevant circumstances. The application of these estimates and assumptions affects the amounts presented in the financial statements, comprising the statement of financial position, the income statement and cash flow statement, as well as the disclosures provided. The actual amounts of the financial statement components, for which estimates and assumptions have been used, may differ from those reported, due to the uncertainty of assumptions and the conditions on which estimates are based. Set out below is a listing of financial statement components that, more than others, require greater subjectivity, on the part of Company, in the application of estimates and, for which, a change in the conditions of underlying assumptions used may have a significant impact on the financial statements of the consolidated companies:

- Business combinations (IFRS 3) and measurement of intangible assets: the process of allocation of goodwill to the assets of TeamSystem Group following a business combination is based on estimates and assumptions derived from the professional judgement of the Company. Professional judgement is also used to determine the most appropriate methodologies for measurement, and in certain cases provisional initial accounting has been opted for, as permitted by the accounting standard.

- Goodwill and other intangible assets: goodwill and other intangible assets with an indefinite useful life are tested annually for impairment and during the course of the year if there is any indication thereof. Other intangible assets are tested annually for impairment when there are indications that the carrying amount may not be recovered. When value in use needs to be computed, the Company estimates the cash flows expected from an asset or from the CGU and choose an adequate discount rate in order to calculate the present value of the cash flows. Accordingly, the impairment test for fixed assets is performed using forecasts, which are naturally subject to uncertainty, of cash flow included in business plans approved by the relevant Board of Directors or in projections prepared by management of the Group companies in periods in which the business plan has not been updated for the insights needed to make strategic choices.

- Development expenses: the initial capitalisation of costs is subject to confirmation of the judgement of management as to the technical and economic feasibility of the project, usually when the project has achieved a precise phase of the development plan. To determine the amount to be capitalised, the Company applies various assumptions regarding expected future cash flows from the asset, the discount rate to apply and the periods in which the expected benefits will occur.

- Deferred tax asset and liability: a deferred tax asset has been recognised on interest expense exceeding gross operating income (hereinafter "GOI") carried forward, to the extent that it is probable that there will be sufficient future GOI to allow the surplus to be utilised. A significant discretional assessment is required by Management to determine the amount that can be accounted for as a deferred tax asset. They have to estimate the probable timing and the amount of future GOI, as well as a planning strategy for future taxation.

- Employee benefits: The cost of employee benefit plans is determined using actuarial assessments. An actuarial assessment requires the application of assumptions with respect to discount rates, the expected yield from investments, future wage increases, mortality rates and future increases in pensions. Due to the long term nature of these plans, the estimates are subject to a significant degree of uncertainty;

- Derivatives: the fair value of financial instruments not traded on an active market (for example, over-the-counter derivatives) is determined using valuation techniques. Company applies its own professional judgement to select the valuation methodology and the related assumptions based on market conditions at the end of each financial year.

New accounting standards

Accounting standards, amendments and interpretations in force as from 2011.

Standard	Content	Effective date	Date from which the standard is applicable to the Company	Expected impact on the Company's financial statements
Amendment to IAS 32—Financial instruments: presentation	The amendment has modified the methodology for accounting for rights, options and purchase warrants and for a fixed number and a fixed amount in any currency, of an entity's own equity instruments.	1 February 2010	1 January 2011	No impact for the Company.
IFRIC 19—Extinguishing financial liabilities with equity instruments	This clarifies the requirements of IFRS, in the case where a business renegotiates the terms of a financial liability with its creditor and the creditor commits to accepting the Company's shares or other equity instruments of the Company to extinguish all or part of a financial liability.	1 July 2010	1 January 2011	No impact for the Company.
Amendment to IFRS 1—First-time adoption of International Financial Reporting Standards amended to provide an exemption from comparative IFRS 7 disclosures	Gives the possibility to first-time adopters of IFRS to retrospectively apply the new requirements of IFRS 7 (Revised).	1 July 2010	1 January 2011	No impact for the Company.
IAS 24 revised—Related party disclosures	Amends the definition of related party and amends a number of matters concerning disclosure by government-related entities.	1 January 2011	1 January 2011	No significant impact is expected for the Company. On 11 November 2010 the Board approved the procedure for related party transactions as required by Consob resolution No. 17221 of 12/3/2010 and subsequent amendments
Amendment to IFRIC 14—The limit on a defined benefit asset, minimum funding requirements and their interaction	This permits entities to recognise as an asset voluntary prepayments for minimum funding contributions.	1 January 2011	1 January 2011	No significant impact is expected for the Company.

Accounting standards, amendments and interpretations in force for financial years commencing after 1 January 2011.

Standard	Content	Effective date	Date from which the standard is applicable to the Company	Expected impact on the Company's financial statements
Amendment to IFRS 7—Financial instruments: Disclosures	This promotes the transparency of disclosure of transfer transactions improving the understanding of users of financial statements of the risk associated with transfer transactions of financial assets and the effects of this risk on the financial position.	1 July 2011	1 January 2012	No significant impact is expected for the Company.
Amendment to IFRS 1—First-time adoption of International Financial Reporting Standards	The following aspects have been amended: a) The first amendment replaces references to a fixed date of 1 January 2004 with the date of transition to IFRS; b) The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRS after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.	1 July 2011	N/A	No impact for the Company.
Amendment to IAS 12—Income Taxes	Following the amendments made, for those who apply IAS 40, deferred tax is measured at the tax rate applicable on the sale of an asset and not at the tax rate applicable to the use of the asset.	1 January 2012	N/A	No impact for the Company since the applicable tax rate for income produced from the use of the asset and the income produced from the sale of the asset coincide.
Amendment to IAS 1—Presentation of financial statements	This indicates how to classify within the statement of comprehensive income those items that, in subsequent financial years, could be reclassified to the income statement.	1 July 2012	N/A	No significant impact is expected for the Company.
Amendment to IAS 19—Employee benefits	This eliminates the corridor method and partially amends the computation of finance costs.	1 January 2013	N/A	No significant impact is expected for the Company.

Standard	Content	Effective date	Date from which the standard is applicable to the Company	Expected impact on the Company's financial statements
IFRS 9—Financial instruments	This publication represents the first phase of project plan for the replacement of IAS 39. The new standard uses a single approach based on the means of management of financial instruments and on the features of contractual cash flows from financial assets for the determination of the assessment criterion, replacing various provisions of IAS 39. Moreover, the new standard envisages a single method for the determination of the impairment of financial assets.	1 January 2013	N/A	No significant impact is expected for the Company.
IFRS 10—Consolidated financial statements	This establishes new principles for the preparation of consolidated financial statements when an entity controls one or more other entities.	1 January 2013	N/A	No impact is expected for the Company.
IFRS 11—Joint Arrangements	This defines and amends the accounting treatment of joint arrangements and joint ventures.	1 January 2013	N/A	No impact is expected for the Company.
IFRS 12—Disclosure of interests in other entities	This amends and clarifies disclosure requirements relating to information to be provided on interests in other entities.	1 January 2013	N/A	No significant impact is expected for the Company.
IFRS 13—Fair value measurement	This improves consistency and reduces complexity by providing an unequivocal definition of fair value, unequivocally identifying the means of its application and the disclosures to be provided in the notes to the financial statements.	1 January 2013	N/A	The Company is evaluating the impact that this new standard could have on biological assets (current and non current) and on financial assets available for sale.
IAS 27 (Revised 2011)—Consolidated and separate financial statements	The standard has been revised following the approval of IFRS 10 (Consolidated financial statements). In particular, it sets out the requirements for the preparation of separate financial statements .	1 January 2013	N/A	No significant impact is expected for the Company.
IAS 28 (Revised)—Investments in associates	This amends and regulates the measurement of joint ventures following the approval of IFRS 11.	1 January 2013	N/A	No impact is expected for the Company.

Notes to financial statement components:
(all amounts are expressed in thousands of Euro)

1 Property, plant and equipment

Changes in tangible fixed assets since the 2010 financial year are set out below:

COST	**OPENING BALANCE**	**As of 30 Sep 2010 TS Group**	**Other movements**	**Additions**	**(Disposals)**	**As of 31 Dec 2010**
Lands		1,898				1,898
Buildings		7,923				7,923
Plant and machinery		1,580		11	(7)	1,584
Equipments		346		2		348
Other assets		6,812		104	(146)	6,771
Total		**18,558**		**118**	**(153)**	**18,523**

ACCUMULATED DEPRECIATION	**OPENING BALANCE**	**As of 30 Sep 2010 TS Group**	**Other movements**	**Depreciation**	**(Disposals)**	**As of 31 Dec 2010**
Lands						
Buildings		1,573		64		1,637
Plant and machinery		1,326		21	(7)	1,340
Equipments		285		5		290
Other assets		5,473		142	(138)	5,477
Total		**8,657**		**232**	**(145)**	**8,744**

NET VALUE	**OPENING BALANCE**	**As of 30 Sep 2010 TS Group**	**Other movements**	**Additions**	**(Depreciation)**	**(Disposals)**	**As of 31 Dec 2010**
Lands		1,898					1,898
Buildings		6,350			(64)		6,286
Plant and machinery		254		11	(21)	(0)	244
Equipments		60		2	(5)		58
Other assets		1,339		104	(142)	(7)	1,294
Total		**9,901**		**118**	**(232)**	**(7)**	**9,779**

COST	**As of 31 Dec 2010**	**Change in consolidation area**	**Other movements**	**Additions**	**(Disposals)**	**As of 31 Dec 2011**
Lands	1,898					1,898
Buildings	7,923			25		7,947
Plant and machinery	1,584	36		82	(20)	1,682
Equipments	348	83		120	(2)	549
Other assets	6,771	534		468	(558)	7,215
Total	**18,523**	**654**		**695**	**(580)**	**19,291**

ACCUMULATED DEPRECIATION	As of 31 Dec 2010	Change in consolidation area	Other movements	Depreciation	(Disposals)	As of 31 Dec 2011
Lands						
Buildings	1,637			257		1,894
Plant and machinery	1,340	27	(1)	85	(20)	1,432
Equipments	290	81		26	(2)	395
Other assets	5,477	386	1	522	(498)	5,888
Total	**8,744**	**494**		**890**	**(520)**	**9,608**

NET VALUE	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Depreciation)	(Disposals)	As of 31 Dec 2011
Lands	1,898						1,898
Buildings	6,286			25	(257)		6,054
Plant and machinery	244	9	1	82	(85)		251
Equipments	58	3		120	(26)		154
Other assets	1,294	148	(1)	468	(522)	(60)	1,327
Total	**9,779**	**160**		**695**	**(890)**	**(60)**	**9,683**

"Land" consists of leasehold land of Euro 880 thousand and of freehold land of Euro 1,018 thousand. "Buildings" consist of leasehold buildings of Euro 1,977 thousand and freehold buildings of Euro 4,077 thousand.

The most significant additions relate to "Other assets" of Euro 468 thousand and "Equipments" of Euro 120 thousand.

2 Intangible assets

Changes in intangible assets since the 2010 financial year are set out below:

	OPENING BALANCE	Change in consolidation area	As of 30 Sep 2010 TS Group	Additions	(Amortization)	(Impairments)	As of 31 Dec 2010
Capitalized development expenses			432	56	(71)		416
Software, trademarks, patents and licenses			80,289	499	(3,216)		77,572
Customer relationship IFRS			226,400		(2,851)		223,549
Other intangible assets			3,203	54	(68)		3,190
Assets under construction			109	234			343
Total			**310,433**	**843**	**(6,206)**		**305,069**

	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Amortization)	(Impairments)	As of 31 Dec 2011
Capitalized development expenses	416	129	93	1,152	(536)		1,254
Software, trademarks, patents and licenses	77,572	182	12	135	11,909		65,993
Customer relationship IFRS	223,549				(11,312)		212,237
Other intangible assets	3,190	5		59	(256)		2,998
Assets under construction	343		(105)	1,270			1,508
Total	**305,069**	**317**		**2,616**	**(24,013)**		**283,990**

With respect to additions (totalling Euro 2,616 thousand), the main expenditure has related to:

a) capitalised development costs of Euro 1,076 thousand relating to new products and / or new software modules developed mainly by the Parent Company during the course of 2011 and which started being marketed in the same financial year;

b) assets in process of formation capitalised mainly by the Parent Company of Euro 1,085 thousand with respect to development costs of new products and /or new software modules, which at 31 December 2011 had not yet been completed or for which the marketing and sales phase had not yet started.

3 Goodwill

	OPENING BALANCE	As of 30 Sep 2010 TS Group	Additions	(Impairments)	As of 31 Dec 2010
Goodwill CGU SWSS		314,794			314,794
Goodwill CGU Education		20,645			20,645
Goodwill CGU CAD/CAM		6,410			6,410
Total		**341,849**			**341,849**

	As of 31 Dec 2010	Other movements	Additions	(Impairments)	As of 31 Dec 2011
Goodwill CGU SWSS	314,794		11,788		326,582
Goodwill CGU Education	20,645		15		20,660
Goodwill CGU CAD/CAM	6,410				6,410
Total	**341,849**		**11,803**		**353,652**

"Goodwill" (totalling Euro 353,652 thousand at 31 December 2011) relates, with reference to the balance at 31 December 2010, to the acquisition of TeamSystem Group made in 2010 by the private equity firm HG Capital by means of the vehicle Titan BidCo Srl, as commented upon in the introduction, plus Euro 11,803 thousand relating to acquisitions made in 2011.

The goodwill recorded at 31 December 2010 represents the excess of the consideration paid over the current value of the assets and liabilities acquired and has been allocated to the CGUs Software Solution, Education and Nuovamacut.

The increase in "Goodwill "recorded during the course of 2011 relates to newly acquired companies: Euro 2,028 thousand for I.S.P. Srl, Euro 15 thousand for Drc Form Srl, Euro 1,260 thousand for TeamSystem Communication Srl and Euro 8,500 thousand for Danea Soft Srl. For the purchase price allocation process for these new Companies, reference should be made to "Appendix 1" to these consolidated financial statements. Furthermore, it should be noted that the purchase price allocation (and the consequent determination of goodwill) is preliminary, with respect to Danea Soft Srl (as per "Appendix 1" to the Group's consolidated financial statements).

Impairment Tests

The goodwill pertaining to each of the aforementioned CGUs is subject to impairment testing at least annually, except for acquisitions made at the year end, for which the consideration paid is representative of fair value.

In terms of impairment tests, steps were taken to determine the recoverable amount (so-called Enterprise Value*)* of each CGU and of TeamSystem Group as a whole, by means of the application of discounted cash flow methodology. The test was performed by discounting prospective cash flow reported (*i*) with respect to 2012, in the budget approved by the Board of Directors, (*ii*) with regard to subsequent years, in projections included in the Business Plan approved by the Board of Directors on 11 November 2011, in connection with the reverse merger described in the introduction and subject to attestation by an independent appraiser; these projections show significant rates in growth of turnover, EBITDA and cash flow that, moreover, are substantially consistent with TeamSystem Group's historical percentage growth rates, as attested by the appraiser, on the occasion of the reverse merger, for the purposes of his sworn appraisal as to the financial sustainability of the aforementioned Business Plan. In particular, it should be noted that the trend in results for 2011 is not materially different from the forecasts for 2011 as included in the Business Plan and, also for this reason, it was not considered necessary to update the projections for subsequent years—something that will be performed in 2012 to take account of the new acquisitions.

Beyond the time span of the business plan, a terminal value was determined assuming an operating cash flow (Net operating profit Less Adjusted Tax- NOPLAT) suitably normalised to maintain conditions of normal business operations. In the choice of the growth rate to apply to NOPLAT, it was established that, consistent with the development foreseen by the Business Plan and with historical growth, there was a reasonable expectation of growth of 2% (so-called g rate).

In addition to the g rate assumption, the main assumptions adopted regard the estimate of the weighted average cost of capital ("WACC") of 9.80% for the SWSS and Nuovamacut CGUs and 8.10% for the Education CGU.

The impairment tests did not provide any indication of impairment and thus no writedowns were required.

The Company also performed sensitivity analysis, applying more prudent assumptions than those used for the determination of the WACC parameters and for the g-rate and it should be noted that, under this scenario, it would be necessary to apply writedowns, but they have not been recognised in the financial statements, as the aforementioned parameters are presently considered to be more appropriate for the purposes of impairment tests.

The impairment test models and related results were approved by the Board of Directors on 11 May 2012, in accordance with guidelines of the joint document No. 4 of March 2010 issued by ISVAP, Bank of Italy and Consob.

4 Equity investments in other companies

OTHER INVESTMENTS	OPENING BALANCE	Change in consolidation area	As of 30 Sep 2010 TS Group	Additions	(Disposals)	As of 31 Dec 2010
Other investments			111			111
Total			**111**			**111**

OTHER INVESTMENTS	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Disposals)	As of 31 Dec 2011
Other investments	111	266	(66)			311
Total	**111**	**266**	**(66)**			**311**

5 Deferred tax assets and deferred tax liabilities

	As of 31 Dec 2011	As of 31 Dec 2010	Net change	Net change—%
Deferred tax assets	8,049	5,447	2,602	47.8%
Deferred tax liabilities	83,093	97,673	(14,580)	− 14.9%

The deferred tax assets mainly relates to non tax deductible accruals made to the provision for doubtful accounts, to the provision for agents' indemnity and to excess financial charges that can be carried forward to future financial years by the Parent Company as a deduction from future taxable income for IRES purposes (Euro 6,793 thousand).

With respect to the deferred tax liabilities, reference should be made to the following tables.

	OPENING BALANCE	As of 30 Sep 2010 TS Group	Other movements	Additions	(Disposals)	As of 31 Dec 2010
Fair value valuation of Lands and Buildings		1,560			(12)	1,548
TeamSystem—Intangibles		90,334			(1,536)	88,798
Staff leaving indemnity—actuary valuation		178			(8)	170
Investments revaluation		244				244
Total Parent company		**92,316**			**(1,557)**	**90,759**
Deferred tax liabilities of subsidiaries		26		3	(3)	26
Total subsidiaries		**26**		**3**	**(3)**	**26**
Staff leaving indemnity—actuary valuation		129		13	(4)	138
Euroconference—Intangibles		1,727			(22)	1,705
Euroconference—Services in progress				384		384
Finance lease and valuation of assets at fair value		803		9	(4)	808
Investment revaluation in TS		(244)				(244)
Metodo—Intangibles		1,978			(90)	1,888
Nuovamacut—Intangibles		2,104			(48)	2,056
Research and development		144		25	(16)	152
Total consolidation entries		**6,641**		**431**	**(184)**	**6,887**
Total		**98,983**		**434**	**(1,744)**	**97,673**

	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Disposals)	As of 31 Dec 2011
Fair value valuation of Lands and Buildings	1,548				(49)	1,499
TeamSystem—Intangibles	88,798		(4,803)		(9,198)	74,796
Staff leaving indemnity—actuary valuation	170			11		181
Investments revaluation	244					244
Total Parent company	**90,759**		**(4,803)**	**11**	**(9,247)**	**76,720**
Deferred tax liabilities of subsidiaries	26				(13)	13
Total subsidiaries	**26**				**(13)**	**13**
Staff leaving indemnity—actuary valuation	138	17		49	(3)	200
Euroconference—Intangibles	1,705				(86)	1,619
Euroconference—Services in progress	384			400	(384)	400
Finance lease and valuation of assets at fair value	808			37	(16)	829
Investment revaluation in TeamSystem	(244)					(244)
Metodo—Intangibles	1,888				(361)	1,527
Nuovamacut—Intangibles	2,056				(190)	1,866
Research and development	152			72	(61)	164
Total consolidation entries	**6,887**	**17**		**558**	**(1,102)**	**6,360**
Total	**97,673**	**17**	**(4,803)**	**569**	**(10,362)**	**83,093**

The decreases recorded during the course of 2011 are mainly attributable to the step up in the tax basis of "TeamSystem Software" performed by the Parent Company; the residual deferred tax liability pertaining to this asset has been the reason for "Other movements" of Euro 4,803 thousand (due to the portion of deferred tax reclassified to substitute tax payable) and has generated non-recurring tax income of Euro 3,104 thousand, shown in the table under the "Decreases" column.

Moreover, the decreases almost entirely relate to the release of a portion of deferred tax pertaining to the amortisation of intangible assets (Software, Brands, Customer relationship and Other IFRS assets) identified on allocation of the purchase price paid for the acquisition of TeamSystem Group.

6 Inventories

	As of 31 Dec 2011	As of 31 Dec 2010	Net change	Net change—%
Raw and ancillary materials	48	51	(2)	−4.6%
Finished products and goods	1,484	1,219	265	21.8%
Advances	71		71	n.m.
(Allowance for slow-moving inventory)	(52)	(32)	(20)	62.7%
Total	**1,552**	**1,238**	**314**	**25.4%**

The closing inventory of finished products and goods includes hardware products not yet delivered at the consolidated statement of financial position date, as well as consumables, accessories, third party software modules and licences for resale, characterised by a high turnover.

7 Trade receivables

The "Trade receivables" balance is comprised as follows:

	As of 31 Dec 2011	As of 31 Dec 2010	Net change	Net change—%
Trade receivables	49,761	40,773	8,988	22.0%
(Allowance for doubtful receivables)	(2,876)	(2,763)	(113)	4.1%
Total	**46,885**	**38,009**	**8,875**	**23.4%**

Trade receivables amount in total to approximately Euro 49,761 thousand, gross of the provision for doubtful accounts.

	OPENING BALANCE	Change in consolidation area	Balance As of 30 Sep 2010 TS Group	Additions	(Utilisations)	As of 31 Dec 2010
Allowance for doubtful receivables			3,000	346	(583)	2,763
Total			**3,000**	**346**	**(583)**	**2,763**

	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Utilisations)	As of 31 Dec 2011
Allowance for doubtful receivables	2,763	73		1,223	(1,183)	2,876
Total	**2,763**	**73**		**1,223**	**(1,183)**	**2,876**

The increase in the provision for doubtful accounts is to take account of the expected realisable value of receivables not yet collected at 31 December 2011. The utilisations of the provision are due to the write off of receivables, based on elements of certainty and precision, or based on ongoing insolvency proceedings.

8 Tax receivables

The "Tax receivables" balance is comprised as follows:

	As of 31 Dec 2011	As of 31 Dec 2010	Net change	Net change—%
VAT receivables	58	190	(131)	−69.2%
Income taxes receivable	1,755	94	1,661	n.m.
Other tax receivables	246	2,907	(2,661)	−91.6%
Total	**2,059**	**3,190**	**(1,131)**	**−35.5%**

"Income tax receivable" mainly relates to a Parent Company tax credit arising from an advance payment of IRES that exceeded the balance due for the 2011 financial year.

9 Other receivables

	As of 31 Dec 2011	As of 31 Dec 2010	Net change	Net change—%
Deposits	246	196	50	25.6%
Receivables from employees	47	29	18	60.9%
Other receivables	409	533	(123)	−23.2%
Accrued income	12	124	(112)	−90.5%
Prepayments	5,344	4,866	478	9.8%
Total	**6,058**	**5,748**	**310**	**5.4%**

"Other receivables" consist of an amount of approximately Euro 170 thousand due to the Parent Company, following the temporary suspension of the payment of contributions in connection with the earthquake that damaged the ancillary establishments in Campobasso and Fabriano in prior years (see also Note 15).

Prepayments mainly relate to the portion of costs of software subscriptions (pertaining essentially to Nuovamacut Group companies) attributable to future financial years on the basis of the contractual duration.

10 Net financial indebtedness (net of shareholder loan)

Net consolidated financial indebtedness at 31 December 2011, with the exception of shareholder loan, is set out as follows:

	As of 31 Dec 2011			As of 31 Dec 2010		
	Current	Non-current	Total	Current	Non-current	Total
Bank accounts and post office	13,587		13,587	17,200		17,200
Cash and bank balances	240		240	55		55
Total Cash and bank balances	**13,826**		**13,826**	**17,255**		**17,255**
Derivative instruments—Non current	0	79	79		727	727
Other financial assets	415	547	962	28	82	110
Total—Other financial assets	**415**	**627**	**1,041**	**28**	**809**	**837**
Overdrafts and loans from banks	(12,806)	(165,315)	(178,121)	(6,321)	(173,132)	(179,453)
Finance lease liabilities	(223)		(223)	(142)	(223)	(365)
Total financial liabilities—Gross	**(13,029)**	**(165,315)**	**(178,344)**	**(6,463)**	**(173,355)**	**(179,818)**
Financing fees with banks		11,438	11,438		12,732	12,732
Financing fees—Prepayments		1,983	1,983		2,497	2,497
Total financing fees		**13,421**	**13,421**		**15,230**	**15,230**
Total financial liabilities	**(13,029)**	**(151,894)**	**(164,923)**	**(6,463)**	**(158,125)**	**(164,588)**
Vendor loan	(1,420)	(15,636)	(17,056)	(1,021)	(8,357)	(9,378)
Derivative instruments—Non current	(6)	(2,740)	(2,746)	(2,162)	(1,067)	(3,229)
Other financial liabilities	(0)		(0)	2		2
Total other financial liabilities (d)	**(1,426)**	**(18,376)**	**(19,802)**	**(3,182)**	**(9,424)**	**(12,606)**
(a) + (b) + (c) + (d) = Total	**(214)**	**(169,643)**	**(169,857)**	**7,638**	**(166,740)**	**(159,102)**

Cash and bank accounts at 31 December 2011 amount to Euro 13,826 thousand.

Other financial assets essentially consist:

– of bonds (BTP) maturing in July 2012, acquired by the Parent Company as a temporary investment of liquidity (Euro 80 thousand);

– of the market value of option contracts on interest rates held for trading by the Parent Company (Euro 79 thousand).

– of the market value of current and non current financial instruments (Euro 852 thousand) held by Danea Soft Srl, a Company that was newly consolidated in 2011, as listed below: balanced mutual funds of Euro 199 thousand, monetary deposits of Euro 300 thousand with maturity in May 2012, an investment in Italian government bonds (BTP) of Euro 148 thousand with maturity in July 2014, Unicredit bonds of approximately Euro 200 thousand with maturity in April 2013 and interest accrued at the consolidated statement of financial position date on the aforementioned financial instruments of approximately Euro 5 thousand.

At 31 December 2011 the amounts due to banks relate essentially to loans from the bank, Unicredit, obtained by the Parent Company for a total of Euro 176,194 thousand (comprising interest accrued at that date of approximately Euro 62 thousand) relating to the financing facilities "Facility A" (Euro 73.1 million), "Facility B" (Euro 100 million) and "Acquisition Facility" (Euro 3 million).

For all the lending facilities, the interest rates applied are equal to EURIBOR (corresponding to the interest period duration decided from time to time) increased by a spread determined periodically in relation to the outcome of certain economic-financial parameters. At the consolidated statement of financial position date, the variable spread was 4.25% for Facility A and for the Acquisition Facility and 5.00% for Facility B. Facility A is repayable in six monthly instalments as from June 2011. Facility B is repayable in one instalment on the contractual maturity of the loan in September 2017. The "Acquisition" facility is repayable in six monthly instalments as from June 2014.

Set out below are the movements (solely of the capital elements) in the aforementioned Unicredit facilities during the course of 2011:

	As of 31 Dec 2010	(Reimbursement)	New draught	Capitalization	Other movements	As of 31 Dec 2011
Facility A	77,800	(4,668)				73,132
Facility B	100,000					100,000
Facility Acquisition			3,000			3,000
Facility Revolving						
Total	**177,800**	**(4,668)**	**3,000**			**176,132**

Facility A, Facility B and the Acquisition facility are secured by pledges over the shares / quotas of the Parent Company and the subsidiary Group Euroconference Spa, by pledges over trade receivables, over brands, as well as a special lien over fixed assets and inventory of the Parent Company.

Furthermore, on a quarterly/annual basis, a check is made of compliance with certain covenants linked to the following ratios and components of the consolidated financial statements (as specified by the terms of the loan agreements):

1) ratio of "Cash-Flow" to "Debt Service";

2) ratio of "Financial Charges" to "EBITDA".

3) ratio of "Senior Net Debt" to "EBITDA";

4) ratio of "Total Net Debt" to "EBITDA";

5) level of capital expenditure on tangible fixed assets and intangible assets "Capex".

Checks performed at the consolidated statement of financial position date have shown that the covenants have been complied with and neither has there been any indication of non-compliance during the course of 2012.

The Vendor Loan (Euro 17,056 thousand) is with respect to put / call options and / or earn-outs due to non-controlling shareholders in Metodo Spa, Lexteam Srl, Zeronove Srl, Nuovamacut Automazione Spa, Inforyou Srl, TeamSystem Turin Srl, Group Euroconference Spa, I.S.P Srl, TeamSystem Communication Srl, TeamSystem Ancona Srl, TeamSystem Akron Srl and Danea Soft Srl. Particularly with respect to Danea Soft Srl, it should be noted that the estimate of the vendor loan (both in terms of put/call option and earn-out) has to be considered as preliminary, due to the preliminary allocation of the purchase price paid for the acquisition, as detailed further in “Appendix 1” to the consolidated financial statements.

Other financial liabilities at 31 December 2011 include IRS derivatives at market value of Euro 2,746 thousand. These derivatives were purchased by the Parent Company and are held for trading.

11 Shareholder loan

This balance of Euro 77,986 thousand relates to a loan provided by the holding company Titan Luxco 3 S.à.r.l.

12 Capital and reserves

	OPENING BALANCE	Appropriation of prior year result	Increase in share capital	Reverse merger	TS Group balances As of 30 Sep 2010	Other movements	Change in ownership	(Dividends)	Profit (Loss) for the year	As of 31 Dec 2010
Capital	**10**		**110**	**23,880**						**24,000**
Other reserves										
Reserve from payments on capital account			318,876	(23,880)		19,100				314,096
Retained earnings arising on consolidation							(3)			(3)
Total of other reserves	**0**	**0**	**318,876**	**(23,880)**	**0**	**19,100**	**(3)**	**0**	**0**	**314,093**
Profit (Loss) for the year									(5,757)	(5,757)
Total—Owners of the company	**10**	**0**	**318,986**	**0**	**0**	**19,100**	**(3)**	**0**	**(5,757)**	**332,336**
Non-controlling interests										
Non-controlling interests—capital and reserves					3,168		(4)	(22)		3,142
Non-controlling interests—Profit (loss)									322	322
Total—Non-controlling interests	**0**	**0**	**0**	**0**	**3,168**	**0**	**(4)**	**(22)**	**322**	**3,463**
Net equity	**10**	**0**	**318,986**	**0**	**3,168**	**19,100**	**(7)**	**(22)**	**(5,435)**	**335,799**

	As of 31 Dec 2010	Appropriation of prior year result	Increase in share capital	Reverse merger	TS Group balances As of 30 Sep 2010	Other movements	Change in ownership	(Dividends)	Profit (Loss) for the year	As of 31 Dec 2011
Capital	**24,000**									**24,000**
Other reserves										
Legal reserve	0					4,800				4,800
Reserve from payments on capital account	314,096	(3,293)				(6,900)				303,903
Retained earnings arising on consolidation	(3)	(2,464)				(204)	(2,712)			(5,383)
Total of other reserves	**314,093**	**(5,757)**	**0**	**0**	**0**	**(2,304)**	**(2,712)**	**0**	**0**	**303,320**
Profit (Loss) for the year	**(5,757)**	**5,757**							**(683)**	**(683)**
Total—Owners of the company	**332,336**	**0**	**0**	**0**	**0**	**(2,304)**	**(2,712)**	**0**	**(683)**	**326,637**
Non-controlling interests										
Non-controlling interests—Capital and reserves	3,142	322				204	(1,500)	(739)		1,428
Non-controlling interests—Profit (loss)	322	(322)							365	365
Total—Non-controlling interests	**3,463**	**0**	**0**	**0**	**0**	**204**	**(1,500)**	**(739)**	**365**	**1,793**
Net equity	**335,799**	**0**	**0**	**0**	**0**	**(2,100)**	**(4,213)**	**(739)**	**(318)**	**328,430**

The General Meeting of Shareholders of the Parent Company of 15 April 2011 approved an allocation of Euro 4,800 thousand of the Company's available reserves to the legal reserve and, as a result of a need for greater financial efficiency following the complex acquisition of the Group, also approved a partial reimbursment of the net equity, amounting to Euro 2,100 thousand.

The General Meeting of Shareholders of the Parent Company of 28 June 2011 passed a resolution to cover the loss for the 2010 financial year of Euro 3,293 thousand by means of the use of the reserve for capital contributions.

The column "Change in ownership" comprises the change in equity of the group (and that pertaining to non-controlling interests) as a consequence of the decrease in non-controlling holdings following the acquisition of further stakes by the Parent Company (also by means of the stipulation of agreements for put/call options on the shares/quotas not held by the Parent Company at the consolidated statement of financial position date), which occurred after the original business combination date. In particular, with reference to "retained earnings arising on consolidation," Euro 925 thousand relates to the acquisition of TeamSystem Ancona, Euro 1,678 thousand relates to the acquisition of TeamSystem Akron Srl, Euro 91 thousand is attributable to the acquisition of a residual stake in Drc Form Srl and approximately Euro 17 thousand is due to the acquisition of a residual stake in Nuovamacut 5 Srl.

Reconciliation between profit (loss) and net equity of the parent company and profit (loss) and net equity of the consolidated financial statement

	Profit (Loss)	Net Equity
Profit (Loss) and Net Equity of the Parent Company	**(2,672)**	**330,031**
—Reversal of goodwill amortisation and other fixed assets' depreciation	135	207
—Reversal of unrealized gains on intercompany transactions—Inventory	(5)	(21)
—Valuation of ongoing services related to Education projects	33	846
—Fixed assets under finance lease and adjustment to fair value of PPE	41	47
—Adjustment resulting from the actuary valuation of Employee termination indemnities	114	189
—Amortisation of intangible assets	(1,388)	(748)
—Research and development expenses	37	93
—Reversal of transaction costs capitalized on the investment cost	(234)	
—Provision for losses exceeding equity of consolidated companies and other provisions	43	43
—Other minor adjustments	51	51
—Dividends received from consolidated companies	(3,510)	(3,510)
—Results and equity pertaining to the consolidated companies	6,672	(590)
Profit (Loss) and Net Equity of the Consolidated Financial Statement—Shareholders	**(683)**	**326,637**
—Profit (Loss) and Capital and reserves of Non-controlling interests	365	1,793
Profit (Loss) and Net Equity of the Consolidated Financial Statement—Non-controlling interests	**365**	**1,793**
Profit (Loss) and Net Equity of the Consolidated Financial Statement	**(318)**	**328,430**

13 Employee termination indemnities

	OPENING BALANCE	As of 30 Sep 2010 TS Group	Other movements	Service cost	Interest cost	Actuarial (gain) / loss	(Benefits paid)	As of 31 Dec 2010
Employee termination indemnities		6,323		133	71	3	(148)	6,382
Total		**6,323**		**133**	**71**	**3**	**(148)**	**6,382**

	As of 31 Dec 2010	Change in consolidation area	Other movements	Service cost	Interest cost	Actuarial (gain) / loss	(Benefits paid)	As of 31 Dec 2011
Employee termination indemnities	6,382	308		651	287	(122)	(498)	7,008
Total	**6,382**	**308**	**0**	**651**	**287**	**(122)**	**(498)**	**7,008**

In accordance with IAS 19, employee termination indemnities are considered to be a defined benefit plan to be accounted for by applying the "Projected Unit Credit Method," which consists of discounting an estimate of the amount to be paid to each employee on termination of their employment and which involves the determination of:

– the past service liability, being the cost relating to the service already provided by the worker;

– the service cost, being the cost of the service provided by the worker in the year;

– the interest cost, being the interest expense deriving from the actuarial liability;

– the actuarial gain and loss, being the actuarial gain/loss relating to the valuation period.

The estimate, performed by an independent actuary, was computed on the basis of the following assumptions:

	Financial year 2011	Financial year 2010
Turnover	4.00%	4.00%
Discount rate	4.60%	4.70%
Anticipation rate	1.00%	1.00%

It should be noted that, following the implementation of new legislation on supplementary pensions, as per Legislative Decree 252/2005 introduced by the 2007 Finance Act, the possibility has arisen to transfer accruing severance indemnities to supplementary pension funds. Consequently, in the actuarial valuation of the Provision for employee termination indemnities at 31 December 2010, account was taken of the effects deriving from the new legislation, recognising, for IFRS purposes, only the liability relating to accrued severance indemnities remaining as a consolidated liability, as the amounts accruing are paid over to a separate entity (supplementary pension fund or the state fund INPS).

14 Provisions for risks and charges

Changes in provisions for risks and charges are set out as follows:

	OPENING BALANCE	Change in consolidation area	As 30 Sep 2010 TS Group	Additions	(Utilisations)	As of 31 Dec 2010
Provision for pension and similar obligations			953	46	(24)	975
Provision for litigations			623	9	(3)	628
Other provision for risks and charges			298	7	(3)	302
Total			**1,874**	**62**	**(30)**	**1,906**

	As of 31 Dec 2010	Change in consolidation area	Other movements	Additions	(Utilisations)	As of 31 Dec 2011
Provision for pension and similar obligations	975	279		84	(290)	1,048
Provision for litigations	628			149	(15)	763
Other provision for risks and charges	302	2		65	(254)	115
Total	**1,906**	**280**		**298**	**(559)**	**1,926**

The "Provision for pensions and similar obligations" amounts to Euro 1,048 thousand at 31 December 2011 and mainly relates to the Provision for agents' indemnity.

The Provision for risks for litigation at 31 December 2011 amounts to Euro 763 thousand.

TeamSystem Group is not party to any litigation or disputes worthy of mention.

15 Other non current liabilities

Other non current liabilities" amount to Euro 1,012 thousand at 31 December 2011 and essentially relate to Parent Company balances:

- Euro 108 thousand relating to income tax, VAT and other taxes of TeamSystem Fabriano Srl, merged by absorption into TeamSystem Srl in 2001;
- Euro 904 thousand relating to social contributions of which Euro 870 thousand relates to the ancillary establishment in Campobasso and Euro 34 thousand relates to the ancillary establishment in Fabriano.

It should be noted that Legislative Decree 61/2008 (ratified by Law 103/2008) and Legislative Decree 62/2008 (ratified by Law 201/2008) have provided for the payment, at an amount reduced by 40%, without any additional penalties and interest, by means of 120 monthly instalments, of taxation and contributions suspended as a result of regulatory provisions for areas hit by the earthquake of 1997 (Marche and Umbria).

16 Current tax liabilities

The "Current tax liabilities" balance is comprised as follows:

	As of 31 Dec 2011	As of 31 Dec 2010	Net change	Net change—%
VAT liabilities	176	463	(287)	−61.93%
Income tax payables	381	400	(19)	−4.66%
Liability resulting from tax consolidation	12	9	3	29.49%
Withholdings	1,827	1,675	153	9.1%
Other tax liabilities	3,413	391	3,022	n.m.
Total	**5,810**	**2,938**	**2,872**	**97.7%**

"Other tax liabilities" almost entirely relate to substitute tax payable, whose payment is divided by instalments, (triggered by the Parent Company) due to the effect of the step-up of the tax basis of the asset "TeamSystem Software" on the allocation of the purchase price for the acquisition of TeamSystem Group by the private equity firm HG Capital.

17 Other current liabilities

	As of 31 Dec 2011	As of 31 Dec 2010	Net change	Net change—%
Due to social securities	3,109	2,761	348	12.6%
Employee payables	5,720	5,060	660	13.0%
Advances	3,555	3,716	(160)	−4.3%
Other liabilities	478	376	102	27.1%
Accrued income	362	128	234	n.m.
Deferred revenues	7,830	5,676	2,154	37.9%
Total	**21,053**	**17,716**	**3,337**	**18.8%**

"Employee payables" of Euro 5,720 thousand relate to remuneration and 2011 performance bonuses (not yet paid at the year end) payable to employees, directors and collaborators, as well as accruals for holiday pay and leave of absence.

"Advances" at 31 December 2011 amount to Euro 3,555 thousand and mainly relate to advances received by the "Education" SBU relating to training services being provided at the consolidated statement of financial position date.

"Deferred revenues" (Euro 7,830 thousand) mainly relates to the portion of revenues for software subscriptions (pertaining essentially to Nuovamacut Group companies) attributable to future financial years, based upon the contract duration.

18 Revenue

	As of 31 Dec 2011	As of 31 Dec 2010	As of 31 Dec 2010 PRO-FORMA	Net change	Net change—%
Sales and subscriptions of hardware	8,829	2,225	7,626	1,203	15.8%
Sales and subscriptions of software	100,056	25,083	91,155	8,901	9.8%
Sales of other products	1,654	376	1,636	18	1.1%
Sales of other services	19,073	4,066	16,634	2,439	14.7%
Education	11,902	4,194	10,732	1,170	10.9%
	141,513	**35,944**	**127,783**	**13,730**	**10.7%**

19 Other operating income

	As of 31 Dec 2011	As of 31 Dec 2010	As of 31 Dec 2010 PRO-FORMA	Net change	Net change—%
Credit notes and expenses reimbursements	852	347	854	(2)	−0.2%
Other revenues	187	70	531	(344)	−64.8%
Total	**1,040**	**417**	**1,385**	**(346)**	**−25.0%**

20 Consumption of raw and other materials

	As of 31 Dec 2011	As of 31 Dec 2010	As of 31 Dec 2010 PRO-FORMA	Net change	Net change—%
HW purchases	5,400	1,415	4,659	741	15.9%
Other operating expenses	10,854	2,995	9,762	1,093	11.2%
Handbooks and forms	214	10	208	6	3.0%
Materials for education	459	206	443	15	3.4%
Fuel	969	210	749	220	29.4%
Other materials	928	262	892	35	4.0%
Change in inventory of raw materials and consumables	60	(224)	33	27	80.5%
Total	**18,883**	**4,874**	**16,746**	**2,137**	**12.8%**

The cost of "Consumption of raw and other materials" mainly relates to the cost of sales of hardware, third party software and manuals.

21 Cost of services

	As of 31 Dec 2011	As of 31 Dec 2010	As of 31 Dec 2010 PRO-FORMA	Net change	Net change—%
Agents commissions and other costs	3,040	673	2,624	416	15.9%
Consulting and third parties services	5,662	1,696	5,126	537	10.5%
Administrative, tax and legal expenses	1,297	331	1,118	179	16.1%
Education—Consulting and copyrights	2,528	1,009	2,092	436	20.8%
Magazines—Consulting and copyrights	690	182	728	(39)	−5.3%
Other costs for education services	1,276	407	1,091	185	17.0%
Advertising and marketing	1,655	611	1,387	268	19.4%
Car rentals	1,851	417	1,605	246	15.3%
Consumptions	1,804	410	1,683	121	7.2%
Other services	5,622	1,350	5,383	239	4.4%
Total	**25,425**	**7,087**	**22,836**	**2,590**	**11.3%**

"Other services" mainly comprise:

a) costs (incurred by the Parent Company) of approximately Euro 544 thousand relating to the activation and/or the provision of services such as TeamSystem Electronic Services, tax return assistance etc.;

b) costs for shipping and transport of Euro 1,386 thousand;

c) costs for reimbursement of expenses of Euro 1,686 thousand;

d) insurance costs of Euro 249 thousand;

e) repairs and maintenance costs of Euro 391 thousand.

22 Personnel costs

	As of 31 Dec 2011	As of 31 Dec 2010	As of 31 Dec 2010 PRO-FORMA	Net change	Net change—%
Wages	30,803	7,301	27,720	3,082	11.1%
Social securities	9,070	2,172	8,193	877	10.7%
Employee termination indemnities	1,664	409	1,449	214	14.8%
Other personnel expenses	32	9	66	(34)	−51.7%
Total personnel expenses	41,568	9,891	37,428	4,140	11.1%
Freelancers and collaborators fees	830	161	706	124	17.6%
Directors' fees and related costs	3,318	650	2,884	434	15.0%
Personnel capitalized as development costs	(2,294)	(524)	(2,215)	(78)	3.5%
Total	**43,422**	**10,178**	**38,803**	**4,619**	**11.9%**

With respect to the cost of employee termination indemnities, reference should be made to Note 13 thereon.

23 Other operating expenses

	As of 31 Dec 2011	As of 31 Dec 2010	As of 31 Dec 2010 PRO-FORMA	Net change	Net change—%
Rents	1,712	383	1,560	152	9.8%
Rentals	235	45	157	77	49.3%
Other expenses for use of third parties assets	34	15	69	(35)	−50.4%
Other taxes	149	42	132	17	12.8%
Losses from assets disposals	27	4	12	15	n.m.
Other expenses	243	77	224	20	8.9%
Total	**2,401**	**564**	**2,154**	**247**	**11.5%**

24 Finance income

"Finance income" is comprised of the following:

	As of 31 Dec 2011	As of 31 Dec 2010	As of 31 Dec 2010 PRO-FORMA	Net change	Net change—%
Interests and other finance income	1,921	7	19	1,902	n.m.
Interest from banks	224	28	32	192	n.m.
MTM valuation of derivative instruments	1,754	1,300	2,447	(693)	−28.3%
Total	**3,899**	**1,336**	**2,498**	**1,401**	**56.1%**

"Interest and other income" includes income of Euro 1,843 thousand relating to a decrease in the estimated vendor loan payable, due to changes in estimates in the year.

25 Finance cost

"Finance cost" are comprised of the following:

	As of 31 Dec 2011	As of 31 Dec 2010	As of 31 Dec 2010 PRO-FORMA	Net change	Net change—%
Interest on bank overdrafts and loans	11,242	2,529	9,977	1,265	12.7%
Interest on loans from shareholders	8,375	2,111	8,375		
Interest on derivative instruments	2,607	604	2,764	(157)	−5.7%
Interest—financing fees	2,597	627	2,464	133	5.4%
Bank commission	1,106	285	1,038	68	6.5%
Loss resulting from MTM derivatives valuation	2,321	1,067	1,067	1,254	n.m.
Interest from actuary valuation of employee benefit	310	80	301	9	3.1%
Other Ifrs financial charges	800	49	109	691	n.m.
Other financial charges	371	29	235	136	57.7%
Impairment of other equity investments			23	(23)	−100.0%
Total	**29,728**	**7,382**	**26,353**	**3,376**	**45.7%**

"Other IFRS financial charges" include Euro 793 thousand of notional financial charges related to the discounting of the estimated earn-out and put / call options payable.

26 Current taxes

Current taxes for the 2011 financial year amount to Euro 9,459 thousand and consist of the following:

– IRES of Euro 6,470 thousand;

– IRAP (regional tax on productive activities) of Euro 2,989 thousand.

With respect to deferred taxes, reference should be made to Note 5.

27 Financial instruments and IFRS 7

The Group Companies are exposed to a variety of risks of a financial nature that are managed and monitored centrally and which can be categorised as follows:

Foreign exchange risks

The Group Companies operate almost exclusively in Italy and, accordingly, are not exposed to foreign exchange risks.

Credit risk

The credit risk is substantially reduced by the high fragmentation of the customer base and the high degree of customer loyalty. Moreover, accurate procedures for the control of overdue balances limit doubtful balances to insignificant amounts.

In any case, the customer credit policy, by customer category (resellers and end-users), envisages:

a) the control and assessment of "credit standing";

b) the control of the flow of payment collection;

c) taking appropriate action by issuing reminders and by the use of credit collection procedures, including recourse to companies specialised in debt recovery.

The maximum theoretical exposure to credit risk for the Group Companies is represented by the carrying value of trade receivables as presented in the financial statements, as well as residual financial receivables recorded in current and non current financial assets.

Interest rate risk

The risks relating to changes in interest rates relate to loan facilities that have been granted. Floating rate loans expose the Company to a risk of changes in cash flow. The aim of the management of interest rate risk is to limit and stabilise cash outflows triggered by interest expense on loans.

Liquidity risk

The two main factors that determine the dynamics of the Group's liquidity are, on one hand, the resources generated/absorbed by operating and investment activities and, on the other hand, the maturity and renewal of financial liabilities. Management of these risks is done by the Finance Department of the Parent Company.

Of the procedures adopted with the intention of optimising cash flow management and of reducing the liquidity risk, the following should be noted:

– the maintenance of an adequate level of available liquidity;

– the adoption of Cash-pooling at Group level;

– the obtainment of adequate borrowing facilities;

– the control of prospective liquidity conditions, in relation to the corporate planning process, also with reference to the verification of compliance with covenants.

The financial projections of the Company and of the Group do not indicate any critical factors impacting the ability to generate sufficient cash flow in 2012 to meet their commitments, taking account of available facilities and to comply with the covenants.

Liquidity risk—liquidity statement (IFRS 7 parag. 39)

The following table of liquidity risk shows the timing of commitments in respect of the capital elements of loans and lease contracts (if any):

Position at 31 Dec 2010

		Repayment period				
Categories of financial instruments	**Carrying amount**	**Less than 6 months**	**6 months to 1 year**	**1-2 years**	**2-5 years**	**5+ years**
Loans from shareholders	72,111		1,073			71,038
Overdrafts and loans from banks	179,453	3,918	2,368	10,927	45,902	116,338
Loans from other financial institutions (Mezzanine)						
Finance lease liability	365	70	72	223		
Total	**251,929**	**3,988**	**3,513**	**11,150**	**45,902**	**187,376**

Position at 31 Dec 2011

		Repayment period				
Categories of financial instruments	**Carrying amount**	**Less than 6 months**	**6 months to 1 year**	**1-2 years**	**2-5 years**	**5+ years**
Loans from shareholders	77,986	2,200	632			75,154
Overdrafts and loans from banks	178,121	7,311	5,495	13,301	52,014	100,000
Loans from other financial institutions (Mezzanine)						
Finance lease liability	223	223				
Total	**256,330**	**9,734**	**6,127**	**13,301**	**52,014**	**175,154**

Sensitivity (IFRS parag. 40)

As previously indicated, the Group is exposed mainly to interest rate risk. Sensitivity analysis has been applied to the main statement of financial position components, the measurement of which could change as a result of fluctuations in market interest rates.

In particular, the analysis took into consideration solely floating rate loans and assumed a change of 30% (upwards and downwards) in the interest rates applied. The potential effects on income (before income taxes) of this assumed change would be a higher or lower financial charge of approximately Euro 105 thousand in the year to 31 December 2011 (it would have been Euro 33 thousand in the year ended 31 December 2010).

Financial instruments by category (IFRS 7 parag. 8)

As required by IFRS 7, paragraph 8, financial instruments have been identified by category with respect to their balance sheet classification.

Position at 31 Dec 2010

	Balance As of 31 Dec 2010	FVTPL	Fair value measure FV.	Paragraph 8 LAR	AFS	FLAC	HTM
ASSETS							
Non-current assets							
Property, plant and equipment	9,779						
Intangible assets	305,069						
Goodwill	341,849						
Equity investment	111	111	(3)				
Deferred tax assets	5,447						
Other non-current assets	809	727	(2)				82
Non-current assets—Total	**663,065**	**838**	(3)				**82**
Current assets							
Inventory	1,238						
Trade receivables	38,009						38,009
Tax receivables	3,190						3,190
Other receivables	8,245						8,245
Other current financial assets	28						28
Cash and bank balances	17,255			17,255			
Current assets Total	**67,965**	**0**		**17,255**			**49,473**
Profit (Loss) and Net Equity of the Consolidated Financial Statement—Shareholders							
TOTAL ASSETS	**731,030**	**838**		**17,255**	**0**		**49,555**
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	24,000						
Other reserves	314,093						
Prior years' unallocated Profit (Loss)	(0)						
Profit (Loss) for the year	(5,757)						
Equity attributable to the owner of the Company	**332,336**						
Non-controlling interest							
Non-controlling interest—Capital and reserves	3,142						
Non-controlling interest—Profit (Loss) for the year	322						
Non-controlling interest—Total	**3,463**						
TOTAL EQUITY	**335,799**						

	Balance As of 31 Dec 2010	FVTPL	Fair value measure FV.	Paragraph 8 LAR	AFS	FLAC	HTM
Non-current liabilities							
Shareholders loans—Non-current	71,038					71,038	
Overdraft and loans from banks and other financial institutions	160,623						
—banks overdrafts and loans	160,400					160,400	
—Mezzanine loan							
—Finance lease liabilities	223			223			
Other non-current financial liabilities	9,424						
—vendor loan	6,603	6,603	(3)				
—MTM valuation of derivative instruments	2,821	2,821	(2)				
Employee termination indemnities	6,382						
Provision for risks and charges	1,906						
Deferred tax liabilities	97,673						
Other non-current liabilities	1,131						1,131
Non-current liabilities—Total	**348,176**	**9,424**		**223**	**0**	**231,437**	**1,131**
Current liabilities							
Loans from shareholders—current	1,073					1,073	
Overdraft and loans from banks and other financial institutions—current	6,463						
—banks overdrafts and loans	6,321					6,321	
—Mezzanine loan							
—Finance lease liabilities	142						
Other current financial liabilities	3,182						
—vendor loan	2,774	2,774	(3)				
—MTM valuation of derivative instruments	408	408	(2)				
—Cash pooling liabilities							
Trade payables	15,683						15,683
Tax payables—current	2,938						2,938
Other current liabilities	17,716						17,716
Current liabilities—Total	**47,055**	**3,182**		**0**	**0**	**6,321**	**36,337**
Liabilities directly associated with assets classified as held for sale							
TOTAL LIABILITIES	**395,231**	**12,606**		**223**	**0**	**237,758**	**37,468**
TOTAL EQUITY AND LIABILITIES	**731,030**	**12,606**		**223**	**0**	**237,758**	**37,468**

Categories of financial liabilities
FVTL—"Fair value through Profit and Loss"
LAR—"Loans and Receivables"
FLAC—"Financial liabilities Amortized Costs"
AFS—"Available for sale"
HTM—"Held to Maturity"

Explanation of fair value hierarchy levels
(1)—Level 1—fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities
(2)—Level 2—fair value measurements are those derived from inputs other than market prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
(3)—Level 3—fair value measurements are those that are not based on observable market data

TeamSystem Group
Notes to the consolidated financial statements (Continued) for the year ended 31 December 2011

Position at 31 Dec 2011

	Balance As of 31 Dec 2011	FVTPL	Fair value measure FV.	Paragraph 8 LAR	AFS	FLAC	HTM
ASSETS							
Non-current assets							
Property, plant and equipment	9,683						
Intangible assets	283,990						
Goodwill arising on consolidation	353,652						
Equity investment	311	311	(3)				
Deferred tax assets	8,049						
Other non-current assets	627	79	(2)				547
Non-current assets—Total	**656,312**	**391**	**(3)**				**547**
Current assets							
Inventory	1,552						
Trade receivables	46,885						46,885
Tax receivables	2,059						2,059
Other receivables	6,058						6,058
Financing Fees—Prepayments	1,983					1,983	
Other current financial assets	415						415
Cash and bank balances	13,826			13,826			
Current assets Total	**72,778**	**0**		**13,826**			**55,416**
Assets classified as held for sale							
TOTAL ASSETS	**729,090**	**391**		**13,826**	**0**		**55,964**
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	24,000						
Other reserves	303,320						
Prior years' unallocated Profit (Loss)	0						
Profit (Loss) for the year	(683)						
Equity attributable to the owner of the Company	**326,637**						
Non-controlling interest							
Non-controlling interest—Capital and reserves	1,428						
Non-controlling interest—Profit (Loss) for the year	365						
Non-controlling interest—Total	1,793						
TOTAL EQUITY	**328,430**						
Non-current liabilities							
Shareholders loans—Non-current	75,154					75,154	
Overdraft and loans from banks and other financial institutions	165,315						
—banks overdrafts and loans	165,315					165,315	
—Mezzanine loan							
—Finance lease liabilities							
Financing Fees—non-current	(11,438)					(11,438)	
Other non-current financial liabilities	18,376						
—vendor loan	15,636	15,636	(3)				
—MTM valuation of derivative instruments	2,740	2,740	(2)				
Employee termination indemnities	7,008						
Provision for risks and charges	1,926						
Deferred tax liabilities	83,093						
Other non-current liabilities	1,012						1,012
Non-current liabilities—Total	**340,445**	**18,376**		**0**	**0**	**229,031**	**1,012**

	Balance As of 31 Dec 2011	FVTPL	Fair value measure Paragraph 8 FV.	LAR	AFS	FLAC	HTM
Current liabilities							
Loans from shareholders—current	2,832					2,832	
Overdraft and loans from banks and other financial institutions—current	13,029						
—banks overdrafts and loans	12,806					12,806	
—Mezzanine loan							
—Finance lease liabilities	223			223			
Other current financial liabilities	1,426						
—vendor loan	1,420	1,420	(3)				
—MTM valuation of derivative instruments	6	6	(2)				
—Cash pooling liabilities							
Trade payables	16,064						16,064
Tax payables—current	5,810						5,810
Other current liabilities	21,053						21,053
Current liabilities—Total	**60,214**	**1,426**		**223**	**0**	**12,806**	**42,927**
Liabilities directly associated with assets classified as held for sale							
TOTAL LIABILITIES	**400,659**	**19,802**		**223**	**0**	**241,837**	**43,939**
TOTAL EQUITY AND LIABILITIES	**729,090**	**19,802**		**223**	**0**	**241,837**	**43,939**

Categories of financial liabilities
FVTL—"Fair value through Profit and Loss"
LAR—"Loans and Receivables"
FLAC—"Financial liabilities Amortized Costs"
AFS—"Available for sale"
HTM—"Held to Maturity"

Explanation of fair value hierarchy levels
(1)—Level 1—fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities
(2)—Level 2—fair value measurements are those derived from inputs other than market prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
(3)—Level 3—fair value measurements are those that are not based on observable market data

With reference to the impact on the income statement, a detailed analysis is provided below (IFRS 7 parag. 20)

Position at 31 Dec 2010

Impact on Profit and Loss	Finance costs	Finance income	Total impact on Profit and Loss
Cash and bank balances	(53)	28	(25)
Trade receivables		7	7
Other financial assets—current			
Loans from shareholders	(2,111)		(2,111)
Overdrafts and loans from banks	(3,418)		(3,418)
Loans from other financial institutions (Mezzanine)			
Finance lease liabilities			
Trade payables			
Tax liabilities			
Other financial liabilities	(1,720)	1,300	(420)
Total	**(7,302)**	**1,335**	**(5,967)**

Position at 31 Dec 2011

Impact on Profit and Loss	Finance costs	Finance income	Total impact on Profit and Loss
Cash and bank balances	(385)	226	(159)
Trade receivables		43	43
Other non-current assets			
Other financial assets—current		2	2
Equity investment			
Loans from shareholders	(8,375)		(8,375)
Overdrafts and loans from banks	(14,829)	21	(14,808)
Loans from other financial institutions (Mezzanine)			
Finance lease liabilities			
Employee termination indemnities	(310)		
Trade payables	(58)	10	(48)
Tax liabilities	(43)		(43)
Other financial liabilities	(5,728)	3,597	(2,131)
Total	**(29,728)**	**3,899**	**(25,519)**

Levels of fair value hierarchy

In relation to the financial instruments recorded in the statement of financial position at fair value, IFRS 7 requires these amounts to be classified on the basis of levels of hierarchy that reflect the significance of the input used for the determination of fair value. The levels are the following:

– Level 1—prices quoted by active markets for assets or liabilities being measured;

– Level 2—inputs other than Level 1 inputs that are directly observable (prices) or indirectly (derived from prices) market inputs;

– Level 3—inputs not based on observable market data.

POSITION as of 31 Dec 2010

	NOTES	Level 1	Level 2	Level 3	Total
Equity investment	**4**			111	111
Derivative financial instruments					
—non-current	**10**		727		727
—current	**10**				
TOTAL ASSETS		**0**	**727**	**111**	**838**

POSITION as of 31 Dec 2010

	NOTES	Level 1	Level 2	Level 3	Total
Vendor Loan					
—non-current	**10**			8,357	8,357
—current	**10**			1,021	1,021
Derivative financial instruments					
—non-current	**10**		2,162		2,162
—current	**10**		1,067		1,067
TOTAL ASSETS		**0**	**3,229**	**9,378**	**12,607**

POSITION as of 31 Dec 2011

	NOTES	Level 1	Level 2	Level 3	Total
Equity investment	**4**			311	311
Derivative financial instruments					
—non-current	**10**		79		79
—current	**10**				
TOTAL ASSETS		**0**	**79**	**311**	**390**

POSITION as of 31 Dec 2011

	NOTES	Level 1	Level 2	Level 3	Total
Vendor Loan					
—non-current	**10**			15,636	15,636
—current	**10**			1,420	1,420
Derivative financial instruments					
—non-current	**10**		2,740		2,740
—current	**10**		6		6
TOTAL ASSETS		**0**	**2,746**	**17,056**	**19,802**

Identification of financial risks (IFRS 7)

The tables below show the nature and the entity of the risks derived from financial instruments to which the Group is exposed. The first column shows the amount of the statement of financial position component and the next column shows the nature and entity of the risk linked solely the financial instruments.

Position at 31 Dec 2010

	Balance As of 31 Dec 2010	Liquidity risk	Interest rate risk	Credit risk
ASSETS				
Non-current assets				
Property, plant and equipment	9,779			
Intangible assets	305,069			
Goodwill	341,849			
Equity investment	111			
Deferred tax assets	5,447			
Other non-current assets	809			
Non-current assets—Total	**663,065**			
Current assets				
Inventory	1,238			
Trade receivables	38,009			38,009
Tax receivables	3,190			
Other receivables	8,245			
Other current financial assets	28			28
Cash and bank balances	17,255		17,255	
Current assets Total	**67,965**		**17,255**	**38,037**
Assets classified as held for sale	**0**			
TOTAL ASSETS	**731,030**		**17,255**	**38,037**

	Balance As of 31 Dec 2010	Liquidity risk	Interest rate risk	Credit risk
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	24,000			
Other reserves	314,093			
Prior years' unallocated Profit (Loss)	(0)			
Profit (Loss) for the year	(5,757)			
Equity attributable to the owner of the Company	**332,336**			
Non-controlling interest				
Non-controlling interest—Capital and reserves	3,142			
Non-controlling interest—Profit (Loss) for the year	322			
Non-controlling interest—Total	**3,463**			
TOTAL EQUITY	**335,799**			
Non-current liabilities				
Shareholders loans—Non-current	71,038	71,038		
Overdraft and loans from banks and other financial institutions	160,623			
—banks overdrafts and loans	160,400	160,400	160,400	
—Mezzanine loan	0			
—Finance lease liabilities	223	223	223	
Other non-current financial liabilities	9,424			
—vendor loan	6,603	6,603		
—MTM valuation of derivative instruments	2,821		2,821	
Employee termination indemnities	6,382			
Provision for risks and charges	1,906			
Deferred tax liabilities	97,673			
Other non-current liabilities	1,131			
Non-current liabilities—Total	**348,176**	**238,263**	**163,444**	
Current liabilities				
Loans from shareholders—current	1,073			
Overdraft and loans from banks and other financial institutions—current	6,463			
—banks overdrafts and loans	6,321	6,321	6,321	
—Mezzanine loan	0			
—Finance lease liabilities	142	142	142	
Other current financial liabilities	3,182			
—vendor loan	2,774	2,774		
—MTM valuation of derivative instruments	408		408	
—Cash pooling liabilities	0			
Trade payables	15,683	15,683		
Tax payables—current	2,938			
Other current liabilities	17,716			
Current liabilities—Total	**47,055**	**24,920**	**6,871**	
Liabilities directly associated with assets classified as held for sale	**0**			
TOTAL LIABILITIES	**395,231**	**263,183**	**170,315**	
TOTAL EQUITY AND LIABILITIES	**731,030**	**263,183**	**170,315**	

Position at 31 Dec 2011

	Balance As of 31 Dec 2011	Liquidity risk	Interest rate risk	Credit risk
ASSETS				
Non-current assets				
Property, plant and equipment	9,683			
Intangible assets	283,990			
Goodwill arising on consolidation	353,652			
Equity investment	311			
Deferred tax assets	8,049			
Other non-current assets	627		627	
Other operating expenses	**656,312**			
Current assets				
Inventory	1,552			
Trade receivables	46,885			46,885
Tax receivables	2,059			
Other receivables	6,058			
Financing Fees—Prepayments	1,983			
Other current financial assets	415		385	30
Cash and bank balances	13,826		13,826	
Current assets Total	**72,778**		**14,211**	**46,915**
Assets classified as held for sale	**0**			
TOTAL ASSETS	**729,090**		**14,211**	**46,915**

	Balance As of 31 Dec 2011	Liquidity risk	Interest rate risk	Credit risk
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	24,000			
Other reserves	303,320			
Prior years' unallocated Profit (Loss)	0			
Profit (Loss) for the year	(683)			
Equity attributable to the owner of the Company	**326,637**			
Non-controlling interest				
Non-controlling interest—Capital and reserves	1,428			
Non-controlling interest—Profit (Loss) for the year	365			
Non-controlling interest—Total	**1,793**			
TOTAL EQUITY	**328,430**			
Non-current liabilities				
Shareholders loans—Non-current	75,154	75,154		
Overdraft and loans from banks and other financial institutions	165,315			
—banks overdrafts and loans	165,315	165,315	165,315	
—Mezzanine loan				
—Finance lease liabilities				
Financing Fees—non-current	(11,438)			
Other non-current financial liabilities	18,376			
—vendor loan	15,636	15,636		
—MTM valuation of derivative instruments	2,740		2,740	
Employee termination indemnities	7,008			
Provision for risks and charges	1,926			
Deferred tax liabilities	83,093			
Other non-current liabilities	1,012			
Non-current liabilities—Total	**340,445**	**256,104**	**168,055**	
Current liabilities				
Loans from shareholders—current	2,832	2,832		
Overdraft and loans from banks and other financial institutions—current	13,029			
—banks overdrafts and loans	12,806	12,806	12,806	
—Mezzanine loan				
—Finance lease liabilities	223	223	223	
Other current financial liabilities	1,426			
—vendor loan	1,420	1,420		
—MTM valuation of derivative instruments	6		6	
—Cash pooling liabilities				
Trade payables	16,064	16,064		
Tax payables—current	5,810			
Other current liabilities	21,053			
Current liabilities—Total	**60,214**	**33,345**	**13,035**	
Liabilities directly associated with assets classified as held for sale	**0**			
TOTAL LIABILITIES	**400,659**	**289,449**	**181,090**	
TOTAL EQUITY AND LIABILITIES	**729,090**	**289,449**	**181,090**	

28 Related-party transactions

Directors', statutory auditors' and independent auditors' fees

The fees payable to the members of the Parent Company's Board of Statutory Auditors for the 2011 financial year are approximately Euro 88 thousand. The fees payable to the members of the Parent Company's Board of Directors for the 2011 financial year are approximately Euro 25 thousand. The fees payable to Deloitte & Touche Spa for the audit of the financial statements for the 2011 financial year (charged to the income statement in the 2012 financial year) come to approximately Euro 80 thousand.

Receivables, payables, revenues and costs with parent companies and other companies

PARENT COMPANIES	Trade receivables	Other receivables	Financial receivables	Total As of 31 Dec 2011	Trade payables	Other liabilities	Financial liabilities	Total As of 31 Dec 2011
Titan Luxco 3 Sàrl						10	77,986	77,996
Total						**10**	**77,986**	**77,996**

PARENT COMPANIES	Raw materials consumables and purchased goods	Costs related to services	Other operating costs	Non recurring costs	Financial expenses	Taxes	Total As of 31 Dec 2011
Titan Luxco 3 Sàrl					8,375		8,375
Total					**8,375**		**8,375**

Related companies

TeamSystem Group has not been party to any transactions with related companies that are worth disclosing, other than those previously commented upon.

29 Average number of group employees

Set out below is a summary of the employees of Group Companies by category.

	Average 2011	Average 2010	Change	As of 31 Dec 2011	As of 31 Dec 2010	Change
Managers	12	10	2	14	10	4
Middle managers, White collars, workers	839	777	62	876	802	74
Total	**851**	**787**	**64**	**890**	**812**	**78**

30 Subsequent events

Acquisition of Paradigma

In January 2012 the agreement was finalised for the acquisition by TeamSystem Srl of 100% of the quotas of Paradigma Srl.

Paradigma, a company set up in Turin in 1991, is an Italian boutique specialised in professional training services aimed at management in large Italian and international businesses and completes the product range of TeamSystem Group, which can thus preside over the market for training in the following segments: SMEs, professionals, large practices and multinational businesses. The transaction falls within the plan for the development of TeamSystem Group aimed at also extending its leadership in the training sector, in which it has operated for a number of years through Euroconference, a group company specialised in training services for accountants, corporate administration managers and labour consultants.

Acquisition of Digita

In February 2012 the agreement was finalised for the acquisition by TeamSystem Srl of 60% of the quotas of Digita S.r.l, stipulating, at the same time with the non-controlling shareholders, a shareholder agreement that provides for the possibility to exercise a put and call option on the residual 40% stake within predetermined future periods.

Digita S.r.l, an Italian company located in Asolo (Treviso), has developed Tustena CRM software, which is based on a platform designed natively with cloud logic and which is capable of satisfying all marketing and customer management needs, as well as permitting scalability and ample possibilities for personalisation.

Acquisition of TeamSystem Ancona

In February 2012, subsequent to the letter of intent entered into with approximately further non-controlling shareholders, the acquisition was completed by TeamSystem of almost all of their quotas, corresponding to 8.46% of the quota capital.

Cover of loss of the subsidiary TeamSystem Service

In April 2012, on the occasion of the approval of the 2011 financial statements of TeamSystem Service, the quota capital was reduced to zero, the further losses incurred in the 2011 financial year were covered and the quota capital was increased again to its previous level, by means of the pay in by the sole owner TeamSystem of Euro 205 thousand.

* * *

On behalf of the Board of Directors of TeamSystem Srl

Pesaro, 11 May 2012 — Managing Director

Federico Leproux

Appendix 1
to the consolidated financial statements
for the year ended 31 December 2011

Reconciliation
of IFRS 3 goodwill arising on consolidation
of the companies

TeamSystem Communication Srl
DRC FORM Srl
I.S.P. Srl
DANEA SOFT Srl

Teamsystem Communication SRL—IFRS 3 goodwill arising on consolidation

Statement of financial position as of 1 Jan 2011

	As of 1 Jan 2011	Reclassifications Adjustments PPA	As of 1 Jan 2011 post PPA	NOTES
ASSETS				
Non-current assets				
Property, plant and equipment	16		16	
Intangible assets	101		101	
Investments	259		259	
Deferred tax assets	4		4	
Total non-current assets	**380**	**0**	**380**	
Current assets				
Inventories	302		302	
Trade receivables	626		626	
Tax receivables	6		6	
Other receivables	32	8	40	2
Cash and bank balances	119		119	
Total current assets	**1,085**	**8**	**1,094**	
Non-controlling interests—Profit (loss)	**1,465**	**8**	**1,473**	

	As of 1 Jan 2011	Reclassifications Adjustments PPA	As of 1 Jan 2011 post PPA	NOTES
EQUITY AND LIABILITIES				
TOTAL EQUITY	**298**	**12**	**310**	
Non-current liabilities				
Overdrafts and loans from banks and other financial institutions	105		105	
Employee termination indemnities	81	(22)	59	1
Deferred tax liabilities		6	6	1
Total non-current liabilities	**185**	**(16)**	**170**	
Current liabilities				
Overdrafts and loans from banks and other financial institutions—current	613		613	
Trade payables	172		172	
Tax liabilities—current	54		54	
Other current liabilities	143	12	155	2
Total current liabilities	**982**	**12**	**994**	
TOTAL LIABILITIES	**1,167**	**(4)**	**1,163**	
TOTAL NET EQUITY AND LIABILITIES	**1,465**	**8**	**1,473**	

Reconciling statement of goodwill and net equity—IFRS as of 1 Jan 2011 Post PPA

	Gross value	Tax impact	Adjustments to net equity	NOTES
Adjustments description				
Valuation of Staff leaving indemnity	22	(6)	16	1
Other adjustments	(4)		(4)	2
TOTAL ADJUSTMENTS PPA IFRS	**18**	**(6)**	**12**	a
Net equity As of 1 Jan 2011 ITA GAAP			**298**	b
Net equity IFRS post PPA			310	c = a+b
Investment cost			1,617	d
Capitalized transaction costs			**48**	e
Consolidated Goodwill IFRS 3 TeamSystem Communication			**1,260**	f = d-c-e

DRC FORM SRL—IFRS 3 goodwill arising on consolidation

Statement of financial position as of 1 Jan 2011

Assets	As of 1 Jan 2011	Reclassifications Adjustments PPA	As of 1 Jan 2011 post PPA	Notes
Non-current assets				
Intangible assets	3		3	
Total non-current assets	**3**	**0**	**3**	
Current assets				
Trade receivables	26		26	
Tax receivables	2		2	
Other receivables	6		6	
Cash and bank balances	385		385	
Total current assets	**419**	**0**	**419**	
TOTAL ASSETS	**422**	**0**	**422**	

Equity and liabilities	As of 1 Jan 2011	Reclassifications Adjustments PPA	As of 1 Jan 2011 post PPA	Notes
TOTAL EQUITY	**66**	**0**	**66**	
Non-current liabilities				
Current liabilities				
Trade payables	186		186	
Tax liabilities—current	4		4	
Other current liabilities	166		166	
Total current liabilities	**356**	**0**	**356**	
TOTAL LIABILITIES	**356**	**0**	**356**	
TOTAL NET EQUITY AND LIABILITIES	**422**	**0**	**422**	

	Gross value	Tax impact	Adjustments to net equity	Notes
RECONCILING STATEMENT OF GOODWILL AND NET EQUITY—IFRS OF DRC FORM SRL As of 1 Jan 2011 POST PPA				
Adjustments description				
Capital—non-controlling interests	(15)	0	(15)	
TOTAL ADJUSTMENTS PPA IFRS	**(15)**	**0**	**(15)**	a
Net equity As of 1 Jan 2011 ITA GAAP			**66**	b
Net equity IFRS post PPA			**51**	c = a+b
Cost of the investment			**66**	d
Capitalized transaction costs			**0**	e
Goodwill IFRS 3 Drc Form			**15**	f = d-c-e

I.S.P. SRL—IFRS goodwill arising on consolidation

Statement of financial position as of 1 Jan 2011

ASSETS	As of 1 Jan 2011	Reclassifications Adjustments PPA	As of 1 Jan 2011 post PPA	NOTES
Non-current assets				
Property, plant and equipment	55		55	
Intangible assets	182		182	
Deferred tax assets		18	18	2
Total non-current assets	**237**	**18**	**255**	
Current assets				
Inventories	7		7	
Trade receivables	720	(65)	654	2
Tax receivables	66		66	
Other receivables	23		23	
Cash and bank balances	85		85	
Total current assets	**901**	**(65)**	**836**	
TOTAL ASSETS	**1,138**	**(47)**	**1,091**	

EQUITY AND LIABILITIES	As of 1 Jan 2011	Reclassifications Adjustments PPA	As of 1 Jan 2011 post PPA	NOTES
TOTAL EQUITY	**20**	**(19)**	**0**	
Non-current liabilities				
Employee termination indemnities	216	(39)	177	1
Provisions for risks and charges	281		281	
Deferred tax liabilities		11	11	1
Total non-current liabilities	**497**	**(28)**	**469**	
Current liabilities				
Other financial liabilities—current	90		90	
Trade payables	83		83	
Tax liabilities—current	168		168	
Other current liabilities	281		281	
Total current liabilities	**622**	**0**	**622**	
TOTAL LIABILITIES	**1,118**	**(28)**	**1,090**	
TOTAL NET EQUITY AND LIABILITIES	**1,138**	**(47)**	**1,091**	

Reconciling statement of goodwill and net equity—IFRS as of 1 Jan 2011 Post PPA

	Gross value	Tax impact	Adjustments to net equity	NOTES
Adjustments description				
Valuation of Staff leaving indemnity	39	(11)	28	1
Valuation of Allowance for doubtful receivables	(65)	18	(47)	2
TOTAL ADJUSTMENTS PPA IFRS	**(27)**	**7**	**(19)**	**a**
Net equity As of 1 Jan 2011 ITA GAAP			**20**	**b**
Net equity IFRS post PPA			**0**	**c = a+b**
Cost of the investment			**2,089**	**d**
Capitalized transaction costs			**60**	**e**
Goodwill arising on consolidation ex IFRS 3—I.S.P.			**2,028**	**f = d-c-e**

DANEA SOFT. SRL—Preliminary IFRS 3 goodwill arising on consolidation

Statement of financial position as of 31 Dec 2011

ASSETS	As of 31 Dec 2011	Reclassifications Adjustments PPA	As of 31 Dec 2011 post PPA	NOTES
Non-current assets				
Property, plant and equipment	91		91	
Intangible assets	29		29	
Investments	7		7	
Deferred tax assets	24		24	
Other non-current financial assets	547		547	
Total non-current assets	**698**	**0**	**698**	
Current assets				
Inventories	10		10	
Trade receivables	58		58	
Other receivables	8		8	
Bank accounts and post office	305		305	
Cash and bank balances	1,026		1,026	
Total current assets	**1,407**	**0**	**1,407**	
TOTAL ASSETS	**2,105**	**0**	**2,105**	

EQUITY AND LIABILITIES	As of 31 Dec 2011	Reclassifications Adjustments PPA	As of 31 Dec 2011 post PPA	NOTES
TOTAL EQUITY	**791**	**0**	**791**	
Non-current liabilities				
Employee termination indemnities	72		72	
Total non-current liabilities	**72**	**0**	**72**	
Current liabilities				
Other financial liabilities—current	4		4	
Trade payables	191		191	
Tax liabilities—current	81		81	
Other current liabilities	966		966	
Total current liabilities	**1,242**	**0**	**1,242**	
TOTAL LIABILITIES	**1,314**	**0**	**1,314**	
TOTAL NET EQUITY AND LIABILITIES	**2,105**	**0**	**2,105**	

Reconciling statement of provisional goodwill of DANEA SOFT SRL as of 31 Dec 2011

Net equity As of 31 Dec 2011 ITA GAAP	**791**	**a**
Cost of the investment	**9,357**	**b**
Capitalized transaction costs	**66**	**c**
PROVISIONAL GOODWILL EX IFRS 3—Danea Soft	**8,500**	**d = b-a-c**

Solely for Danea Soft Srl, the goodwill determined is preliminary as indicated above.

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