Annual Accounts 2013

2013

ENGINEERING

Financial Statements

ENGINEERING INGEGNERIA INFORMATICA

Deloitte.

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AUDITORS' REPORT
PURSUANT TO ART. 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Engineering Ingegneria Informatica S.p.A.

1. We have audited the financial statements of Engineering Ingegneria Informatica S.p.A., which comprise the statement of financial position as of December 31, 2013, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on March 29, 2013.

3. In our opinion, the financial statements give a true and fair view of the financial position of Engineering Ingegneria Informatica S.p.A. 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 and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005.

4. The Directors of Engineering Ingegneria Informatica S.p.A. are responsible for the preparation of the report on operations and the annual report on corporate governance in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and

paragraph 2, letter b) in the annual report on corporate governance, 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 report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the annual report on corporate governance are consistent with the financial statements of Engineering Ingegneria Informatica S.p.A. as of December 31, 2013.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Cherubini
Partner

Rome, Italy
March 28, 2014

This report has been translated into the English language solely for the convenience of international readers.

Directors' report to the Financial Statements at December 31, 2013

I. Corporate boards

BOARD OF DIRECTORS

Following Ordinary Shareholders' Meeting decision of April 24, 2012 and Board of Directors decision of April 24, 2012, the Board of Directors was re-appointed for the three-year period 2012-2014, as follows:

Michele Cinaglia	Chairman
Rosario Amodeo*	Executive Vice Chairman
Tommaso Amodeo*	Vice Chairman
Paolo Pandozy	Chief Executive Officer
Costanza Amodeo*	Executive Director
Marilena Menicucci	Director
Armando Iorio	Executive Director
Giuliano Mari	Independent Director
Dario Schlesinger	Independent Director
Alberto De Nigro	Independent Director
Massimo Porfiri	Independent Director
Luca Sabelli	Secretary

* The Executive Director Costanza Amodeo resigned as a Director on January 31, 2013.
Effective from March 31, 2013 Rosario Amodeo resigned as Executive Vice Chairman, retaining the position of Director.
Effective from August 8, 2013, Directors Rosario Amodeo and Tommaso Amodeo resigned as Directors and from their offices held on the Board of Directors.

The so-called "one-tier" system of governance system adopted by Engineering Ingegneria Informatica S.p.A. requires that the internal control and risk management Committee, delegated to the Board of Directors, be entirely composed of independent directors. The remuneration Committee, the appointments Committee and the Committee for transactions with related parties are comprised only of independent directors.

LEAD INDEPENDENT DIRECTOR
Giuliano Mari

DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM
Paolo Pandozy

INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE
Chairman
Massimo Porfiri
Members
Alberto De Nigro
Dario Schlesinger

REMUNERATION COMMITTEE
Chairman
Giuliano Mari
Members
Massimo Porfiri
Alberto De Nigro

APPOINTMENTS COMMITTEE
Chairman
Giuliano Mari
Members
Massimo Porfiri
Dario Schlesinger

COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES
Chairman
Massimo Porfiri
Members
Alberto De Nigro
Dario Schlesinger

SUPERVISORY BOARD
Chairman
Massimo Porfiri
Members
Alberto De Nigro
Dario Schlesinger

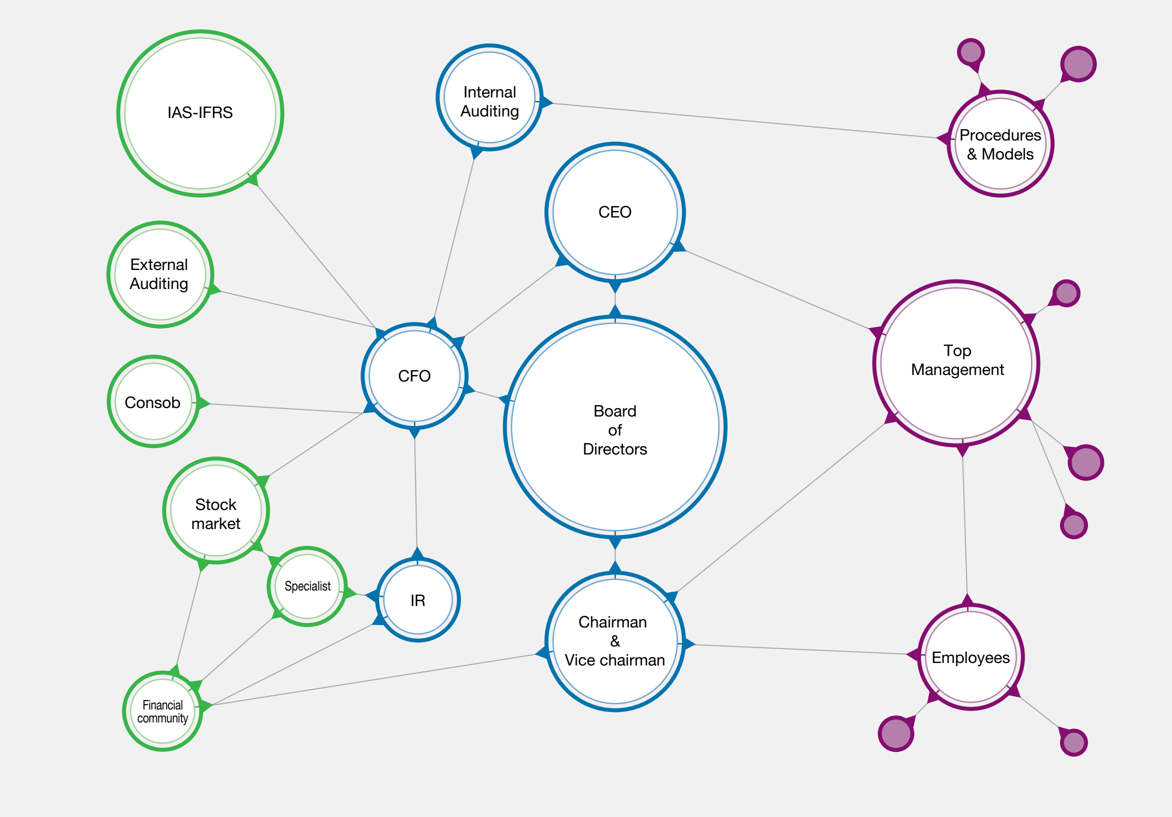
MANAGER IN CHARGE
Armando Iorio

INDEPENDENT AUDITORS
Deloitte & Touche S.p.A.

SPECIALIST
Banca IMI S.p.A.

II. Corporate Governance

In 2013, the Corporate Governance system used in Engineering Ingegneria Informatica S.p.A. is in line with the principles contained in the new edition of the self-governance code for Italian listed companies, drawn up by Borsa Italiana and published in December 2011, along with relevant Consob recommendations and international best practices.
The annual Corporate Governance Report, which provides a general description on the system of corporate governance in place at the Company, is attached to these accounts and is also available for consultation at *www.eng.it* (under Investor Relations).



The Corporate Governance system and the Bodies and Offices are established to achieve maximum equilibrium between the needs for flexibility and timeliness in decision making, a high degree of transparency in dealings between the various centres of responsibility and the external entities, and the exact identification of roles and consequent responsibilities.

The Board of Directors, together with the Chairman, the CEO, the CFO and the General Managers represent the meeting point between the Company - comprising the personnel, models, conduct codes and performance - and external parties comprising Control and Compliance bodies and the community of shareholders and stakeholders in general.

Engineering Ingegneria Informatica has adopted a one-tier system, therefore of the management control Committee - comprised from within the Board of Directors and only represented by independent directors - which provides the public in the Investor Relations section of the corporate website *www.eng.it* all the documentation relating to the annual Governance report, the Code of Ethics, the organisational model, regulations, protocols and the financial statements.

III. Introduction and general information on operations

INTRODUCTION

In 2013, Engineering Ingegneria Informatica (hereinafter also Engineering or the Company) incorporated the 100%-owned subsidiary Engineering.IT S.p.A..

The financial statements have been prepared in accordance with the going-concern principle.

The reorganisation plan aims to develop and use the synergies arising from the concentration into a single production unit, in order to:

- achieve unitary management of operations;
- gain increased operational flexibility;
- achieve administrative simplifications;
- improve commercial relationships;
- consolidate existing relationships through the same contact;
- integrate similar functions within the company to achieve economies of cost and efficiency in technical, logistics and administrative activities.

The merger was carried out on December 31, 2013; however, for accounting purposes, the operations of the merged company were posted to the financial statements of Engineering Ingegneria Informatica S.p.A. starting from January 1, 2013, the date of the "real" effectiveness of the merger.
The operation did not have any effect on the income statement or result in values higher than those reported in the consolidated financial statements.

The above operations significantly modified the reference domain for the formation of profit/(loss) for the year and, as a result, these cannot be easily compared with the same data from the previous year. In order to render the comparison more homogeneous, the reporting will be accompanies by additional information, where possible, to identify the deviations from the previous year, assuming that the merger had already been performed. This reporting procedure is identified with the wording "pro-forma".

The financial statements at December 31, 2013 have been prepared in compliance with the recognition and measurement criteria established under International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS), in addition to the IFRIC (International Financial Reporting Interpretation Committee) and SIC (Standing Interpretation Committee) interpretations issued by the International Accounting Standards Boards and adopted by the European Commission as per the procedure set down by Article 6 of Regulation (EC) 1606/2002 of the European Parliament as subsequently modified, and in line with Consob Regulation No. 11971.

The detailed description of the accounting principles, assumptions and estimates adopted is provided in the explanatory notes to the financial statements at December 31, 2013 of Engineering Ingegneria Informatica S.p.A., to which reference should be made.

This report uses a number of alternative performance indicators not provided for under IFRS accounting standards, in line with CESR recommendation 05-178b published on 3 November 2005. Ebitda (gross operating income) is determined, with reference to the income statement, as operating income before interest, taxes, amortisation and depreciation and restructuring charges. Ebit is the operating income.

A number of estimates and assumptions were used in preparing these accounts and were consistently applied for all interim periods presented which affect the financial values reported therein. Where, based on management's best estimate, these estimates and assumptions differ in the future from the actual situation, they will be changed in the period in which the circumstances arise.

The financial statements have been prepared in accordance with the going-concern principle.

The above-stated valuations are founded on the reasonableness principle and take account of market practice, historic experience, the involvement of external consultants and market conditions.

The data relating to the net financial position is compared with the 2013 year-end.

GENERAL INFORMATION ON COMPANY OPERATIONS

Engineering, founded in Padua on June 6, 1980 and listed on the FTSE STAR segment of Borsa Italiana since December 2000, is one of the largest Italian operators in Information Technology services and is among the top 3 national operators. The business model extends into a number of sectors, including system integration, the provision of organisational consultancy and specialist services, proprietary application solutions, management applications and outsourcing.

It also operates in the outsourcing and cloud computing market through an integrated network of 4 Data Centres located in Italy.

The Company's market consists of medium to large customers in all primary market segments: Public Administration (central, defence and space), Finance (banks, insurance and SGR), Industry & Services, Telco & Utilities.

The Company plays a leadership role in software research, coordinating a number of national and international projects through a network of scientific partners and universities across Europe. It develops Cloud Computing solutions and operates in the Open Source community.

IV. Key results

(Amounts in Euro million)

Description	31.12.2013	31.12.2012	31.12.2012 pro-forma	Change		Pro-forma change	
				Amount	%	Amount	%
Operating revenues	**710.0**	**488.0**	**705.8**	**222.0**	**45.5**	**4.1**	**+0.6**
Net revenues	**688.1**	**470.6**	**688.9**	**217.4**	**46.2**	**(0.9)**	**-0.1**
Ebitda	**86.8**	**50.7**	**83.8**	**36.2**	**71.4**	**3.1**	**+3.7**
% of net revenue	12.6	10.8	12.2				
Ebit	**51.5**	**35.7**	**58.6**	**15.8**	**44.3**	**(7.1)**	**-12.1**
% of net revenue	7.5	7.6	8.5				
Net Profit	**24.1**	**22.3**	**39.0**	**1.9**	**8.4**	**(14.9)**	**-38.2**
% of net revenue	3.5	4.7	5.7				
Shareholders' equity	**347.7**	**270.1**	**328.9**	**77.7**	**28.8**	**18.9**	**+5.7**
Net debt	**(2.3)**	**(29.4)**	**(32.3)**	**27.1**		**30.0**	
% Debt/equity	0.7	10.9	9.8				
ROE % (N.P/N.E.)	**6.9**	**8.2**	**11.9**	**(1.3)**	**-15.8**	**(4.9)**	**-41.5**
ROI % (EBIT/N.C.E.)	**14.4**	**11.6**	**15.9**	**2.8**	**23.9**	**(1.5)**	**-9.4**
No. of employees	**6,063**	**4,156**	**6,091**	**1,907**	**45.9**	**(28)**	**-0.5**

V. Market overview

ECONOMIC OVERVIEW

The Organisation for Economic Cooperation and Development estimates growth of around 3.1% in the global GDP in 2013 and of 4% in 2014.
The Euro area is showing the lowest growth worldwide, as it has been for several years, with a generalised drop for peripheral countries, including Italy, which recorded -1.9% in 2013, a value of around Euro 1,800 billion.
China, India, Central and South America, Israel and Turkey showed the highest growth rates.

Several weak but significant signs of recovery have led both international organisations and Istat to forecast that Italy will show moderate growth of around 0.7% in 2014.

THE IT SECTOR

The North American (United States and Canada) ICT market has returned to significant growth: United States +4.2% and Canada +3.4%.
This is a clear sign that the crisis is effectively over in the United States, and significant investments are once again being made in ICT, which is considered a driver of overall growth of the economy.
Europe recorded more modest growth rates, which, however, show a significant reversal of the trend (+1.9%), after five years marked by negative performance.

In Italy the entire IT services segment declined by around 4.5% this year (source: Assintel, non-final 2013 data), repeating the trend seen in the last few years.

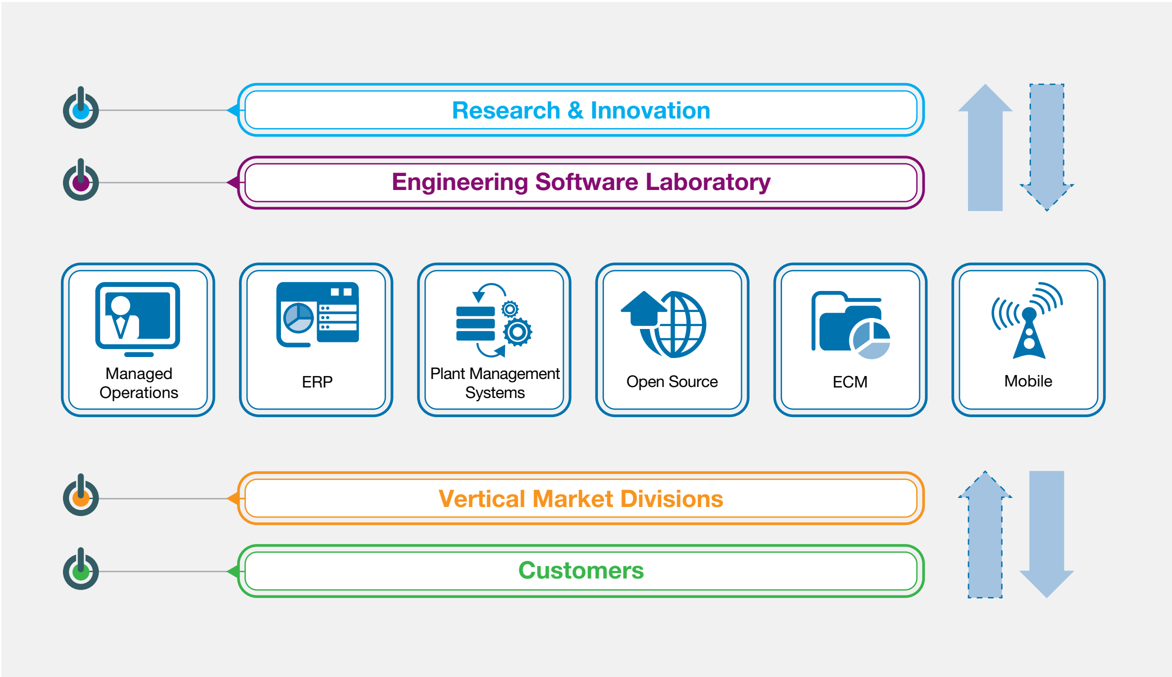
VI. Operational overview

In Italy, the strong positioning of the Company and the market trend of consolidation has made Engineering a technology and business partner to which an increasing number of businesses have entrusted the management and development of their systems.

Against the backdrop of the crisis, this positioning contributes to growth in market share, to the detriment of smaller local players as well as the global players operating in Italy, which are undergoing significant difficulties in interpreting the dynamics of a scenario where the optimum management of efficiency and complexity are fundamental factors in obtaining positive qualitative as well as economic-financial results.

Engineering's internal reorganisation launched in 2012 was consolidated this year, focusing on improving skill levels and centralising the software development activities into Engineering Software Laboratory (ESL), a structure created in order to develop the utilisation of the best available technologies, uniformly establishing the highest certification standards on production and operating processes.

The structure will become the technological focal point of all the Market and Business structures.



Alongside system integration, which remains the prevalent business line in the model, a gradual rise is seen in revenues generated by outsourcing contracts, services provided both through the traditional method and through the cloud platform.
The 4 Data Centres owned by Engineering now manage over 300 customers, including private and public sector, medium and large companies.

Today, Engineering is the only Italian company capable of combining:

- in-depth knowledge of its clients' business, whether they are private sector or public institutions;
- cutting-edge technological infrastructure capable of providing a sustainable competitive advantage;
- expertise in complex system integration, gained from its thirty years' in business;
- a reputation as a software provider of vertical solutions capable of competing on the international playing field;
- proven ability in scouting and execution of new acquisitions and assessment of extraordinary investments.

VII. Financial highlights

The positive results achieved confirm that the company's positioning has been further strengthened.

Operating revenues amounted to Euro 710 million, in line with pro-forma 2012 (Euro 705.8 million).

Net revenues amount to Euro 688 million, substantially unchanged compared to pro-forma 2012 (Euro 688.9 million).

Ebitda totalled Euro 86.8 million, an increase of 3.7% on pro-forma 2012 (Euro 83.8 million).

Ebit amounted to Euro 51.5 million, after depreciation, amortisation and provisions (Euro 35.4 million), a decrease of Euro 7.1 million on pro-forma 2012.

The net profit at December 31, 2013 was Euro 24.1 million, compared to the pro-forma 2012 figure of Euro 39 million.

The net financial position at December 31, 2013 reports a debt position of Euro 2.3 million compared to a debt position of Euro -32.3 million for pro-forma 2012, recording an improvement of Euro 30.0 million.

OPERATING REVENUES

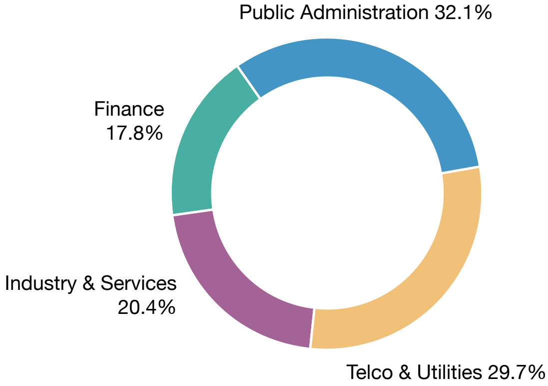
Revenue per market segment

The table below summaries the breakdown of revenue by market segment.

(in Euros)

Description	31.12.2013		31.12.2012		31.12.2012 pro-forma		Change %	Change %
		%		%		%		pro-forma
Operating revenues								
Finance	122,691,628	17.8	127,021,170	27.0	130,595,428	19.0	-3.4	-6.1
Public Administration	220,940,992	32.1	223,680,528	47.5	225,677,111	32.8	-1.2	-2.1
Industry & Services	140,288,077	20.4	29,099,341	6.2	144,146,793	20.9	382.1	-2.7
Telco & Utilities	204,154,010	29.7	90,825,358	19.3	188,512,568	27.4	124.8	8.3
Net revenues	**688,074,708**	**100.0**	**470,626,398**	**100.0**	**688,931,900**	**100.0**	**46.2**	**-0.1**
Other revenues	21,879,531		17,358,291		16,877,608		26.0	29.6
Total operating revenues	**709,954,239**		**487,984,689**		**705,809.508**		**45.5**	**0.6**

NET REVENUES



FINANCE

The protection of Italian banks' profitability is inevitably implemented through a careful, rigid policy of cost control. In this still complex phase for the Italian and international economy, banks are having to find increasingly innovative organisational and infrastructural solutions, in order to increase the efficiency and variety of services offered, in addition to reducing costs, as mentioned.
In this scenario, IT, digitalisation and use of multiple channels are important drivers for rationalising processes and expanding the range of products and services.

During 2013, Engineering acted in line with the specific characteristics of its market, promoting innovation in areas of interest for large Italian banks, while gauging and taking effective action on internal productivity and efficiency, achieving a significant increase in profitability.

The year just ended was marked by the effects of a significant set of changes to regulations, which required a considerable effort by financial institutions on compliance issues, specifically relating to Basel 3 regulations, the new regulations on European Supervision and those relating to the adoption of new accounting and tax models, areas in which Engineering is an undisputed leader with a significant market share, and has planned the launch of important projects.

The Company's sound positioning is confirmed by the fact that all the large Italian banks, leading insurance groups and an increasing number of small and medium-sized financial institutions continue to work with Engineering because they can count on our professional approach to delivery and on the indisputable quality of our solutions. Against a reduction in business volumes with Monte Paschi due to factors unrelated to Engineering's offer, we consolidated our presence in the rest of the large banks market, while expanding our entrance into the areas of investment management companies, investment funds and factoring.

PUBLIC ADMINISTRATION

On the strength of its position as the absolute leader in the entire area of Public Administration, from central governments to local authorities and healthcare organisations, Engineering has successfully dealt with the challenges of a relatively difficult scenario, substantially maintaining its revenues and profitability unchanged compared to the previous year.
Vertical expertise in this domain, along with the ability to exploit economies of scale and a portfolio of market leading proprietary solutions are the factors underlying our positioning.

The most important events include:

- in the area of Central Governments, Engineering confirmed its position as the leading company for social security institutions, through both application and infrastructural services;
- in the area of local Public Administration, it is important to note our Company's results in the area of taxes and tax collection as well as the initiatives for the Municipality of Milan for Expo 2015;
- in Healthcare, the Company confirmed its position as technology partner of hundreds of local institutions, as well as of the Ministry of Health.

INDUSTRY & SERVICES

The Industry market is generally still characterised by a conservative, prudent approach, as a result of the macroeconomic scenario.
That being said, it is showing a certain propensity towards greater innovation, especially in medium and large companies.

Industry is the market segment that is most receptive to outsourcing IT structures, entrusting them to a player capable of supporting the entire cycle typical of a full outsourcing offer: management of processing capacity, storage, security, network and application maintenance.
Following the acquisition of T-Systems Italia, Engineering not only increased its client base but also integrated a further 3 Data Centres into its technology infrastructure, and high-value technological, functional and process skills and know-how.

This year was distinguished by significant organic growth, mainly in the areas of Managed Operations, ERP, Mobility and Automation, in which Engineering is a leader in integrating third-party solutions (SAP and Microsoft Dynamics) and in developing and implementing proprietary software (GIS, Delivery Tracking and Plant Management System).

Among other projects, the close partnership with the Fiat-Chrysler Group is continuing, for which we developed automation and control systems for the new production lines of Jeep and 500X models in Melfi, as well as in the Pernambuco plant in Brazil. We have also strengthened our presence in transportation sector - airlines, railways and road transport.

UTILITIES

Engineering can count on a complete suite of proprietary products (Net@SUITE), included in the Gartner Magic Quadrant as one of the most advanced CRM-Billing solutions.
This asset, above all, has enabled our Company to obtain important recognition and sign long-term contracts in Italy and internationally, seeing its positioning grow in relation to all the leading Italian operators in the sector. Internationally, our successes in Brazil and Spain and in the South American affiliates of Enel were highly significant.

TELCO

In 2013, the Company's operations were impacted by the cancellation of important projects by our largest client, as well as the request for creditor arrangement from Seat, with the resulting prudential write-down of receivables by around Euro 3.0 million.

OPERATING EXPENSES

Operating expenses increased by a total of approximately Euro 11.2 million compared to pro-forma 2012. The increase is mainly due to the provisions made during the year, illustrated in detail below, and the increase in personnel, which is partly offset by the decrease on service costs due to the effect of the rationalisation of the production facilities, which permitted a considerable reduction in the use of external resources.

(in Euros)

Description	31.12.2013	31.12.2012	31.12.2012 pro-forma	Change		Pro-forma change	
				Amount	%	Amount	%
Personnel costs	345,697,487	218,531,408	333,132,852	127,166,080	58.2	12,564,636	3.8
Services	265,878,933	212,188,207	274,753,957	53,690,725	25.3	(8,875,024)	-3.2
Raw materials and consumables	9,139,253	4,685,388	11,192,641	4,453,864	95.1	(2,053,388)	-18.3
Depreciation, amort. and provisions	35,373,604	15,004,075	25,211,048	20,369,529	135.8	10,162,557	40.3
Other costs	2,395,896	1,913,843	2,956,903	482,053	25.2	(561,007)	-19.0
Total operating expenses	**658,485,173**	**452,322,922**	**647,247,401**	**206,162,251**	**45.6**	**11,237,773**	**1.7**

Specifically:

- Personnel costs amounted to approx. Euro 345.7 million, an increase of 3.8% relating to:
  - increase in workforce (141 employees);
  - increase in salaries in accordance with renewed contractual agreements and the recognition of higher productivity bonuses.

- Service costs amounted to Euro 265.8 million, a reduction of 3.2% on pro-forma 2012. The flexibility of our operating structure is an important competitive advantage - enabling a better response to changes in market demand - particularly in a market where costs remain high and the labour market continues to be inflexible.

- The decrease in raw materials and consumable costs is essentially due to decreased hardware and licences held for resale.

- The account Amortisation, depreciation and provisions increased compared to the pro-forma figure of the previous year, mainly due to: I) approximately Euro 9.5 million in provisions for credit risk; II) Euro 4.4 million for the restructuring plan approved by the merged company; III) Euro 0.9 million to provisions made in view of redundancy of personnel for which negotiations are still partly underway; IV) Euro 2.1 million to risks linked to a creditor arrangement signed with a client.
  There is also an overall reduction in depreciation and amortisation due to the decrease in the values recorded in intangible and tangible fixed assets.

- Other costs amount to Euro 2.3 million, a decrease on the pro-forma 2012 figure.

PROFIT FOR THE YEAR

The profit before taxes (including any discontinued operation effects) was Euro 45.8 million compared to a Euro 53.3 million for pro-forma 2012. Profit before taxes was impacted by higher cost as a result of the currency effect on receivables for activities carried out for the Brazilian subsidiary.

(in Euros)

Description	31.12.2013	31.12.2012	31.12.2012 pro-forma	Change %	Change pro-forma %
Operating profit after depreciation/amortisation (EBIT)	**51,469,066**	**35,661,767**	**58,562,107**	**44.3**	**-12.1**
Financial income (charges)	(5,536,315)	(409,317)	(2,228,527)	1,252.6	148.4
Income/(charges) from investments	(76,444)	(3,008,868)	(3,008,868)	-97.5	-97.5
Profit before taxes	**45,856,306**	**32,243,582**	**53,324,712**	**42.2**	**-14.0**
% of net revenue	6.7%	6.9%	7.7%		
Income taxes	21,725,650	9,976,930	14,284,664	117.8	52.1
Tax rate	47.4%	30.9%	26.8%		
Net profit	**24,130,657**	**22,266,651**	**39,040,048**	**8.4**	**-38.2**
% of net revenue	3.5%	4.7%	5.7%		

The net profit was Euro 24.1 million.

The tax charge is substantially unchanged on the previous year. The income taxes for the previous year were impacted by the positive effect of Euro 7.6 million deriving from the expected IRES repayment, as per Article 2, paragraph 1 *et. seq.* of Decree Law No. 201/2011, converted, with amendments by Law No. 214 of December 22, 2011, which permits the deductibility, for the purposes of income taxes, of the regional income tax on production activity (IRAP) relating to personnel and similar expenses, net of the deductions already permitted (tax amnesty) also for the tax periods 2007-2011.

VIII. Statement of financial position

The cash flow statement presented below shows the cash flows for the Company according to the direct method. The cash flow statement is presented, as established by IAS 7, considering the assets and the liabilities of the companies acquired and/or sold and allocated to the relevant investing activity cash flow accounts. Only cash and cash equivalents relating to the current year are shown.

For a better representation and comparison of 2013 cash flows with those of the previous year, a pro-forma statement has been prepared, as if the subsidiary Engineering.IT S.p.A. had been incorporated in 2012.

(in Euros)

Description	31.12.2013	31.12.2012	Pro-forma 31.12.2012
Cash flow from operating activities			
Revenues from the sales of products/services - third parties	812,196,812	560,486,743	813,004,075
Revenues from the sales of products/services - Group	7,156,879	451,739	2,539,423
Costs for goods and services - third parties	(300,230,268)	(214,507,421)	(327,856,048)
Costs for goods and services - Group	(20,316,811)	(60,932,362)	(22,064,595)
Personnel costs	(350,926,843)	(221,638,119)	(336,131,756)
Interest received from operating activities	1,081,184	1,237,353	1,245,816
Interest paid for operating activities	(2,705,800)	(2,822,120)	(2,882,970)
Exchange differences	3,694	(21,239)	(23,763)
Income taxes	(102,316,004)	(66,562,166)	(91,018,715)
Cash pooling	3,158,745	28,683,614	(1,099,883)
A) Total cash flow from operating activities	**47,101,588**	**24,376,022**	**35,711,583**
Cash flow from investing activities			
Sale of tangible assets	8,649	21,747	21,747
Purchase of tangible assets	(5,841,975)	(1,665,841)	(7,018,276)
Purchase of intangible assets	(1,659,052)	(265,586)	(2,459,322)
Purchase of investments in subsidiaries	(25,000)	(1,069,382)	(1,069,382)
Sale of investments in subsidiaries	23,499	0	0
Purchase of business unit	0	(4,489,329)	(9,343,275)
Purchase of other investments and securities	(524,326)	(4,500)	(4,500)
B) Total cash flow from investing activities	**(8,018,205)**	**(7,472,891)**	**(19,873,008)**
Cash flow from financing activities			
New loans	261,186,078	334,996,155	335,845,543
Repayment of loans	(285,661,482)	(339,110,554)	(340,577,038)
Loans disbursed to Group companies	(1,950,000)	(700,000)	(1,032,800)
Loans repaid by Group companies	160,000	350,000	3,554,944
Sale of treasury shares	0	678,880	678,880
Purchase of treasury shares	0	(937,372)	(937,372)
Dividends distributed	(6,499,761)	(5,482,121)	(5,482,121)
Interest received from financing activities		3,699	3,699
Interest paid for financing activities	(516,887)	(442,686)	(487,497)
Cash pooling (obsolete)	0	0	(44,811)
C) Total cash flow from financing activities	**(33,282,051)**	**(10,644,000)**	**(8,433,763)**
D) = (A + B + C) Change in cash and cash equivalents	**5,801,333**	**6,259,131**	**7,404,812**
E) Cash and cash equivalents at beginning of year	**85,621,954**	**77,377,384**	**78,217,142**
F) = (D + E + E1) Cash and cash equivalents at end of year	**91,423,287**	**83,636,515**	**85,621,954**

Investing cash flows amount to Euro 8 million, a decrease of around Euro 11 million as a result of no purchases of business units (Euro 9.3 million in the previous year, pro-forma) and the decrease in fixed assets.

Operating cash flows generated Euro 47 million, an increase on the previous year - pro-forma - of Euro 11.4 million, which was substantially offset by the financing cash flows, which absorbed Euro 33.2 million.

NET FINANCIAL POSITION

The net financial position at the end of 2013 came to Euro -2.3 million, an improvement of Euro 30 million on 2012 pro-forma.

Total liquidity includes, in addition to the cash and cash equivalents at year-end, also the value of treasury shares held at December 31, 2013 of Euro 6,711,246.26.

(in Euros)

Description	Value at 31.12.2013	Value at 31.12.2012	Pro-forma 31.12.2012
Cash	19,148	15,614	21,895
Other liquid assets	98,115,386	90,332,147	92,311,306
Cash and cash equivalents	**98,134,533**	**90,347,761**	**92,333,201**
Current financial receivables	**0**	**0**	**0**
Current bank payables	(77,322)	(3,122)	(3,122)
Current borrowing	(76,686,642)	(106,299,653)	(107,251,808)
Other current financial payables	(5,170,063)	(4,088,537)	(4,088,537)
Current borrowing	**(81,934,027)**	**(110,391,312)**	**(111,343,467)**
Net current financial position	**16,200,506**	**(20,043,550)**	**(19,010,265)**
Non-current borrowing	(18,362,010)	(9,366,412)	(13,121,134)
Other non-current payables	(134,076)	(6,129)	(121,879)
Non-current borrowing	**(18,496,086)**	**(9,372,541)**	**(13,243,013)**
Net financial position	**(2,295,580)**	**(29,416,091)**	**(32,253,278)**

CENTRALISED TREASURY

The use of cash pooling has for some time ensured adequate coverage of financial needs by subscribing to suitable credit lines and with appropriate management of surplus cash.

The cyclical trend of receipts continued with short-term exposure to banks on which an annual interest rate was paid to the bank varying from 2.80% to 3.10%. Also in 2013 the official interest rates (see Euribor) stood at substantially low levels, once again failing to be a benchmark for the banking system. Conversely, spreads decreased, but only slightly, therefore, they substantially remained at more or less high levels. In any event, Engineering's excellent rating, ongoing dialogue and discussion with the various banks allowed us to take advantage of the best conditions offered based on real need and to keep financial charges as low as possible.

During the year, subsidiaries repeatedly had to cover financial commitments that exceeded their liquidity. The cash pooling provided them with facilitated access to the liquidity of the parent company at rates which could not have been achieved independently on the market. This advantage translated into the optimal allocation of financial resources within the Group.

WORKING CAPITAL

Net working capital, which was stable compared to 2012 pro-forma, amounts to Euro 306 million.
Overall, working capital increased by 2.1%, while current liabilities increased by 4.2%, mainly due to the increase in provisions made during the year, and partly as a result of improved management of payment terms for trade payables.

(in Euros)

Description	31.12.2013	31.12.2012	31.12.2012 pro-forma	Change		Pro-forma change	
				Amount	%	Amount	%
Current Assets							
Inventories and construction contracts	115,741,630	94,699,898	129,596,978	21,041,731	22.2	(13,855,348)	-10.7
Trade receivables	494,390,512	367,821,243	475,149,681	126,569,268	34.4	19,240,830	4.0
Other current assets	47,259,848	31,703,243	39,303,893	15,556,605	49.1	7,955,955	20.2
Total current assets	**657,391,989**	**494,224,384**	**644,050,552**	**163,167,605**	**33.0**	**13,341,437**	**2.1**
Current Liabilities							
Trade payables	(219,185,538)	(181,413,141)	(214,220,285)	(37,772,398)	20.8	(4,965,253)	2.3
Other current liabilities	(132,640,555)	(88,786,195)	(123,314,743)	(43,854,360)	49.4	(9,325,812)	7.6
Total current liabilities	**(351,826,093)**	**(270,199,335)**	**(337,535,028)**	**(81,626,758)**	**30.2**	**(14,291,065)**	**4.2**
Net working capital	**305,565,896**	**224,025,049**	**306,515,524**	**81,540,847**	**36.4**	**(949,628)**	**-0.3**

RECLASSIFIED BALANCE SHEET

The reclassified balance sheet shows a very strong financial position in terms of the relationship between the source and application of funds, in line with Company objectives.

The Company confirms the high level of coverage provided by a 3.2x Equity/Fixed Assets ratio and a limited Gearing (NFP/Equity) of 0.7%.

These performance indicators highlight a solidity which does not cause any concern in relation to the increase in Working Capital which in the year increased to Euro 305 million for a 0.43x ratio on Operating Revenues.

Current borrowings are counterbalanced by a significant availability of cash which is utilised for immediate and short-term operational needs.

(in Euros)

Description	31.12.2013	31.12.2012	31.12.2012 pro-forma	Change		Pro-forma change	
				Amount	%	Amount	%
Property, plant and equipment	24,043,688	13,438,744	26,428,127	10,604,944	78.9	(2,384,439)	-9.0
Intangible assets	18,504,619	9,141,261	20,527,054	9,363,359	102.4	(2,022,435)	-9.9
Goodwill	43,648,341	43,648,341	49,052,158	0	0.0	(5,403,817)	-11.0
Equity investments	21,921,830	62,056,633	17,246,949	(40,134,803)	-64.7	4,674,881	27.1
Fixed assets	**108,118,478**	**128,284,978**	**113,254,288**	**(20,166,500)**	**-15.7**	**(5,135,810)**	**-4.5**
Short-term assets	657,391,989	494,224,384	644,050,552	163,167,605	33.0	13,341,437	2.1
Short-term liabilities	(351,826,093)	(270,199,335)	(337,535,028)	(81,626,758)	30.2	(14,291,065)	4.2
Net working capital	**305,565,896**	**224,025,049**	**306,515,524**	**81,540,847**	**36.4**	**(949,628)**	**-0.3**
Other non-current assets	24,533,438	3,709,252	33,324,503	20,824,186	561.4	(8,791,066)	-26.4
Post-employment benefits	(60,237,744)	(33,838,240)	(63,547,012)	(26,399,504)	78.0	3,309,268	-5.2
Other non-current liabilities	(21,251,928)	(15,996,930)	(21,724,590)	(5,254,998)	32.9	472,662	-2.2
Net capital employed	**356,728,139**	**306,184,108**	**367,822,713**	**50,544,031**	**16.5**	**(11,094,574)**	**-3.0**
Total shareholders' equity	**347,721,313**	**270,056,771**	**328,858,189**	**77,664,542**	**28.8**	**18,863,124**	**5.7**
M/LT (Liquidity)/Borrowing	18,496,086	9,372,541	13,243,013	9,123,546	97.3	5,253,074	39.7
ST (Liquidity)/Borrowing	(9,489,260)	26,754,797	25,721,512	(36,244,057)	-135.5	(35,210,772)	-136.9
Net (Liquidity)/Borrowing	**9,006,826**	**36,127,337**	**38,964,524**	**(27,120,511)**	**-75.1**	**(29,957,698)**	**-76.9**
Total sources	**356,728,139**	**306,184,108**	**367,822,713**	**50,544,031**	**16.5**	**(11,094,574)**	**-3.0**

IX. Research & Innovation activity

During 2013 Engineering co-invested a total of more than Euro 20 million in research and innovation, participating in numerous national and European tenders.

Specifically the presentation of the execution plans for the new Districts and Laboratories were followed by concrete implementation. These proposals concern IT applied to various sectors: energy, healthcare, the arts, tourism and e-Government. The consortiums created for the establishment of the new districts and laboratories involved collaboration with the leading scientific institutions in the country and with large industrial enterprises.

In Italy, two projects were launched on the issue of smart cities, and the rankings for the national tender were issued, where we consolidated our presence through a further two initiatives: a project for innovating document handling processes in the legal arena and an e-Learning project.

In 2013 the work with the ESTRO (Engineering Society and Territory Trento Office) laboratory of Trento was consolidated, and we continued to participate in research tenders for the Autonomous Province, also on new issues such as energy. We also contributed to the creation of part of the systems for the winter Universiadi International University Games held at the end of 2013, and continued participating in EIT tenders.

All of the activities illustrated demonstrate the position of leadership reached by Engineering in the area of national research on IT in all possible areas of application.

Internationally, the main action was focused on participating in workgroups, seminars and conferences in view of the start of the new EU innovation programme Horizon 2020, with a total budget of around Euro 90 billion. The first tender under this programme was published in December, and the first deadline is set for April 2014. As regards participation in European tenders, our most significant effort was dedicated to the areas Future Internet and Cyber Security, which have gradually become two of our Company's main areas of research.

X. Personnel

WORKFORCE AND TURNOVER

At December 31, 2013 the workforce of Engineering Ingegneria Informatica (with long-term contracts) numbered 6,063 as a result of the merger, around 83.2% of the Group total. Excluding the workforce acquired from the merged company, this would amount to 4,168.

Prior to the merger, during the year there were 196 new hires in the Parent Company (including 10 intercompany) and 184 departures (including 10 to Group companies): thus, the workforce remained substantially stable, and personnel turnover was very slight.
Employees hired under trainee contracts numbered 47.
Given the moderate turnover, the structural characteristics of personnel, illustrated below, saw very slight changes:
employees with degrees totalled 57%; women totalled 32.8%; senior managers amounted to 5.3%; and employees with management qualifications came to 19.6%.
The average age is 40.5.
Also with regard to geographical location, there were no significant changes.

As a result of the incorporation of the subsidiary Engineering.IT, the above figures changed as follows:
218 new hires (including 10 intercompany) and 246 departures (including 20 to Group companies): also including the figures of the merged company, the workforce remained substantially stable and turnover very slight.
Employees hired under trainee contracts numbered 48.
There were no significant changes in the structural characteristics of personnel: employees with degrees totalled 53%; women totalled 31.5%; senior managers amounted to 4.8%; and employees with management qualifications came to 22.3%.
The average age rose to 41.7.

TRAINING

Despite the slight decrease in man-days provided, mainly due to the decrease in the number of trainees on the workforce, training at the Academy “Enrico Della Valle” for Group personnel maintained the high volumes already recorded in 2013.

317 courses were provided with over 4,000 participants, for a total of around 13,500 man-days of classroom training at the Ferentino (FR), Rome, Padua and Pont Saint Martin (AO) offices.

One particularly important event was the success of the company Master’s programme MeM: Master Engineering in Management. This course achieved its goal of developing, through top-level didactic content, the professional level of about sixty highly specialised young managers, who will have increasing responsibility with the Group over the medium term. The Master’s, which included lectures from prestigious university professors and representatives from Italian industry, was broken into 12 residential training modules of three days each, and covered issues relating to human resource management, developing individual abilities and international and business economics.

Other activities included:

a) the launch of a new language training initiative to support the international expansion of the Group, involving 22 senior managers in individual full immersion English, French and Portuguese language courses in several of the main European capitals, also through the use of the resources of the inter-professional Fondirigenti fund. The project will continue throughout 2014;
b) Project Management courses aimed at gaining PMP® certification, with 80 project heads in the Group gaining this prestigious certificate;

c) the excellent results achieved by the ad hoc training projects for the obtainment of technical and procedural Professional Certifications (among others ITIL, Prince2, Oracle, Microsoft, SAP, IFPUG, Vmware and Cisco), resulting in 788 Group employees passing certification examinations, including at the Academy of Ferentino Testing Centre.

In 2013, the Training Department consolidated its provision of services to the external market, thanks to the acquisition, among other issues, of important orders in the Central Government sector, the world of Finance and the international market. This further confirms the high quality level of the design and implementation methodology for the training processes of the Academy of the Engineering Group.

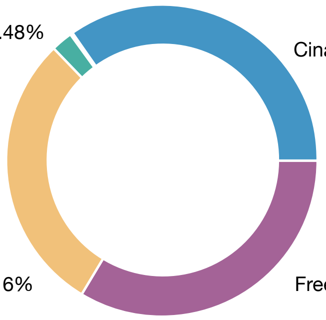
XI. Significant events during the year

- On March 12, 2013, the Extraordinary Shareholders' Meeting of EngO S.p.A. approved the liquidation of the Company;
- with effect from March 31, 2013 Rosario Amodeo resigned as Executive Vice Chairman of Engineering Ingegneria Informatica S.p.A.;
- on April 24, 2013, the Shareholders' Meeting resolved to reduce the total number of members of the Board of Directors from 11 to 10;
- on April 30, 2013 Engineering Ingegneria Informatica S.p.A. acquired from T-Systems International GmbH 100% of the share capital of T-Systems Italia S.p.A. (now Engineering.mo S.p.A.);
- on August 8, 2013 the acquisition by Oep Italy High Tech Due S.r.l. of 3,644,801 shares held by Rosario, Costanza and Tommaso Amodeo was finalised. The shares sold by the Amodeo family amount to 29.158% of the company share capital;
- on the same date, Tommaso Amodeo resigned from his offices and as director on the Board of Directors of Engineering Ingegneria Informatica S.p.A.;
- effective from August 8, 2013 Rosario Amodeo resigned as a member of the Board of Directors of Engineering Ingegneria Informatica S.p.A.;
- on September 27, 2013 the Extraordinary Shareholders' Meetings of Engineering Ingegneria Informatica S.p.A. and Engineering.IT S.p.A. authorised the merger by incorporation of Engineering.IT S.p.A. into Engineering Ingegneria Informatica S.p.A..

XII. Shareholders and share performance

SHAREHOLDERS

Engineering has been listed on the FTSE Italia STAR segment of the Italian Stock Market since December 2000. The ownership structure still includes the founding family as the shareholder with the relative majority.
In August 2013, Costanza, Tommaso and Rosario Amodeo finalised the sale of their shares to the fund One Equity Partners, which became a shareholder with 29.16%.
The free float is partly composed of significant shareholders with Bestinver SGIIC (10%) and ING (4.5%).
No shareholder agreement exists between shareholders.



The Engineering share was traded on market in 2013 at an average price of Euro 31.51 per share (Euro 25.46 in 2012) for a capitalisation of Euro 393,865,740, with an average trading volume of 14,334 shares per day (increasing on 12,140 in 2012) for an average value of Euro 471,100.

KEY FIGURES 2013

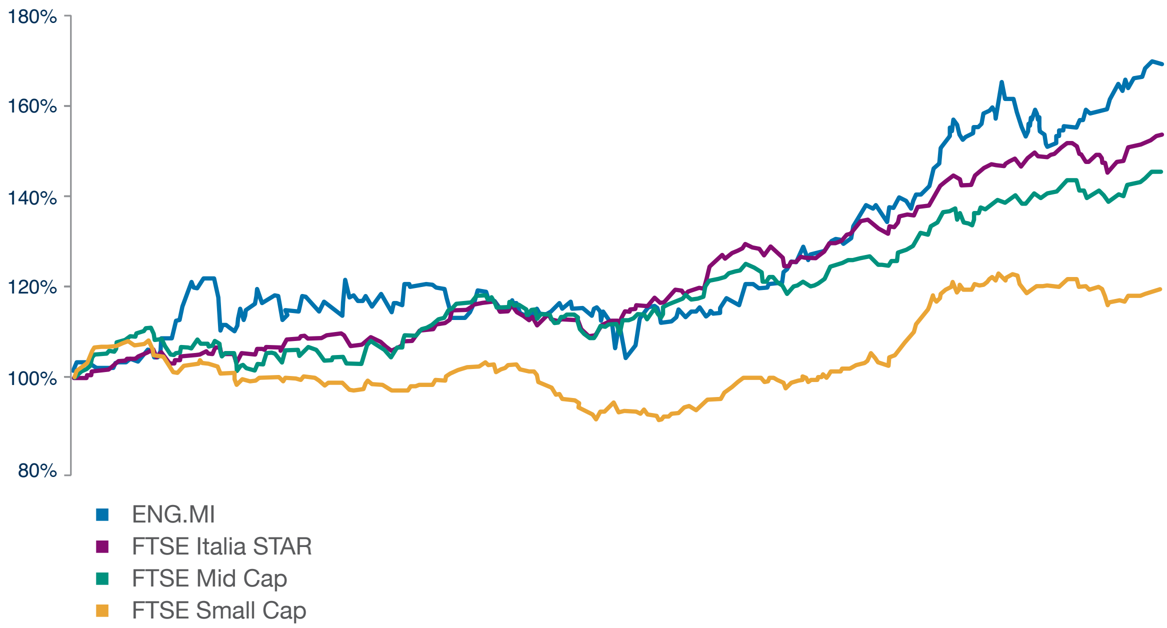
Average price weighted by volumes:	Euro 31.51
Maximum closing price:	Euro 43.50 on December 27, 2013
Minimum closing price:	Euro 25.84 on January 2, 2013
Price at January 2, 2013:	Euro 25.84
Price at December 30, 2013:	Euro 43.39
Average volume:	14,334 shares
Maximum volume:	78,559 shares on January 16, 2013
Minimum volume:	299 shares on July 22, 2013

The share price in the year increased +68.3%, performing better than the STAR segment (+53.3%) as well as two Small and Mid Cap indices, which reported performance of +20.15% and +45.03%, respectively.

During 2013, the 5 institutions which continually covered the share, carrying out research on the Group, Banca IMI (Specialist), Intermonte, Banca Aletti, Kepler and Akros, have consistently issued positive recommendations with average price targets exceeding the Stock Market valuations.

The company held numerous meetings with the financial community, both for institutional events organised by Borsa Italiana, and during roadshows organised by brokers in various geographical areas.

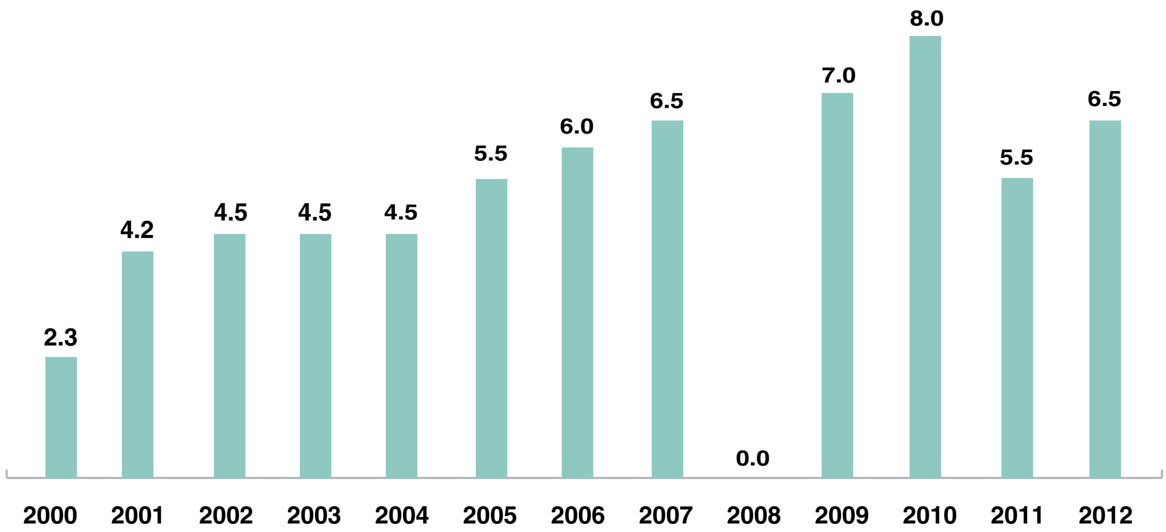
At the date of this report, the stock price is Euro 50 per share, for market capitalisation of Euro 620 million.



DIVIDENDS

For clarity, the dividends disbursed from 2000 onwards are shown (relating to the financial year concerned and not the dividend coupon year).

It is noted that in 2009, in relation to the year 2008, the Company decided not to distribute dividends due to the payments for the acquisition of Atos Origin Italia and that in 2012, in relation to the year 2011, it decided to distribute a contained pay-out in view of the extraordinary charges incurred for the Personnel Restructuring Programme.



(in millions of Euros)

TREASURY SHARES

On April 24, 2012, the Engineering Ingegneria Informatica S.p.A. Shareholders' Meeting voted in favour of a treasury share buy-back plan for a maximum of 2,500,000 shares, within a maximum time period of 18 (eighteen) months.
The treasury shares held at December 31, 2013 totalled 310,027 (2.48%) for a value of Euro 6,711,246.26, recorded as a reserve under shareholders' equity in accordance with IAS 32, at an average carrying value of Euro 21.6473 per share.
At the date of approval of these financial statements, the number of treasury shares held in portfolio by the Company remained unchanged.

XIII. Subsequent events to the year-end

On February 3, 2014 Engineering acquired 70% of MHT S.r.l..

XIV. Outlook

2013 was a highly positive year, not only in terms of income statement results, but also due to the market positioning in areas with greater prospects for growth.
On issues such as Big Data, Open Data, Open Source and Cloud Computing for companies, the most significant experiences can be attributed to Engineering projects.
As a result of the investments we have made in products for utilities, healthcare, local tax authorities and, specifically with a view to European Supervision for banks, we have an optimistic outlook for 2014, expecting a year of further growth for the Group.

A strengthened financial position will enable us to continue the policy of selected acquisitions we have successfully followed to date:

- in the domestic market: assessing opportunities for consolidation and diversification. A step in this direction was just taken with the acquisition of MHT which, through a partnership with Microsoft, provides us with access to the SME market, so far been ignored by Engineering, which we can now approach with suitable application solutions, leveraging our top-level infrastructure with hubs in the northeast and northwest of Italy;

- in the international market: leveraging our solutions, with international partnerships and, in the most important countries, possible equity investments. In this sector, following our success in the utilities market, we will concentrate significant investments in the healthcare market.

XV. Conclusions and Shareholders' Meeting proposals

The net profit amounted to Euro 24,130,657.

The Board of Directors, in view of the results achieved, proposes to distribute to shareholders a dividend per share of Euro 0.6563 for a total amount of Euro 8,000,000. The dividend per share takes account of the number of treasury shares held by the Company on the evening of March 13, 2014 of 310,027. If the proposals are wholly approved by the shareholder's meeting, the net profit will be allocated as follows:

Dividend distribution to shareholders:	Euro	8,000,000
Retained earnings:	Euro	16,130,657

In addition, a proposal will be made to pay the dividend from July 10, 2014 while specifying that the share will trade ex-dividend as of July 7, 2014, and the record date shall be July 9, 2014.

On behalf of the Board of Directors, Chairman Michele Cinaglia communicates that the accounts are subject to audit by the audit firm Deloitte & Touche S.p.A..

ATTACHMENT 3C

Equity investments of the directors, members of the management control Committee, General Managers and Executives with strategic responsibility.

Name and surname	Office	Company	No. of shares held at the end of the previous year	No. of shares acquired	No. of shares sold	No. of shares held at the end of the current year
Michele Cinaglia	Chairman	Engineering Ingegneria Informatica S.p.A.	2,874,934			2,874,934
Marilena Menicucci	Director	Engineering Ingegneria Informatica S.p.A.	1,496,207			1,496,207
Rosario Amodeo	Executive Vice Chairman	Engineering Ingegneria Informatica S.p.A.	558,743		558,743	0
Tommaso Amodeo	Vice Chairman	Engineering Ingegneria Informatica S.p.A.	2,012,319		1,823,691	188,628
Paolo Pandozy	Chief Executive Officer	Engineering Ingegneria Informatica S.p.A.	52,378			52,378
Costanza Amodeo	Director	Engineering Ingegneria Informatica S.p.A.	1,992,856		1,805,406	187,450
Dario Schlesinger	Director	Engineering Ingegneria Informatica S.p.A.	75			75
Gianni Fuolega	Chief Executive Officer	Nexen S.p.A.	970			970
Luigi Saverio Palmisani	Director	Engineering Ingegneria Informatica S.p.A.	5,520			5,520
Orazio Viele	Sole Director	Engiweb Security S.r.l.	3,700			3,700
Silvano Volpe	Chief Executive Officer	Engineering Tributi S.p.A.	120			120
Armando Iorio*	Director	Nexen S.p.A., Engineering.IT S.p.A; EngO S.p.A.	100			100

* Executive Responsible for the preparation of the accounting documents of Engineering Ingegneria Informatica S.p.A.

STATEMENT OF FINANCIAL POSITION

(in Euros)

Statement of financial position - Assets	Note	31.12.2013	31.12.2012
A) Non-current assets			
Property, plant and equipment	4	24,043,688	13,438,744
Intangible assets	5	18,504,619	9,141,261
Goodwill	6	43,648,341	43,648,341
Investments	7	21,921,830	62,056,633
Deferred tax assets	8	19,671,774	3,009,304
Other non-current assets	9	4,861,664	699,948
Total non-current assets		**132,651,915**	**131,994,230**
B) Non-current assets held for sale			
C) Current assets			
Inventories	10	79,994	139,757
Construction contracts	11	115,661,636	94,560,141
of which from related parties		11,269,068	6,241,353
Trade receivables	12	494,390,512	367,821,243
of which from related parties		87,044,969	75,083,947
Other current assets	13	47,259,848	31,703,243
Cash and cash equivalents	14	91,423,287	83,636,515
Total current assets		**748,815,276**	**577,860,899**
Total assets (A + B + C)		**881,467,192**	**709,855,129**

(in Euros)

Statement of financial position - Liabilities	Note	31.12.2013	31.12.2012
D) Shareholders' equity			
Share capital	17	31,084,431	31,084,431
Reserves	18	211,799,788	154,237,812
Retained earnings	19	80,706,437	62,467,877
Profit for the year		24,130,657	22,266,651
Total shareholders' equity	**16**	**347,721,313**	**270,056,771**
E) Non-current liabilities			
Non-current financial liabilities	20	18,496,086	9,372,541
Deferred tax liabilities	21	16,797,986	13,757,871
Provisions for risks	22	3,869,203	-
Other liabilities	23	584,739	2,239,059
Post-employment benefits	24	60,237,744	33,838,240
Total non-current liabilities		**99,985,758**	**59,207,710**
F) Current liabilities			
Current financial liabilities	25	81,934,027	110,391,312
Current tax payables	26	0	5,033,741
Provisions for risks	27	10,305,632	2,904,782
Other current liabilities	28	122,334,923	80,847,672
of which from related parties		640,117	676,968
Trade payables	29	219,185,538	181,413,141
of which from related parties		34,318,304	64,269,390
Total current liabilities		**433,760,120**	**380,590,647**
G) Total liabilities (E + F)		**533,745,878**	**439,798,357**
Total liabilities & shareholders' equity (D + G)		**881,467,192**	**709,855,129**

INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT

(in Euros)

Income statement	Note	31.12.2013	31.12.2012
A) Operating revenues			
Revenues		688,074,708	470,626,398
Other revenues	32	21,879,531	17,358,291
Total operating revenues	31	**709,954,239**	**487,984,689**
of which related parties		29,095,864	30,389,262
B) Operating expenses			
Raw materials and consumables	34	9,139,253	4,685,388
Services	35	265,878,933	212,188,207
Personnel costs	36	345,697,487	218,531,408
Amortisation and depreciation	37	16,218,595	10,105,002
Provisions	38	19,155,009	4,899,074
Other costs	39	2,395,896	1,913,843
Total operating expenses	**33**	**658,485,173**	**452,322,922**
of which related parties		22,794,156	60,007,496
C) Operating profit (A - B)		**51,469,066**	**35,661,767**
Other financial income		2,152,802	4,236,562
Other financial charges		7,689,118	4,645,880
D) Net financial income/(charges)	**40**	**(5,536,315)**	**(409,317)**
of which related parties		(1,541,133)	1,997,815
E) Income/(charges) from investments			
Income/(charges) from other investments	41	(76,444)	(3,008,868)
Total income/(charges) from investments		**(76,444)**	**(3,008,868)**
F) Profit before taxes (C + D + E)		**45,856,306**	**32,243,582**
G) Income taxes	**42**	**21,725,650**	**9,976,930**
H) Profit/(loss) from continuing operations		**24,130,657**	**22,266,651**
I) Profit/(loss) from discontinued operations			
L) Profit/(loss) for the year		**24,130,657**	**22,266,651**

(in Euros)

Comprehensive Income Statement	Note	31.12.2013	31.12.2012
L) Profit/(loss) for the year		**24,130,657**	**22,266,651**
M) Other comprehensive income statement items			
Net actuarial gains/(losses) of employee defined plans		1,609,445	(2,433,387)
Tax effect related to Other profit/(loss) that will not be reclassified in the Income statement		(442,597)	669,182
Total Other profit/(loss) that will not be reclassified in the Income Statement, net of tax		**1,166,847**	**(1,764,205)**
N) Total Other profit/(loss) that may be reclassified in the Income Statement			
Profit/(loss) on cash flow hedge instruments		90,510	(124,489)
Tax effect related to Other profit/(loss) that may be reclassified in Income Statement		(24,890)	34,234
Total Other profit/(loss) which may be reclassified in the Income Statement, net of tax		**65,620**	**(90,255)**
Total Other profit/(loss), net of tax		**1,232,467**	**(1,854,460)**
O) Total comprehensive income for the year (L + M + N)		**25,363,124**	**20,412,191**

PRO-FORMA STATEMENT OF FINANCIAL POSITION

The Statement hereunder allows for a comparison of 2013 figures with those of the previous year. Data disclosed in the pro-forma statements have been determined by assuming that the merger occurred in 2013 had already been performed in 2012.

(in Euros)

Statement of Financial position - Assets - Liabilities	31.12.2013	Pro-forma 31.12.2012
A) Non-current assets		
Property, plant and equipment	24,043,688	26,428,127
Intangible assets	18,504,619	20,527,054
Goodwill	43,648,341	49,052,158
Equity investments	21,921,830	17,246,949
Deferred tax assets	19,671,774	27,335,723
Other non-current assets	4,861,664	5,988,781
Total non-current assets	**132,651,915**	**146,578,791**
B) Non-current assets held for sale		
C) Current assets		
Inventories	79,994	139,757
Construction contracts	115,661,636	129,457,221
Trade receivables	494,390,512	475,149,681
Other current assets	47,259,848	39,303,893
Cash and cash equivalents	91,423,287	85,621,954
Total current assets	**748,815,276**	**729,672,507**
Total assets (A + B + C)	**881,467,192**	**876,251,298**
D) Shareholders' equity		
Share capital	31,084,431	31,084,431
Reserves	218,844,428	202,071,031
Retained earnings	73,661,797	56,662,679
Profit for the year	24,130,657	39,040,048
Total shareholders' equity	**347,721,313**	**328,858,189**
E) Non-current liabilities		
Non-current financial liabilities	18,496,086	13,243,012
Deferred tax liabilities	16,797,986	15,498,026
Non-current provisions for risks and charges	3,869,203	3,695,825
Other non-current liabilities	584,739	2,530,738
Post-employment benefits	60,237,744	63,547,012
Total non-current liabilities	**99,985,758**	**98,514,614**
F) Current liabilities		
Current financial liabilities	81,934,027	111,343,466
Current tax payables	0	5,036,891
Current provisions for risks and charges	10,305,632	2,948,309
Other current liabilities	122,334,923	115,329,544
Trade payables	219,185,538	214,220,285
Total current liabilities	**433,760,120**	**448,878,495**
G) Total liabilities (E + F)	**533,745,878**	**547,393,109**
Total liabilities & shareholders' equity (D + G)	**881,467,192**	**876,251,298**

INCOME STATEMENT

(in Euros)

Income Statement	31.12.2013	Pro-forma 31.12.2012
A) Operating revenues		
Revenues	688,074,708	688,931,899
Other revenues	21,879,531	16,877,608
Total operating revenues	**709,954,239**	**705,809,508**
B) Operating expenses		
Raw materials and consumables	9,139,253	11,192,641
Services	265,878,933	274,753,957
Personnel costs	345,697,487	333,132,852
Amortisation and depreciation	16,218,595	18,053,375
Provisions	19,155,009	7,157,673
Other costs	2,395,896	2,956,903
Total operating expenses	**658,485,173**	**647,247,401**
C) Operating profit (A - B)	**51,469,066**	**58,562,107**
Other financial income	2,152,802	2,730,883
Other financial charges	7,689,118	4,959,409
D) Net financial income/(charges)	**(5,536,315)**	**(2,228,527)**
E) Income/(charges) from investments		
Income/(charges) from other investments	(76,444)	(3,008,868)
Total income/(charges) from investments	**(76,444)**	**(3,008,868)**
F) Profit before taxes (C + D + E)	**45,856,306**	**53,324,712**
G) Income taxes	**21,725,650**	**14,284,664**
H) Profit/(loss) from continuing operations	**24,130,657**	**39,040,048**
I) Profit/(loss) from discontinued operations		**0**
L) Profit/(loss) for the year	**24,130,657**	**39,040,048**

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012 OF THE COMPANY ENGINEERING.IT S.P.A.

The statement of financial position at December 31, 2012 of the company merged during 2013 in Engineering Ingegneria Informatica S.p.A. is reported hereunder:

(in Euros)

Statement of financial position - Assets	31.12.2012
A) Non-current assets	
Property, plant and equipment	12,989,383
Intangible assets	11,385,794
Goodwill	5,403,817
Equity investments	2,216,316
Deferred tax assets	24,326,419
Other non-current assets	5,288,833
Total non-current assets	**61,610,562**
B) Non-current assets held for sale	
C) Current assets	
Inventories	0
Construction contracts	41,493,844
of which from related parties	14,462,053
Trade receivables	216,794,632
of which from related parties	95,781,947
Other current assets	7,600,651
Cash and cash equivalents	1,985,439
Total current assets	**267,874,566**
Total assets (A + B + C)	**329,485,128**
D) Shareholders' equity	
Shares Capital	25,000,000
Reserves	12,131,986
Retained earnings	51,922,035
Profit for the year	16,773,397
Total shareholders' equity	**105,827,418**
E) Non-current liabilities	
Non-current financial liabilities	3,870,472
Deferred tax liabilities	1,740,155
Non-current provisions for risks	3,695,825
Other non-current liabilities	291,680
Post-employment benefits	29,708,772
Total non-current liabilities	**39,306,904**
F) Current liabilities	
Current financial liabilities	952,155
Current tax payables	3,150
Current provisions for risks	43,527
Other current liabilities	34,481,872
of which from related parties	
Trade payables	148,870,102
of which from related parties	70,108,988
Total current liabilities	**184,350,806**
G) Total liabilities (E + F)	**223,657,710**
Total liabilities and shareholders' equity (D + G)	**329,485,128**

INCOME STATEMENT AT 31 DECEMBER 2012 OF THE COMPANY ENGINEERING.IT S.P.A.

(in Euros)

Income statement	31.12.2012
A) Operating revenues	
Revenues from sales and service	278,404,255.20
Cgs. finished products and construction contracts	(1,528,431.65)
Revenues	276,875,824
Other revenues	6,963,021
Total operating revenues	**283,838,845**
of which related parties	52,838,715
B) Operating expenses	
Raw materials and consumables	6,663,488
Services	128,423,541
Personnel costs	114,601,444
Amortisation and depreciation	7,948,373
Provisions	2,258,600
Impairment	
Other costs	1,043,060
Total operating expenses	**260,938,505**
of which related parties	28,173,336
C) Operating profit (A - B)	**22,900,340**
Other financial income	184,479
Other financial charges	2,003,688
D) Net financial income/(charges)	**(1,819,209)**
Of which related parties	(1,552,440)
E) Income/(charges) from investments	
Income/(charges) from investments valued at equity	
Income/(charges) from other investments	0
Total income/(charges) from investments	
F) Profit before taxes (C + D + E)	**21,081,131**
G) Income taxes	**4,307,734**
H) Profit/(loss) from continuing operations	**16,773,397**
I) Profit/(loss) from discontinued operations	
L) Profit/(loss) for the year	**16,773,397**

(in Euros)

Comprehensive Income Statement	31.12.2012
M) Profit/(loss) for the year	**16,773,397**
N) Other comprehensive income statement items	
Net actuarial gains/(losses) of employee defined plans	**(2,085,774)**
Translation gains/(losses) of non-euro accounts	
Fair value changes in cash flow hedges	
Taxation on actuarial gains/(losses) of employee defined plans	573,588
Taxation on translation gains/(losses) on non-euro accounts	
Taxation on fair value changes in cash flow hedges	
Income taxes on other comprehensive income statement items	573,588
Total Other comprehensive income statement items, net of tax effect	**(1,512,186)**
O) Comprehensive profit for the year	**15,261,211**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in Euros)

Description	Share Capital	Reserves	Retained earnings/(losses carried forward)	Profit/(loss) for the year	Shareholders' equity
Balance at 01.01.2012	**31,109,342**	**154,237,812**	**62,302,308**	**7,664,245**	**255,313,707**
Net profit				22,266,651	22,266,651
Other net comprehensive items		0	(1,854,460)		(1,854,460)
Comprehensive profit	**0**	**0**	**(1,854,460)**	**22,266,651**	**20,412,191**
Allocation of profits			2,164,245	(2,164,245)	0
Dividends distributed				(5,500,000)	(5,500,000)
Incr./decr. treasury shares	(24,911)		(144,216)		(169,127)
Inc./decr. share capital	0	0	0	0	0
Transactions with shareholders	**(24,911)**	**0**	**2,020,030**	**(7,664,245)**	**(5,669,127)**
Other changes	0	0	0	0	0
Balance at 31.12.2012	**31,084,431**	**154,237,812**	**62,467,877**	**22,266,651**	**270,056,771**
Net profit				24,130,657	24,130,657
Other net comprehensive items		0	1.232,467		1,232,467
Comprehensive profit	**0**	**0**	**1,232,467**	**24,130,657**	**25,363,124**
Allocation of profits			15,766,651	(15,766,651)	0
Dividends distributed				(6,500,000)	(6,500,000)
Incr./decr. treasury shares	0		0		0
Inc./decr. share capital	0	0	0	0	0
Transactions with shareholders	**0**	**0**	**15,766,651**	**(22,266,651)**	**(6,500,000)**
Other changes	0	57,561,976	1,239,442	0	58,801,418
Balance at 31.12.2013	**31,084,431**	**211,799,788**	**80,706,437**	**24,130,657**	**347,721,313**

Shareholders' equity reports changes, compared to the previous year, related to the merger by incorporation of the subsidiary Engineering.IT S.p.A.. These changes are disclosed in the Statement under item Other changes.

The main change is due to the increase in reserves for the merger surplus equal to Euro 56,481,976.
A specific reserve was created for a project of applied research, in the amount of Euro 1,080,000. This reserve was already present in the merged company's assets.

The Retained earnings/(losses carried forward) item increased by Euro 1,239,442 due to the post-merger creation of reserves, as set forth by the IAS standards ("First-time application of IAS" and "IAS 19 - Post-employment benefits").
Changes in Shareholders' equity, related to the merger, total Euro 58,801,418.
For further details on the Shareholders' equity, reference is made to paragraphs 16, 17, 18, 19 herein.

CASH FLOW STATEMENT

This statement is prepared according to the direct method and shows the movements of the cash flows generated by the Company's operating, investment and financing activities.
For a better disclosure and comparison, post-merger cash flows were disclosed also for the previous year. For comparison purposes, a third pro-forma column was drawn up next to previous-year cash flows, not changed by the merging company.

(in Euros)

Description	31.12.2013	31.12.2012	Pro-forma 31.12.2012
Total cash flow from operating activities			
Revenues from the sales of products/services - third parties	812,196,812	560,486,743	813,004,075
Revenues from the sales of products/services - Group	7,156,879	451,739	2,539,423
Costs for goods and services - third parties	(300,230,268)	(214,507,421)	(327,856,048)
Costs for goods and services - Group	(20,316,811)	(60,932,362)	(22,064,595)
Personnel costs	(350,926,843)	(221,638,119)	(336,131,756)
Interest income received from operating activities	1,081,184	1,237,353	1,245,816
Interest paid for operating activities	(2,705,800)	(2,822,120)	(2,882,970)
Exchange differences	3,694	(21,239)	(23,763)
Income taxes	(102,316,004)	(66,562,166)	(91,018,715)
Cash pooling	3,158,745	28,683,614	(1,099,883)
A) Total cash flow from operating activities	**47,101,588**	**24,376,022**	**35,711,583**
Cash flow from investing activities			
Sale of tangible assets	8,649	21,747	21,747
Purchase of tangible assets	(5,841,975)	(1,665,841)	(7,018,276)
Purchase of intangible assets	(1,659,052)	(265,586)	(2,459,322)
Purchase of investments in subsidiaries	(25,000)	(1,069,382)	(1,069,382)
Sale of investments in subsidiaries	23,499	0	0
Purchase of business unit	0	(4,489,329)	(9,343,275)
Purchase of other investments and securities	(524,326)	(4,500)	(4,500)
B) Total cash flow from investing activities	**(8,018,205)**	**(7,472,891)**	**(19,873,008)**
Cash flow from financing activities			
New loans	261,186,078	334,996,155	335,845,543
Repayment of loans	(285,661,482)	(339,110,554)	(340,577,038)
Loans granted to Group companies	(1,950,000)	(700,000)	(1,032,800)
Loans repaid by Group companies	160,000	350,000	3,554,944
Sale of treasury shares	0	678,880	678,880
Purchase of treasury shares	0	(937,372)	(937,372)
Dividends distributed	(6,499,761)	(5,482,121)	(5,482,121)
Interest received from financing activities	0	3,699	3,699
Interest paid for financing activities	(516,887)	(442,686)	(487,497)
C) Total cash flow from financing activities	**(33,282,051)**	**(10,644,000)**	**(8,433,763)**
D) = (A + B + C) Change in cash and cash equivalents	**5,801,333**	**6,259,131**	**7,404,812**
E) Cash and cash equivalents at beginning of year	**85,621,954**	**77,377,384**	**78,217,142**
F) = (D + E + E1) Cash and cash equivalents at end of year	**91,423,287**	**83,636,515**	**85,621,954**

NET FINANCIAL POSITION

As required by Consob communication of 28 July 2006 and in compliance with the ESMA recommendation of March 2011, we report below the breakdown of the Company net financial position.

Total liquidity includes, in addition to the cash and cash equivalents at year-end, also the value of treasury shares held at December 31, 2013 equal to Euro 6,711,246.

For a better disclosure, a pro-forma table was prepared for net financial position, as if the subsidiary Engineering. IT S.p.A. had already been merged in 2012.

(in Euros)

Description	Value at 31.12.2013	Value at 31.12.2012	Value at 31.12.2012 pro-forma
Cash on hand	19,148	15,614	21,895
Other liquid assets	98,115,386	90,332,147	92,311,306
Cash and cash equivalents	**98,134,533**	**90,347,761**	**92,333,201**
Current financial receivables		**0**	**0**
Current bank payables	(77,322)	(3,122)	(3,122)
Current borrowing	(76,686,642)	(106,299,653)	(107,251,808)
Other current financial payables	(5,170,063)	(4,088,537)	(4,088,537)
Current borrowing	**(81,934,027)**	**(110,391,312)**	**(111,343,467)**
Net current financial position	**16,200,506**	**(20,043,550)**	**(19,010,265)**
Non-current borrowing	(18,362,010)	(9,366,412)	(13,121,134)
Other non-current payables	(134,076)	(6,129)	(121,879)
Non-current borrowing	**(18,496,086)**	**(9,372,541)**	**(13,243,013)**
Net financial position	**(2,295,580)**	**(29,416,091)**	**(32,253,278)**

Notes to the financial statements

1 General information

Engineering Ingegneria Informatica S.p.A., with registered office in Rome at via San Martino della Battaglia, 56, is a primary Italian operator in Information Technology services, over multiple lines of business, including system integration, the provision of organisational consulting and specialist services, proprietary application solutions and application management.

Engineering S.p.A.'s market consists of medium to large customers in all primary market segments, including both private companies (banks, insurance firms, service industry, telecommunications and utility firms) and public bodies (central and defence administrations)

Since December 12, 2000, Engineering has been listed on the Milan Stock Exchange and since 2004 in the FTSE Italia STAR sector (cod. Reuters ENG.MI, cod. Bloomberg ENG.IM), for companies meeting the most stringent industrial and financial requirements.

The publication of the annual separate financial statements for the financial year ended December 31, 2013 was authorised by the Board of Directors on March 14, 2014, and will be presented for approval at the Shareholders' Meeting scheduled for May 9, 2014 (first call) and May 15, 2014 (second call).

1.2 SIGNIFICANT OPERATIONS

In December 2013, Engineering Ingegneria Informatica S.p.A. merged by incorporation its subsidiary Engineering.IT S.p.A., 100 % owned.

The merger aims at obtaining advantages resulting from the use of current scale economies via converging business models between subsidiaries and Parent Company, as well as at achieving benefits resulting from administration streamlining, in terms of lower costs and higher efficiency.

The effective date of the merger was December 31, 2013. For accounting purposes, however, the merged company transactions were charged to the financial statements of Engineering Ingegneria Informatica S.p.A. for the accounting period beginning on January 1, 2013, the effective date of tax effects as well. Under this point of view, this transaction can be defined as neutral from a tax point of view as it benefits from the simplified regime envisaged for total controls.

This transaction had no economic impact on the company, nor resulted in higher values to be reported compared to those disclosed in the consolidated financial statements. Nevertheless, it determined the convergence between the consolidated financial statements of the merging entity, at the merger date, and its post-merger separate financial statements by enacting the so-called "legal consolidation".

By reason of the merger, financial statement data are not easily comparable with the previous year's data. Therefore, with the aim of permitting a consistent valuation of effects, pro-forma statements and tables have been included in the Directors' Report and explanatory notes in order to compare 2013 results with those pertaining to 2012, calculated based on the assumption that the merger had already taken place.

However, for a better reading of explanatory notes, the company's main equity and economic data of the merged company, which were included in the financial statements at December 31, 2013 of the merging company, are reported hereunder:

Summary of equity and economic data of the merged company

(in Euros)

Balance sheet figures	Amounts	Netting-off	Total
Total assets	324,265,870	30,591,874	293,673,996
Total liabilities	(212,453,441)	(60,805,231)	(151,648,210)
Shareholders' equity	(105,827,418)	(47,026,000)	(58,801,418)
Income statement figures			
Total operating revenues	275,332,537	36,364,766	238,967,771
Total operating expenses	(267,491,747)	(28,500,683)	(238,991,064)
Total financial income and charges	(2,609,038)	(1,193,111)	(1,415,927)
Total other income and charges	217,613		217,613

2 Basis of preparation criteria and accounting principles

These annual financial statements were prepared in accordance with international accounting standards (IAS-IFRS) and the related IFRIC interpretations approved by the European Commission in addition to the provisions of paragraph 3 of Article 9 of Legislative Decree No. 38 of 28/2/2005.

These financial statements are expressed in Euro and, in compliance with IAS 1 "Presentation of Financial Statements" include the statement of financial position, the Income Statement and the comprehensive income statement, the Statement of changes in shareholders' equity, the cash flow statement and the related explanatory notes.

The principles utilised are the same as those used for the preparation of the last annual financial statements and were applied evenly, except for the IFRS and IFRIC accounting principles, amendments and constructions applicable for accounting periods beginning on January 1, 2013, as indicated in par. 3.29.

In the statement of financial position assets and liabilities are classified according to the "current/non-current" criterion with separation of assets and liabilities held-for-sale.

Current assets are those held for sale or consumed in the normal company operating cycle or in the twelve months following the year-end.

Current liabilities are expected to be settled in the normal operating cycle or within 12 months following the year-end.

The income statement is classified according to the nature of the costs while the cash flow statement uses the direct method.

Transactions with related parties are disclosed in the statement of financial position, the income statement and the cash flow statement.
The transactions with related parties concern subsidiaries, associated companies and directors/senior managers with strategic responsibilities.

The financial statements are accompanied by the Directors' Report prepared by the Board of Directors in compliance with Article 2428 of the Italian Civil Code, which contains more detailed information on Company operations and significant events after the year-end.

USE OF ESTIMATES AND MEASUREMENTS

The preparation of the financial statements in compliance with IFRS also requires the use of estimates and assumptions in determining the values of the assets and liabilities, costs and revenues and contingent assets and liabilities. The estimates and assumptions are based on the best information available at the reporting date and on prior experience where the book value of assets and liabilities is not easily inferable from other sources. The items that are most influenced by estimates are construction contracts, provisions for risks and charges, revenues and the measurement of post-employment benefits and of the fair value of derivative instruments.

However, actual results could differ from those estimates. Estimates and assumptions are periodically revised and changes are immediately reflected in the income statement.

3 Accounting principles

The accounts in the financial statements are recognised on a going concern basis.
These financial statements were prepared using measurement criteria based on historical cost, with the exception of the fair value measurement of the derivative financial instrument hedging the variable interest rate risk relating to an existing loan.
The criteria adopted in the preparation of the financial statement are detailed below.

3.1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include assets with long-term use held for the production or supply of goods and services, to be used under lease or for administrative purposes. This definition does not include property held principally or exclusively for rental purposes or for capital appreciation or for both of these reasons (Investment property).
Property, plant and equipment are recognised at acquisition cost. The acquisition cost is the fair value of the price paid and any other cost directly related and necessary for the correct functioning of the asset with regard to the use for which it was acquired.
The capitalisation of costs relative to the expansion, modernisation or improvement of the structural elements whether owned or leased is solely made within the limits established to be separately classified as assets or part of an asset. Financial charges incurred for the acquisition of tangible fixed assets are never capitalised.

Land, both with and without civil and industrial buildings, is recorded separately and is not depreciated as it has an indefinite useful life.
Property, plant and equipment are recorded net of the relative accumulated depreciation and any losses in value. The amount to be depreciated is comprised of the carrying amount gross of depreciation and net of write-downs. Given the uniformity of the assets included in the various fixed asset categories, the useful life by category is as follows (except in specific cases):

Category	Useful life
Land	Indefinite
Buildings	33 years
Plant and machinery	3 - 6 years
EDP	3 - 6 years
Furniture, office machinery and equipment	6 - 8 years
Motor vehicles	4 years

Property, plant and equipment are depreciated on a straight line basis over the useful estimated life of the asset which is reassessed at least at the end of each year to apply any changes.

The carrying value of a tangible fixed asset is recognised within the value limits that this asset may recover through use. Wherever evidence indicates that difficulties may exist in the recovery of the net book value, an impairment test is carried out.
Depreciation starts when the asset is available and ready for use.
At the time of sale, or when there are no expected future economic benefits from the use of an asset, it is eliminated from the financial statements and any loss or gain (calculated as the difference between sale price and the book value) is recorded to the income statement.

3.2 LEASING

In the case that the Company is the lessee
Lease contracts relative to activities in which the Group holds all the risks and benefits deriving from the property are classified as finance leases. Assets acquired under finance leases are recorded at cost under tangible fixed assets and against the financial payable to the lessor and depreciated according to the nature of the individual asset.
The financial charge is incurred in the income statement for the duration of the contract. Lease contracts, in which the lessor retains a significant amount of the risks and benefits deriving from the ownership, are instead classified as operating leases; the lease payments are booked in the income statement on a straight-line basis for the whole duration of the contract.

In the case that the Company is the lessor
For assets leased under a finance lease contract, the current rental amount under the lease is recognised as a financial receivable. The difference between the net carrying amount and the current amount of the receivable is recognised to the income statement as financial income. Assets leased under operating lease contracts are however included in tangible or intangible fixed assets and depreciated or amortised in a similar manner to assets owned, with rental instalments recognised on a straight line basis over the duration of the contract.

3.3 INTANGIBLE ASSETS

Intangible assets, all with a definite useful life, are recorded when they are identifiable, controlled by the Company and are capable of producing future economic benefits.
Intangible assets are initially recognised at acquisition or production cost. The acquisition cost is the fair value of the price paid to acquire the asset and any other direct costs incurred to prepare the asset for use. For intangible assets generated internally, the generation of the asset is broken down into the periods of research (non-capitalised) and the period of development (capitalised). Where the two periods are indistinguishable, the entire project is considered as research and is recorded directly to the income statement.
Realised assets are amortised from the time of use or when they are sold. To date they have been classified under assets-in-progress.
Financial charges incurred to acquire an intangible fixed asset are never capitalised.

After initial recognition, intangible assets are recognised on a cost basis, net of accumulated amortisation and any impairment. Amortisation is applied on the straight line basis over the period of expected use. Given the homogeneity of the assets included within financial statement categories, with the exception of specific significant cases, the useful lives per category are as follows:

Category	Useful life
Software	3 - 6 years
Trademarks and licenses	3 - 8 years
Other	2 - 5 years

The amortisation criteria as well as useful lives and residual values are reassessed and re-defined at least at the end of each year in order to take any significant changes into account.
The book value of an intangible asset is maintained in the accounts as long as there is evidence that this value may be recovered through asset usage. Wherever evidence indicates that difficulties may exist in the recovery of the net book value, an impairment test is carried out.

Intangible assets, all with a definite useful life, are recorded when they are identifiable, controlled by the Company and are capable of producing future economic benefits.

Software
Costs directly associated with information technology products, created internally or acquired from third parties are capitalised as intangible assets, subject to evidence of:

- the technical feasibility and intention to complete the product in order that the latter may be available for use or sale;
- the capacity to use or sell the product;
- a definition of the manner by which the product will generate probable and future economic benefits (the existence of a market for the product, or its internal use);
- the availability of adequate technical, financial and other resources for the purposes of completing the development and the use/sale of the product;
- the capacity to reliably estimate the cost attributable to intangible assets during development of the product.

Expenses for substantial updating of products are capitalised as improvements and added to the original cost of the software. Development costs that improve product performance or upgrade the product to regulatory requirements are reflected in projects created for customers and are thus expensed during the financial year in which they are incurred.

Trademarks and licenses
Costs related to the acquisition of trademarks and licences are capitalised under intangible fixed assets. The cost comprises the fair value of the price paid to acquire the right and any other direct costs incurred for its adaptation or for implementation within the operating or productive context of the entity. The period of amortisation does not exceed the lower between the useful life and the duration of the legal/contractual rights.

3.4 GOODWILL

Goodwill is the excess of an acquisition cost in comparison to the Company share of the fair value of the identifiable assets and liabilities at the acquisition date.
Goodwill from the acquisition of companies for payment is not amortised and is subject to an impairment test at least once a year. For this purpose, goodwill is allocated to one or more Cash Generating Units. Potential reductions in value emerging from the impairment test are not reversed in subsequent periods.
In the case of the sale of assets (or part of an asset) of a CGU, any goodwill associated is included in the book value of the asset in order to determine the profit or loss from sale in proportion to the value of the CGU sold.
Goodwill relating to associated companies or other companies is included in the book value of these companies.

At period-end, goodwill is subject to impairment testing and adjusted for any losses. Losses are booked directly to the income statement.

For this purpose and in line with acquisitions of previous years, the different Cash Generating Units have been identified, which respect the independence criteria in the organisational structure and the independent capacity to generate cash flow, and are then measured using impairment testing.

A Current Value is determined for the relevant asset using a Discounted Cash Flow Model (DCF) based on the end of year account situation for each CGU. The current value is compared with the net book value and goodwill recorded in the financial statements to determine whether it is necessary to write-down the investment and record a loss in the financial statements.

Measurement methods are based on the criteria of maximum caution using capital cost parameters greater than the market average and introducing sensitivity analysis that validates maintaining goodwill value even where future scenarios are problematic.

3.5 LOSS IN VALUE OF AN ASSET (IMPAIRMENT)

A loss in value is established wherever the book value of an asset is greater than the recoverable value. Where indicators of a loss in value exist, an estimate of the recoverable value of the asset is made (impairment test) and any write-down is applied. An impairment test is carried out at least annually irrespective of the existence of such indicators.

The recoverable value of an asset is recorded at the greater of its fair value, net of sales costs, and its usage value. The recoverable value is calculated for each individual asset, unless it is not capable of generating cash flows from continuous use sufficiently independent of cash flows generated from other assets or groups of assets, in which case the test is carried out at the level of the smallest independent Cash Generating Unit which comprises the relevant assets.

3.6 BUSINESS COMBINATIONS

In IFRS 3, business combinations are defined as “a transaction or an event in which an acquirer obtains control of one or more businesses”.
A business combination can be created through various procedures based on legal, fiscal or other motives. It may also involve the acquisition by an entity of share capital of another entity, acquisition of the net assets of another entity, undertaking of the liabilities of another entity or the acquisition of part of the net assets of another entity which, combined, establish one or more company activities. The combination may be realised through issue of instruments representing share capital, the transfer of cash or other liquid assets or other assets, or by a combination of the above. The operation may take place between shareholders of an entity which combine or between an entity and shareholders of another entity. It may entail the incorporation of a new entity that controls the entities taking part in the combination or net assets transferred or the restructuring of one or more of the participating entities.

The business combinations are recorded under the purchase method. This method considers that the acquisition price must be reflected in the value of the assets of the entity acquired and this allocation must be at fair value (of the assets and of the liabilities) and not of their book value. The difference (positive) comprises the goodwill. The changes in the holding of the Parent Company in a subsidiary, which does not lead to loss of control, are recognised as capital operations. In this event, the book values of the holdings must be adjusted to reflect the changes in their relative holdings in the subsidiaries. Any difference between the adjusted value of the minority holdings and the fair value of the amount paid or received is directly recorded to shareholders’ equity and allocated to shareholders of the Parent Company.

3.7 OTHER NON-CURRENT ASSETS

Financial receivables with a due date beyond 12 months and equity investments in other companies are recorded under other non-current assets.
Investments in other companies refer to equity investments other than subsidiaries, associates and joint ventures and are entered at cost adjusted for any impairment whose effect is recognized in the income statement.

3.8 INVESTMENTS

Acquisitions are recorded at the fair value of the investment plus any directly attributable costs.
A significant and prolonged decrease in investment fair value below the initial booked cost is considered an objective indication of value loss.

Subsidiary companies
Subsidiaries are considered to be companies for which Engineering Ingegneria Informatica S.p.A. has the ability to directly or indirectly determine financial and operational policies and to retain rights over its benefits. Control is presumed where more than half of the effective or potentially exercisable voting rights are held at the reporting date.

Associated companies
Associated companies are defined as those in which significant influence is exercised. Such influence is presumed where more than 20% of the effective or potentially exercisable voting rights are held at the reporting date.

3.9 INVENTORIES

Inventories are assets held for sale within the normal course of business or employed or to be employed in the productive processes for sale or services.

Inventories are measured at the lower between purchase cost and the fair value. The fair value is the sales price estimated for normal activity, net of completion costs and sales expenses. Any potential write-down is eliminated in subsequent years if the reason for the write down no longer exists.

3.10 CONSTRUCTION CONTRACTS

Construction contracts concerns specific projects in the course of completion based on long-term contracts.

If the result of a project in course can be reliably estimated, the contractual revenues and costs are recorded based on the percentage of completion method (so-called cost to cost), so as to attribute the revenues and profits over the entire duration of the contract.

If the result of a project in course of completion cannot be reliably estimated, the contractual revenues are recorded for the amount of costs incurred if it is probable that such costs are recoverable.

The sum of costs incurred and the result on each project is compared with the invoices issued on account at the date of the preparation of the accounts. If the costs incurred in addition to the profits recorded (deducting losses) are greater than the invoices issued on account, the difference is recorded under current assets in the account Construction contracts. If the invoices on account are greater than the costs incurred plus the profits (deducting the losses), the difference is classified under current liabilities in the account Trade payables.

3.11 TRADE RECEIVABLES

Trade receivables are initially recognised at the fair value of future cash flows and subsequently valued at amortised cost and reduced by any potential write-downs or impairment. A financial asset is subject to impairment if there is an objective indication that one or more events occurring after the initial booking of the asset had a negative impact on the estimated future financial flows for that asset.
The objective indication that a financial asset has suffered impairment can include insolvency or failure to pay on the part of a debtor, restructuring of the debt with the company on terms that the Company would not otherwise have accepted, indications of the bankruptcy of a debtor or an issuer and the non-existence of an active market for the security. These financial assets are eliminated from the financial statements when, due to their sale or settlement, the Company is no longer involved in their management, nor holds the relative risks and benefits relating to these instruments settled/sold.

3.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits on demand, other short-term financial assets with original expiry not greater than 3 months and current account overdrafts. These latter in the preparation of the statement of financial position are included under Financial liabilities. Cash and cash equivalents are recognised at fair value.

3.13 DISCONTINUED OPERATIONS

A discontinued operation is a company component that has been sold or is reclassified as held for sale and represents an important independent operation or geographical area of operation or a subsidiary acquired solely for the purpose of resale. An operating activity is classified as discontinued at the moment of the sale or when the conditions have been satisfied for classification in the category Held for sale, if prior. When an operation is classified as sold, the separate income statement and the comparative comprehensive income statement are re-determined as if the operation was discontinued at the beginning of the comparative period.

3.14 SHARE CAPITAL

Share capital consists of fully paid-up and subscribed capital. Treasury shares are recorded as a reduction of the share capital for the nominal value of the shares while the excess of the book value compared to the nominal value is recorded as a reduction of the other reserves. No profit/(loss) is recorded to the income statement for the purchase, sale or cancellation of equity instruments held.

3.15 RESERVES

Reserves consist of capital and profit reserves which have a specific use.

3.16 RETAINED EARNINGS

The Retained earnings/(losses carried forward) item includes the net profit of the current and previous periods which was neither distributed nor allocated to reserves (in the case of profits) or recapitalised (in the case of losses). This item also includes the transfers from other equity reserves when those reserves are no longer required as well as the effects of the recording of changes to accounting policies and material errors.

3.17 FINANCIAL LIABILITIES

Unlike derivative instruments, financial liabilities are initially booked at the fair value of collected amounts, net of any directly attributable transaction costs, and subsequently measured at amortised cost. After initial recognition, they are measured at amortised cost using the effective interest criteria. For short-term liabilities as for trade payables, the amortised cost is equal to the nominal value.

Derivative financial instruments
Derivatives recognised at fair value are designated as hedge instruments when the relationship between the derivative and the subject being hedged is formally documented and the effectiveness of the hedge, which is periodically verified, is within the limits provided for under IAS 39. For these instruments the fair value is determined on the basis of evaluation techniques taking as reference the indicators that can be observed on the market (so-called level 2, as per IFRS 7). The report must contain the evaluation method of the efficacy of the hedging instrument to offset the exposure to changes in the fair value of the item hedged or the cash flows relating to the hedged risk, and must be highly effective for all of the years for which the hedge was designated.

The type established by the Group is a cash flow hedge in order to offset the risk of changes in interest expense for the loan covered by the hedge, converting the loan to a fixed interest rate.

The hedge was created through agreeing an interest rate swap contract, against which the Company receives an indexed variable interest rate and expiry and time periods in line with the hedged loan and paying a fixed interest rate.

The efficacy, measured periodically, is verified with the perfect hedge derivative method. Changes in the fair value of the derivative are calculated based on the methods utilised for prospective or retrospective assessment of efficacy in the hedging report and are compared with the changes in the fair value of a similar derivative instrument.
The hedging is considered effective when the differential between the changes of the fair value of the derivative and the changes of the value of the hypothetical derivative is between 80% and 125%.
The effective hedging component is recorded under other comprehensive income statement items and shareholders' equity reserve and is calculated as the lower value between the accumulated changes in hedge derivative fair value and the changes in fair value of the hypothetical derivative. The ineffective hedging component is recorded to the income statement.

3.18 EMPLOYEE BENEFITS

Short-term employee benefits
Short-term employee benefits are recorded in the income statement for the period in which the work is carried out. The Company records a liability for the amount that it expects will have to be paid in the form of profit-sharing and incentive plans when it has a current, legal or implicit obligation to make such payments as a consequence of past events and for which the obligation can be reliably estimated.

Post-employment benefits
Post-employment benefits are recorded as costs when the Company has committed, in a demonstrable way and without a realistic possibility of withdrawal, to a formal detailed plan that provides for the termination of employment before the normal retirement date or following an offer prepared to encourage voluntary redundancy. In the case of an offer prepared by the company to encourage voluntary redundancy, the benefits owed to employees for termination of employment are recorded in the accounts as a cost if the offer is likely to be accepted and if the number of employees expected to accept the offer can be reliably estimated. Benefits owed after twelve months following the closing date of the financial year are discounted.

Defined benefit plans
Post-employment benefits represent a plan of defined benefits which are certain in terms of their existence and sum but uncertain in terms of the vesting of the post-employment benefits accrued at December 31, 2006. The liability is determined as the current value of the benefit obligation defined at the date of reporting, in compliance with Italian regulations in force, and adjusted in order to take actuarial profits/losses into account. The amount of the defined obligation is calculated and certified annually by an independent actuary based on the Projected unit credit method.
Actuarial gains and losses are recognised in the comprehensive income statement and recorded under shareholders' equity

Defined contribution plans
As from January 1, 2007, the Company has participated in defined contribution pension plans by means of the payment of contributions to publicly or privately managed programs; the latter may be mandatory, contractual or voluntary. Payment of the contributions fulfils the company's obligation to its employees. Contributions thus constitute costs for the period in which they are due.

3.19 PROVISIONS FOR RISKS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

According to IAS 37, provisions for risks concern the probable liabilities of uncertain amount and/or maturity relating to past events whose fulfilment will necessitate the use of resources.
Allocations are recognised when: a) there is a current legal or implicit obligation which originates from a past event; b) it is probable that fulfilment of the obligation will be onerous; c) the amount of the obligation can be reliably estimated.
The amount represents the best estimates in relation to resources required for fulfilling the obligation, including legal defence charges. Where the effect of the current amount of the payment is significant, the amount of the provision is represented by the value of resources considered necessary to satisfy the obligation on maturity discounted at a nominal rate without risks. The contingent assets and liabilities (possible assets and liabilities or not recorded as the amount may not be reliably estimated) are not recorded in the financial statements. Information in this regard is provided however.

3.20 REVENUES AND COSTS

Revenue generated from the sale of goods is recognised when the typical risks and benefits of ownership are transferred to the purchaser.

Revenues and costs are recognised on the accruals basis in so far as it is possible to reliably establish their value.

Revenues from construction contracts are recorded as described in the relevant paragraph.

Interest is recorded at the effective rate based on the accruals principle.
Costs relating to the acquisition of new knowledge or discoveries, to the study of alternative products or processes, of new techniques or models, to the design and construction of prototypes or incurred for other scientific research activities or technological development are generally considered current costs and recorded to the income statement in the year in which they are incurred.

Costs for research undertaken in order to gain new technical expertise are recorded in the income statement in the year in which they are incurred. These costs are almost entirely attributable to personnel costs.

3.21 DIVIDENDS

Dividends are recognised in the fiscal year in which they are approved by the Shareholders.

3.22 GRANTS

Grants are recognised when there is reasonable certainty that they will be received and that the conditions required for obtaining them are met.
When grants relate to cost components, they are recorded as revenues and systematically allocated to different periods to offset the costs to which they relate.
When the grants relate to an asset, for example plant, they are recorded to the income statement under revenues rather than as an adjusted item of the book value of the asset for which it was obtained. Subsequently the useful life of the asset for which it was granted is taken into account using the deferral technique.
Public grants drawn down as compensation of expenses and costs already incurred or with the intention to provide immediate financial aid to the entity, without which there would be future costs, are recorded as income in the year in which they become payable.

3.23 DEFERRED AND CURRENT TAXES

Current income taxes for the financial year are calculated based on an estimate of taxable income in compliance with tax law provisions.

Deferred taxes are recognised with reference to the time differences between the book value of the assets and liabilities recorded in the financial statements and the corresponding values recognised for tax purposes.

Deferred tax assets are recognised for tax losses and tax credits not used and carried over, as well as the assumed time differences, insofar as there is a probable future taxable income for which the assets can be used. The value of deferred tax assets is revised at the closing date of each financial year and reduced in the measure that it is no longer probable that the related tax benefit will be realised.

3.24 TRANSLATION OF ACCOUNTS IN FOREIGN CURRENCIES

Functional and presentation currency
The financial statement items are valued utilising the currency of the principle economic environment in which the entity operates ("functional currency").

Operations and balances
Currency operations are translated into the presentation currency by using the exchange rate effective on the transaction date. Exchange gains and losses from the settlement of these transactions and the conversion of monetary assets and liabilities in foreign currencies at the date of preparation of the accounts are recorded to the income statement.

3.25 CHANGE OF ACCOUNTING PRINCIPLES, ERRORS AND CHANGE OF ESTIMATES

Changes in accounting principles
Accounting principles are changed from one year to the next only where the change is required by a Standard or if it contributes to providing more reliable and significant information about the effects of transactions on financial standing, as well as on the economic results or cash flows, of the entity. The changes to accounting principles are recorded retrospectively with the recording of the effect to shareholder's equity of the first of the period presented; the comparative information is restated accordingly. The prospective approach is made only when it is impractical to reconstruct the comparative information. The application of a new or amended accounting standard is accounted for in accordance with the requirements of the standard. If the standard does not provide for transition procedures, the change is booked in accordance with the method described in the previous paragraph.

Correction of errors from previous periods
In the case of significant errors, the same method that is used for changes in accounting standards illustrated in the previous paragraph is applied. In the case of non-significant errors, these are accounted for in the income statement in the period in which they are noted.

Changes in accounting estimates
Changes in accounting estimates are recognised and are booked to the income statement in the period in which the change occurs, so long as the change only affects this period; where the change also affects future periods, the changes are booked in both the period in which the change occurs and in the future period.

3.26 RISK AND CAPITAL MANAGEMENT

The Company's risk management policies aim at identifying and analysing risks to which the Company is exposed, establishing appropriate limits and controls and monitoring risks with respect to those limits. These policies and the related systems are regularly revised to reflect any variations in market conditions and Group activities. For information on Risk Management, see paragraph XVI of the Group Directors' Report.

Maximum credit risk exposure for Engineering Ingegneria Informatica S.p.A. is examined in more detail in paragraph 12 of this document.
With reference to liquidity risk, defined as difficulty in fulfilling obligations related to financial liabilities settled in cash or through another financial asset, the Company provides, where possible, for sufficient funds (via centralised management of the Group treasury) to fulfil its obligations upon maturity both under normal conditions and in the event of financial difficulty, without having to incur excessive charges or risk damaging its reputation. A detailed analysis of the due dates for financial liabilities is contained in paragraph 20 of this note.

The Board of Directors provides for a high level of capital management policies in order to maintain trust among investors, creditors and the market, allowing for future development. The Board also monitors capital returns, understood as the result from operations compared with total shareholders' equity. Furthermore, the Board monitors the level of dividends to be distributed to holders of ordinary shares.
For details on the Company's debt/equity ratio, see paragraph VIII of the Directors' Report.

3.27 SEGMENT INFORMATION

An operating segment is a component of the Company engaged in corporate activity that generates revenue and costs and whose operating results are periodically reviewed by Management for the purpose of making decisions on the resources to allocate to the sector and evaluating the results on the basis of information contained in the financial statements. For more information, please see the explanatory notes to the financial statements.

3.28 RELATED PARTIES

Following the introduction of Consob Regulation of March 12, 2010, adopted with Resolution No. 17221 and subsequently amended with Resolution No. 17389 of June 23, 2010 enacting provisions concerning transactions with related parties, Engineering Ingegneria Informatica S.p.A., approved through Board of Directors' resolution of November 12, 2010, with effect from January 1, 2011, the procedure for the identification and carrying out of transactions with related parties. During the financial year the Company carried out transactions with a number of related parties. All balances with related parties were determined under normal market conditions. The general conditions governing transactions with senior executives and their related parties do not appear to be any more favourable than those applied, or which may have been reasonably applied, in the event of similar transactions under normal market conditions with executives without strategic responsibility of the same entities.

3.29 NEW IFRS AND IFRIC INTERPRETATIONS

Accounting standards, amendments and IFRS and IFRIC interpretations applied from January 1, 2013
The accounting standards adopted for the drawing up of these annual financial statements are the same as those used for the annual financial statements at December 31, 2012, with the exception of the standards and interpretations listed below:

IFRS 13 - Fair value measurement
On May 12, 2011 the IASB issued IFRS 13 - Fair value measurement which clarifies how the fair value is calculated for the purposes of the financial statements and is applied to all situations in which the standards require or permit the calculation of the fair value or the presentation of information based on the fair value, with some limited exclusions. In addition, this standard requires more extensive disclosure than that currently required by IFRS 7. The standard is effective retrospectively from January 1, 2013. The adoption of this standard had no effects.

IAS 1 - Presentation of financial statements

On June 16, 2011, the IASB published an amendment to IAS 1 - Presentation of Financial Statements which requires the grouping of all items presented in Other Comprehensive Income into two sub-groups, based on whether they may potentially be reclassified to profit or loss subsequently. The amendment is applicable from periods beginning on or after July 1, 2012.

Amendments to IAS 19 - Employee Benefits

On June 16, 2011, IASB issued an amendment to IAS 19 - Employee Benefits which cancels the option to defer recognition of actuarial gains and losses by using the corridor method. All actuarial gains and losses should now be immediately recognised to Other Comprehensive Income, so as the entire net amount of defined-benefit plans (net of assets related to the plan) is recognised in the consolidated statement of financial position. The amendment also envisages that changes over years regarding both defined-benefit plans and plan-related assets should be disaggregated in three components: costs of providing employee benefits for the year should be recognised in the income statement as Service costs; net financial charges, calculated by applying the appropriate discount rate to net balance of the defined benefit provision, net of assets resulting at the beginning of the year, should be recognised in the income statement as they are, actuarial gains and losses resulting from the re-measurement of assets and liabilities should be recognised in Other Comprehensive Income. Moreover, asset yield included under net financial charges, as indicated above, is calculated based on the discount rate of liabilities and no longer on the expected yield of assets. This amendment also introduces new supplementary information to be given in the explanatory notes to the accounts. The amendment is applicable retrospectively for accounting periods beginning on or after January 1, 2013. For further information reference should be made to paragraph 24 of this document.

Annual Improvements to IFRSs: 2009-2011 Cycle

On May 17, 2012, the IASB published the Annual Improvements to IFRS's document: 2009-2011 Cycle, which includes the amendments to the standards within the annual improvement process, focusing on amendments considered necessary, but not urgent. Those which affect the presentation, recognition and measurement of financial statement accounts are as follows - omitting however those which will result in only terminology changes or editing of existing standards with minimal effect in accounting terms or those which have effects on standards or interpretations not applicable to the Group:

- IAS 1 - Presentation of financial statements - Comparative disclosure. This clarifies that in the case in which additional comparative information is provided, such must be presented in accordance with IAS/IFRS. In addition, it clarifies that when an entity modifies an accounting principle or carries out an adjustment/reclassification retrospectively, the entity must present a balance sheet also at the beginning of the comparative period ("third balance sheet" in the financial statements), while in the notes no comparative disclosure is required also for this "third balance sheet" apart from the affected accounts.
- IAS 16 - Property, Plant and Equipment - Classification of servicing equipment. This standard clarifies that servicing equipment must be classified under item Property, plant and equipment if used for more than one financial year or under Inventories if used for only one year.
- IAS 32 - Financial Instruments: Presentation - Tax effect on distribution to equity holders and transaction costs on capital instrument. This standard clarifies that direct taxation related to this case shall comply with provisions set out by IAS 12.
- IAS 34 - Interim financial statements - Total assets for a reportable segment. This clarifies that the total assets must be reported only if this information has been suitably provided to the chief operating decision maker of the entity and a material change in the total assets of the segment compared to that reported in the last annual financial statements has arisen.

The effective date of the proposed amendments is for periods beginning on or after January 1, 2013, with advanced application permitted. The application of this amendment had no effect in measurement terms, and had limited effects on disclosure required for the Company financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet applied and not adopted in advance by the Company

IFRS 11 - Joint Arrangements

On May 12, 2011, the IASB issued IFRS 11 - Joint arrangements which will supersede IAS 31 - Interests in Joint ventures and SIC 13 - Jointly controlled entities – non monetary contributions by joint ventures. In addition to the criteria for the identification of joint control, the new standard establishes the accounting criteria for the classification of joint arrangements based on the rights and obligations of the agreements, while making a distinction between joint ventures and joint operations. According to IFRS 11, the existence of a separate vehicle is not a sufficient condition to classify a joint agreement as a joint venture. As regards joint ventures, where parties have rights only on the contractually agreed joint shareholders' equity, the standard sets forth that the only recognition method in the consolidated financial statements should be the equity method. As regards joint operations, where parties have rights on contractually agreed assets and obligations for agreed liabilities, the standard provides that the proportionate assets, liabilities, costs and revenues, resulting from joint operations, are entered directly in the consolidated (and separate) financial statements. The new standard is effective retrospectively as from January 1, 2014. Following the issue of IAS 28 - Investments in associates, IFRS 11 was amended to include in its application, from the effective date of the standard, also for holdings in joint ventures.

Amendments to IAS 32 - Financial Instruments

On December 16, 2011, the IASB issued some amendments to the IAS 32 - Financial Instruments: Presentation, aimed at clarifying some offsetting criteria of financial assets and liabilities described in IAS 32. The amendments are applicable to accounting periods beginning on or after 1 January 2014.

Amendments to IAS 36 - Impairment of Assets

On May 29, 2013, the IASB issued some amendments to IAS 36 - Impairment of Assets - Recoverable Amount Disclosures for Non Financial Assets. The amendments aimed at clarifying that additional information, to be supplied on the recoverable value of assets (including goodwill) or Cash Generating Units when their recoverable value is based on fair value, net of disposal costs, only relate to assets or Cash Generating Units for which an impairment loss was recognised or reversed during the year. Amendments must be applied retrospectively on accounting periods beginning on or after January 1, 2014.

Amendments to IAS 39 - Financial Instruments: Recognition and Measurement

On June 27, 2013, the IASB published amendments to IAS 39 - Financial instruments: Recognition and Measurement - Novation of derivatives and continuation of hedge accounting. The amendments related to some exception to the requirement for the discontinuation of hedge accounting in IAS 39 in circumstances when a hedging instrument is required to be novated to a central counterparty (CCP) as a result of laws or regulations. Amendments must be applied retrospectively on accounting periods beginning on or after January 1, 2014. Advanced adoption is permitted.

3.30 SEASONALITY OF COMPANY OPERATIONS

The activities of the Company are not subject to seasonality.

A) Non-current assets

4 Property, plant and equipment

(in Euros)

Description	31.12.2013	31.12.2012	Change
Property, plant and equipment	24,043,688	13,438,744	10,604,944

The changes in property, plant and equipment in the year were as follows:

(in Euros)

Description	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in progress	Leasehold improv.	Total
Balance at 01.01.2012	**9,159,558**	**820,737**	**3,185,393**	**1,598,410**	**0**	**690,830**	**15,454,928**
Increase	0	197,054	741,572	23,017	0	34,196	995,839
Decrease	0	(273)	(7,088,218)	(84,251)	0	0	(7,172,742)
Decrease in acc. depreciation	0	39	7,085,615	64,687	0	0	7,150,341
Depreciation	(294,399)	(250,202)	(1,712,215)	(458,157)	0	(274,648)	(2,989,621)
Balance at 31.12.2012	**8,865,159**	**767,355**	**2,212,146**	**1,143,705**	**0**	**450,378**	**13,438,744**
Op. change from merger	0	2,148,894	9,494,987	569,132	0	776,371	12,989,383
Increase	0	461,265	3,402,931	398,595	0	347,188	4,609,979
Decrease	0	(67,333)	(1,127,705)	(188,598)	0	(27,059)	(1,410,694)
Decrease in acc. depreciation	0	67,333	1,094,667	188,449	0	27,059	1,377,507
Depreciation	(294,399)	(628,034)	(5,198,271)	(518,645)	0	(321,882)	(6,961,231)
Balance at 31.12.2013	**8,570,760**	**2,749,481**	**9,878,756**	**1,592,637**	**0**	**1,252,054**	**24,043,688**

All property, plant and equipment are operational and effectively utilised in Company operations and no obsolete assets of significant value or requiring replacement in the short-term which were not depreciated exist.

The increases were substantially due to asset purchases carried out in 2013 and decreases from the sale of obsolete assets.

Tangible assets comprise assets owned by the Company merged in December 2013. Assets acquired before the merger are highlighted, net of their accumulated depreciation, in item Change in open balance from merger.

Purchases made during the year by the merged company are included under Increase, while disposals/sales were recorded under Decrease.

The increase in Plant and machinery, equal to Euro 461,265, relates to the installation of new electrical, air conditioning and telecommunications plant in a number of Company offices.

The increase in Industrial and commercial equipment, equal to Euro 3,402,931, relates to the purchase of computers for internal use while the decreases, equal to Euro 1,127,705, net of an accumulated depreciation of Euro 1,094,667, are due to the disposal and/or donation of obsolete computers.

The increase in Other assets, amounting to Euro 398,595, refers to the purchase of furniture and furnishings. The decrease is due to the disposal of obsolete furniture.

The increase in Leasehold improvements, equal to Euro 347,188, is due to minor restructuring on leased offices.

5 Intangible assets

(in Euros)

Description	31.12.2013	31.12.2012	Change
Intangible assets	18,504,619	9,141,261	9,363,359

The changes in intangible assets are detailed as follows:

(in Euros)

Description	Development costs	Ind. patents and intell. property	Conc., licences & trademarks	Assets in progress	Other assets	Total
Balance at 01.01.2012	**0**	**9,372,184**	**523**	**905,700**	**303,540**	**10,581,948**
Increase	905,700	374,694	0	(905,700)	5,300,000	5,674,694
Amortisation	(301,900)	(6,185,714)	(419)	0	(627,348)	(7,115,381)
Balance at 31.12.2012	**603,800**	**3,561,163**	**104**	**0**	**4,976,193**	**9,141,261**
Op. change from merger	0	10,486,971	0	200,000	698,822	11,385,794
Increase	0	2,031,112	0	0	5,403,817	7,434,929
Decrease	0	0	0	(200,000)	0	(200,000)
Amortisation	(301,900)	(6,256,253)	(104)	0	(2,699,107)	(9,257,364)
Balance at 31.12.2013	**301,900**	**9,822,994**	**0**	**0**	**8,379,725**	**18,504,619**

Intangible assets comprise assets owned by the company merged in December 2013.
Assets acquired before the merger are highlighted, net of their accumulated depreciation, in item Change in open balance from merger.

Increase is primarily due to capitalisation made during the year by the merged company:

- the Industrial patents and intellectual property item increased by Euro 2,031,112 due to the purchase of software programmes. This amount includes the reclassification of Euro 200,000 recognised in 2012 under Assets in progress in the financial statements of the merged company.
- the Other assets item increased by Euro 5,403,817 following the allocation of goodwill recognised in 2012 da Engineering.IT S.p.A. upon the acquisition (November 1, 2012) of a business branch of the company Software E Sistemi Avanzati S.p.A., named “Ramo S.E.S.A.”. Pursuant to IFRS 3, the Purchase Price Allocation related to the acquisition date of control. The assets that are not accounted for are attributable to:

  - the Customer Relationship, relating to the benefits derived from the acquisition of clients transferred at the acquisition date of the business unit. The amount determined was Euro 3,984 thousand, which will be amortised over 4 years;
  - the Outstanding contract portfolio, from the discounted profitability valuation of the residual Net Margin deriving from these contracts. The amount determined was Euro 1,420 thousand which was allocated a useful life 4 years;

The determination of the value recorded under fixed assets was made through an estimate, performed with the help of an independent expert, of the fair value of the assets, in accordance with IFRS 3, based on assumptions considered reasonable and realistic on the basis of information available at the date of acquisition of control.

The average residual amortisation period is as follows:

(in Euros)

Description	Amortisation, residual years	Remaining Amount
Development costs	1	301,900
Total development costs		**301,900**
Industrial patents and intellectual property	5	9,822,994
Total industrial patents and intellectual property		**9,822,994**
Other assets	4	8,379,725
Total other assets		**8,379,725**
Total intangible assets		**18,504,619**

6 Goodwill

(in Euros)

Description	31.12.2013	31.12.2012	Change
Goodwill	43,648,341	43,648,341	-

Goodwill is allocated to Cash Generating Units that benefit from synergies resulting from the acquisition, which generated the goodwill itself.
The balance of the account Goodwill is allocated to the various sectors of the Company:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Goodwill Finance	21,603,000	21,603,000	0
Goodwill Public Administration	2,169,000	2,169,000	0
Goodwill Telco & Media	6,833,340	6,833,340	0
Goodwill Energy & Utilities	13,043,000	13,043,000	0
Total	**43,648,341**	**43,648,341**	**0**

The value of goodwill at December 31, 2013, disclosed in the income statement, amounted to Euro 43,648,341 and remained unchanged with respect to 2012.

An analysis of the total value of goodwill was made as per IAS 36 and IFRS 3 Revised; the value of the goodwill at December 31, 2013, tested for impairment, was Euro 43,648,341.

Based on the tests carried out according to the methods described above and according to special modalities described hereunder, no elements were reported that would lead the Company to perform any write-down.
The goodwill was tested at individual CGU level, identifying these as independent Cash Generating Units.

As to the definition of CGU, in line with 2012, reference is made to:

- characteristics of the business;
- the operating regulations and market rules for each CGU;
- the technical and management organisation and structure of the Group;
- management reporting monitoring criteria and instruments.

It should be noted, if still necessary, that the recoverable value of the CGU's was prudently estimated and in compliance with the relevant accounting standard and in line with IFRS measurement practices.

For the identification of the recoverable value - the value in use of the CGU - obtained through discounting, of the cash flows (DCF Model) extrapolated from the four year business plans drawn up by the Management of the divisions and approved by the Board of Directors, the following elements were considered:

a) estimates of future cash flows generated by the entity;
b) expected changes in these cash flows in terms of the amount and time periods;
c) cost of money, comprising the current market risk-free rate of interest;
d) cost to assume the risk related to implicit uncertainty in the management of the CGU;
e) other risk factors concerning the operations of a specific market and changes over time.

The parameters utilised for discounting the cash flows and the Terminal Value under the DCF model illustrated above were as follows:

- risk free rate equal to the gross yield of BTP 5 years sold on January 30, 2014 > 2.43%;
- risk premium, equal to the average spread of Risk Premiums of Baa2 countries (Italy) compared to triple A countries > 6.9%;
- cost of debt equal to the average debt (long and short-term) of the Group > 2.95%;
- beta unlevered, equal to 1;
- LTG, equal to 0.5%.

For WAAC equal to 9.33%.

The component of the Terminal Value was limited to a maximum of 70% of the total sum of the discounted Free Cash Flow and the Terminal Value itself.

7 Investments

(in Euros)

Description	31.12.2013	31.12.2012	Change
Investments	21,921,830	62,056,633	(40,134,803)

CHANGES IN INVESTMENTS

(in Euros)

Investments in	Value at 31.12.2012	Op. change from merger	Increase	Decrease	Write-downs	Value at 31.12.2013
In subsidiary companies	61,907,633	2,216,316	4,759,958	(47,126,000)	0	21,757,907
In associated companies	149,000	0	83,923		(69,000)	163,923
Total	**62,056,633**	**2,216,316**	**4,843,881**	**(47,126,000)**	**(69,000)**	**21,921,830**

a) Subsidiaries

(in Euros)

	Value at 31.12.2012	Op. change from merger	Increase	Decrease	Write-downs	Value at 31.12.2013
Engineering Tributi S.p.A.	10,000,000					10,000,000
OverIT S.r.l.	1,297,893					1,297,893
Nexen S.p.A.	3,267,533					3,267,533
Engineering.IT S.p.A.	47,026,000			(47,026,000)		
Engineering Sardegna S.r.l.	20,000					20,000
Engineering International Inc.	7					7
Engineering do Brasil S.A.		1,896,016	4,559,957			6,455,973
Engineering.mo S.p.A.			1			1
Sitel S.r.l.		100,000		(100,000)		
Sicilia e-Servizi Venture S.c.r.l.		195,000				195,000
Setesi in liquidazione		10,000				10,000
Engineering Belgium S.A.	46,200	15,300				61,500
Engiweb Security S.r.l.	250,000		200,000			450,000
Total	**61,907,633**	**2,216,316**	**4,759,958**	**(47,126,000)**		**21,757,907**

Changes in investments in subsidiaries refer to the acquisition of T-Systems Italia S.p.A. (now Engineering.mo S.p.A.), the subscription of the share capital increase of the company Engineering do Brasil, carried out in December 2013 by the merged company, through the waive of its trade receivables with respect to the same, and Euro 200,000 increase in the equity investment of Engiweb Security S.r.l. for the recapitalisation required to partly cover losses.
The decrease, equal to Euro 47,126,000, relates for Euro 47,026,000 to the cancellation of the equity investment of Engineering.IT S.p.A. by reason of the merger.
The subsidiary Sitel S.r.l. concluded the liquidation process on November 30, 2013, by approving and depositing the liquidation financial statements.

IAS 36 establishes the rules which an entity must follow to ensure that its assets are recognised at a value not greater than their recoverable value.
Firstly, it is necessary to establish, at the end of each year, whether indications exist to suggest that an asset may have undergone impairment. If such indications exist, the entity must estimate the recoverable value of the asset.

The indications which may suggest that an asset has undergone impairment are:

1. from internal sources (for example, obsolescence or physical deterioration of an asset);
2. from external sources to the entity (for example, significant decrease in the market value of the asset, changes in the technological, market, economic or regulatory environment in which the company operates or in the market in which it carries out operations).

None of the positions analysed indicated a reduction in the relevant shareholders' equity. Therefore, the conditions as per points 1 and 2 of IAS 36 do not exist and there are no indications of any loss in value.

Investments in subsidiaries are detailed as follows:

(in Euros)

	City	Assets	Liabilities	Share capital	Shareholders' equity	Revenues	Net profit/ (loss)	Value at 31.12.2013	%
EngO S.p.A. in liquidation	Rome	612,810	4,748,520	1,300,000	(4,135,710)	766,996	(447,136)		100
Engineering Sardegna S.r.l.	Cagliari	2,296,647	2,227,358	20,000	69,289	1,162,474	(72,844)	20,000	100
Engineering Tributi S.p.A.	Trento	41,229,020	26,150,267	10,000,000	15,078,752	21,897,453	504,727	10,000,000	100
Engiweb Security S.r.l.	Trento	3,955,776	3,684,753	50,000	271,023	1,339,261	10,424	450,000	100
Nexen S.p.A.	Padua	8,331,570	3,916,664	1,500,000	4,414,906	7,850,810	(341,383)	3,267,533	95
OverIT S.r.l.	Fiume V. (PN)	16,025,361	8,978,411	98,800	7,046,951	19,016,352	1,546,935	1,297,893	95
Sicilia e-Servizi Venture S.c.r.l.	Palermo	107,104,507	104,475,289	300,000	2,629,218	19,492,116	(481,906)	195,000	65
Setesi S.r.l. in liquidazione	Palermo	450,316	116,070	10,000	334,246	310,827	178,770	10,000	100
Engineering do Brasil	S. Paolo (Brazil)	27,441,032	18,028,261	7,921,789	9,412,771	47,382,141	18,683	6,455,973	75
Engineering International Belgium S.A.	Brussels	3,620,563	2,737,953	61,500	882,610	7,731,728	123,583	61,500	100
Engineering International Inc.	Delaware (Usa)	7		7	7			7	100
Engineering.mo S.p.A.	Pont Saint Martin (AO)	87,414,697	60,109,987	1,000,000	27,304,710	69,796,913	(41,010,633)	1	100

(in Euros)

	City	Assets	Liabilities	Share capital	Shareholders' equity	Revenues	Net profit/ (loss)	Value at 31.12.2012	%
EngO S.p.A. in liquidation	Rome	2,963,004	5,890,880	1,300,000	(2,927,876)	2,452,642	(4,217,708)		100
Engineering.IT S.p.A	Pont S. Martin (AO)	329,485,128	223,657,710	25,000,000	105,827,418	283,838,845	16,773,397	47,026,000	100
Engineering Sardegna S.r.l.	Cagliari	1,114,878	998,021	20,000	116,857	908,457	1,340	20,000	100
Engineering Tributi S.p.A.	Trento	32,969,343	18,414,020	10,000,000	14,555,324	20,669,920	865,651	10,000,000	100
Engiweb Security S.r.l.	Trento	3,582,347	3,562,827	50,000	19,519	1,431,695	(80,636)	250,000	100
Nexen S.p.A.	Padua	9,316,524	4,583,372	1,500,000	4,733,151	9,501,367	354,124	3,267,533	95
OverIT S.r.l.	Fiume V. (PN)	12,996,764	7,511,154	98,800	5,485,610	15,627,049	1,442,773	1,297,893	95
Engineering International Belgium S.A.	Brussels	3,830,917	3,071,890	61,500	759,027	7,124,774	444,863	46,200	100
Engineering International Inc.	Delaware (Usa)	7		7	7			7	100

Notes: the negative amount of the shareholders' equity of the company EngO S.p.A., in liquidation, was offset by the special provision created by the Parent Company Engineering Ingegneria Informatica S.p.A., the details of which are described in paragraph 12b herein

c) Associated companies

(in Euros)

	Value at 31.12.2012	Increase	Decrease	Write-downs	Value at 31.12.2013
Consorzio Engbas Servizi Globali	25,000				25,000
In italia - il Consorzio dell'Informatica Italiana	50,000				50,000
CENTO-6 S.c.a.r.l.	5,000				5,000
Si Lab - Calabria S.c.a.r.l.		1,800			1,800
Si Lab - Sicilia S.c.a.r.l.		3,525			3,525
Consorzio Sirio		78,598			78,598
Engineering Fonderie Multimediali	69,000			(69,000)	
Total	**149,000**	**83,923**		**(69,000)**	**163,923**

Associated companies increate mainly due to the reclassification of the equity investment in Consorzio Sirio into item Other companies. The company Engineering Fonderie Multimediali, in liquidation, approved the liquidation financial statements on 4 June 2013.

Investments in associated companies are as follows:

(in Euros)

	City	Assets	Liabilities	Share capital	Shareholders' equity	Revenues	Net profit/ (loss)	Value at 31.12.2013	%
Consorzio Engbas Servizi Globali	Florence	51,672	6	50,000	51,666		(865)	25,000	50
In Italia - Il consorzio dell'Informatica	Rome	195,026	446	200,000	194,580		96	50,000	25
CENTO-6 S.c.a.r.l.	Milan	4,606	484	20,000	4,121		(6,623)	5,000	25
Si Lab - Calabria S.c.a.r.l.	Rende			30,000				1,800	24
Consorzio Sirio	Palermo	796,805	656,394	5,000	140,411	66,949	(5,820)	78,598	40
Si Lab - Sicilia S.c.a.r.l.		30,323	323	30,000	30,000			3,525	24

(in Euros)

	City	Assets	Liabilities	Share capital	Shareholders' equity	Revenues	Net profit/ (loss)	Value at 31.12.2012	%
Engineering Fonderie Multimediali S.p.A.	Rome							69,000	30
Consorzio Engbas Servizi Globali	Florence	51,672	6	50,000	51,666		(865)	25,000	50
In Italia - Il Consorzio dell'informatica	Rome	195,026	446	200,000	194,580		96	50,000	25
CENTO-6 S.c.a.r.l.	Milan	4,606	484	20,000	4,121		(6,623)	5,000	25

Note: the figures refer to the latest approved financial statements

8 Deferred tax assets

(in Euros)

Description	31.12.2013	31.12.2012	Change
Deferred tax assets	19,671,774	3,009,304	16,662,470

The calculation of deferred tax assets was carried out through critically evaluating the existence of future recoverability requisites of these assets. They are calculated at the current rates (27.5% for IRES and on the basis of regional rates for IRAP) and recorded in the entries shown in the table hereunder.

Items at December 31, 2013 comprise values of the merged company. A pro-forma column was provided for, as if the merger had already taken place in 2012, for better disclosure and comparison purposes.

(in Euros)

Description	31.12.2013		31.12.2012		31.12.2012 pro-forma	
	Amount of timing differences	Tax effect	Amount of timing differences	Tax effect	Amount of timing differences	Tax effect
Prov. employee bonus	3,250,000	893,750	2,239,059	615,741	2,239,059	615,741
IAS amortisations	4,123,792	1,134,043	1,127,843	310,157	4,285,488	1,301,657
Goodwill	379,173	119,060	436,754	137,141	886,151	278,251
Directors' fees	639,867	175,963	761,600	209,440	761,600	209,440
Derivative fair value	18,019	4,955	108,529	29,845	108,529	29,845
Doubtful debt provision	16,253,299	4,469,658	229,036	62,985	11,198,414	3,079,564
Provisions for risks	3,680,307	1,155,616	1,968,588	618,137	2,506,563	787,061
Leaving incentives	5,559,275	1,528,801	0	0	338,231	93,013
Tax losses	29,928,170	8,230,247	0	0	69,166,555	19,020,803
Adjustments for IFRS	12,723	3,995	25,602	8,039	25,602	8,039
Adjustments for IFRS IAS 19	5,325,348	1,464,471	3,701,161	1,017,819	6,934,793	1,907,068
Other	1,786,241	491,216			19,055	5,240
Total	**70,956,214**	**19,671,774**	**10,598,173**	**3,009,304**	**98,470,040**	**27,335,723**

Changes in deferred tax assets are detailed below:

(in Euros)

Description	Deferred tax assets
Balance at 01.01.2012	**3,371,739**
Increase	1,491,587
Decrease	(1,854,021)
Balance at 31.12.2012	**3,009,304**
Opening change from merger	24,326,419
Increase	5,286,704
Decrease	(12,950,654)
Balance at 31.12.2013	**19,671,774**

The decrease for the year is mainly attributable to the utilisation of deferred tax assets to offset tax losses, in the amount of Euro 10.8 million, while the increase is ascribable to the allocation of provisions for risks.

9 Other non-current assets

(in Euros)

Description	31.12.2013	31.12.2012	Change
Other non-current assets	4,861,664	699,948	4,161,716

The balances are comprised of:

(in Euros)

Description	31.12.2013	31.12.2012	Change
In other companies	535,645	552,686	(17,041)
Non-current financial assets	4,326,019	147,261	4,178,758
Total	**4,861,664**	**699,948**	**4,161,716**

a) Investments in other companies

(in Euros)

Equity investments in other companies	Value at 31.12.2012	Op. change from merger	Increase	Decrease	Write-downs	Value at 31.12.2013
Banca Popolare di Credito e Servizi	7,747					7,747
Comitato Prom. Banca dell'Urbe	6,197					6,197
Consorzio Cifte	3,749					3,749
Banca Cred. Cooperativo Roma	1,033					1,033
Know Change S.r.l.	15,488					15,488
Terzo Millennio S.r.l.	1,033					1,033
Consorzio Foodnet	700					700
Consorzio Fastigi	10,919					10,919
Global Riviera	1,314					1,314
Tecnoalimenti S.c.p.a.	65,832					65,832
Gene. S.I. S.c.a.r.l.	396					396
Dhitech Distretto Tecnologico High-Tech S.c.a.r.l.	36,314					36,314
Consorzio E.O.S.	2,000					2,000
Distretto Tecnol.Micro E Nanosistemi S.c.r.l.	34,683					34,683
Wimatica S.c.a.r.l. (Da Esel)	6,000					6,000
S.I.R.E. S.p.A.	15,000					15,000
Meridionale Innovazione Trasporti S.c.a.r.l.	400					400
Consorzio Cefriel	43,512					43,512
Consorzio Abi Lab	1,000					1,000
Consorzio Sirio	78,598			(78,598)		0
Editrice D.U.E.M.I.L.A Soc. Coop. a.r.l.	10,000					10,000
Consorzio Co.Di.Log	1,000					1,000
Partecipazione Ce.R.T.A.	360					360
Consorzio B.R.A.I.N.	4,500					4,500
Consorzio Arechi Ricerca	5,000					5,000
Consorzio Health Innovation Hub	3,000					3,000
EIT ICT LABs Trento	2,000					2,000
Ehealthnet S.c.a.r.l.	10,800					10,800
Roma Capitale Investments Foundation			10,000			10,000
Partec.Cons. Cuea		7,747				7,747
Partec. Elea		40				40
Partec. Cons. Appel		1,033				1,033
Partecip. Cf Pro (Ao)		1,833				1,833
Partec. Cons.Oikos		26				26
Partec. Cons. Idroelettrica		50				50
Partec. Cons. Kit-Key		52				52
Partec. Cons. Idroenergia		516				516
Distretto Ligure Delle Tecnologie Marine S.c.a.r.l.			20,000			20,000
Distretto Tecnologico Campania Bioscience S.c.a.r.l.			20,000			20,000
Caf Italia 2000 S.r.l.			260			260
Seta S.r.l.	82,192					82,192
Servizi Previdenziali S.p.A.	101,918					101,918
Total	**552,686**	**11,297**	**50,260**	**(78,598)**		**535,645**

Equity investments in other companies reported a change equal to Euro 11,297 due to shareholding acquired by the merged company, and an increase of Euro 50,260 for equity investments made in the year just ended and listed in the table. The decrease, amounting to Euro 78,598, relates to the reclassification of the investment in Consorzio Sirio, under item Investments in associated companies.

b) Non-current financial assets

(in Euros)

Description	31.12.2013	31.12.2012	Change
Tax receivables	3,554,801		3,554,801
Security deposits	342,761	147,261	195,499
Others	428,457		428,457
Total	**4,326,019**	**147,261**	**4,178,758**

The Tax receivables item, acquired by reason of the merger, relates to taxes paid abroad for transactions invoiced in Brazil, Greece, and Argentina. A provision for risks and charges was created, equal to Euro 3,263 thousand, for these receivables, to partly hedge the probable risk of insolvency within the expected due terms, by reason of the fact that these receivables related to 2008, before tax consolidation and are recoverable in 8 years, as provided for by regulations in force.
Security deposits are non-current financial assets on rented real estate properties and sundry utilities.
The Others item relates to a bond loan, for which a provision of equal amount was created to hedge the insolvency risk due to the difficult economic position of the issuer.

C) Current assets

10 Inventories

(in Euros)

Description	31.12.2013	31.12.2012	Change
Inventories	79,994	139,757	(59,763)

Inventories refer to user licences for software products held for resale to customers.

11 Construction contracts

(in Euros)

Description	31.12.2013	31.12.2012	Change
Construction contracts	115,661,636	94,560,141	21,101,494

The composition of construction contracts and related changes is illustrated below:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Opening construction contracts	94,560,141	97,762,686	(3,202,544)
Opening construction contracts from incorporated companies	41,493,844	-	41,493,844
Adjustments in work in progress	(79,332)	-	(79,332)
Opening construction contracts cancelled by inc. companies	(6,596,765)	-	(6,596,766)
Costs incurred plus profits booked according to percentage completion net of losses	286,255,503	190,469,791	95,785,712
Invoicing progress of work	(299,971,755)	(193,672,335)	(106,299,420)
Total	**115,661,636**	**94,560,141**	**21,101,494**

Construction contracts concern projects in the course of completion based on long-term contracts.
The opening balance of work in progress, related to the merged company, is disclosed separately in the table, while other works are disclosed together with those of the merging company.

For a better analysis of the values shown above, the following table shows the movements of Engineering.IT S.p.A. during the year just ended:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Opening construction contracts	41,493,844	43,003,475	(1,509,631)
Adjustments and changes in work in progress	(79,332)	(109,884)	30,552
Costs incurred plus profits booked according to percentage completion net of losses	103,118,772	108,331,584	(5,212,812)
Invoicing progress of work	(115,138,809)	(109,731,330)	(5,407,479)
Total	**29,394,475**	**41,493,844**	**(12,099,369)**

12 Trade receivables

(in Euros)

Description	31.12.2013	31.12.2012	Change
Trade receivables	494,390,512	367,821,243	126,569,268

Trade receivables at December 31, 2013 are as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Customers	401,291,873	291,983,254	109,308,619
Subsidiaries	87,044,969	75,083,947	11,961,022
Others	6,053,669	754,042	5,299,627
Total	**494,390,512**	**367,821,243**	**126,569,268**

a) Customers

(in Euros)

Description	31.12.2013	31.12.2012	Change
Receivables on invoices issued	366,714,030	260,256,307	106,457,722
of which overdue	*167,288,130*	*129,377,792*	*37,910,339*
Invoices to be issued	54,578,393	39,591,260	14,987,133
Credit notes to be issued	(361,968)	(467,619)	105,651
Doubtful debt provision	(18,099,261)	(5,865,981)	(12,233,280)
Provision for interest in arrears	(1,539,321)	(1,530,712)	(8,608)
Total	**401,291,873**	**291,983,254**	**109,308,619**

A pro-forma table is shown hereunder, which allows for the comparison of 2013 results with those achieved in 2012, based on the assumption that the merger had already taken place.

(in Euros)

Description	31.12.2013	31.12.2012 pro-forma	Change
Receivables on invoices issued	366,714,030	376,951,085	(10,237,055)
of which overdue	*167,288,130*	*173,306,023*	*(6,017,892)*
Invoices to be issued	54,578,393	51,237,810	3,340,582
Credit notes to be issued	(361,968)	(467,619)	105,651
Doubtful debt provision	(18,099,261)	(19,371,333)	1,272,072
Provision for interest in arrears	(1,539,321)	(1,530,712)	(8,608)
Total	**401,291,873**	**406,819,231**	**(5,527,357)**

Trade receivables, net of the doubtful debt provision (Euro 19,639 thousand), amounted to Euro 401,292 thousand, of which Euro 123,963 thousand related to the merged company.
The doubtful debt provision increased by Euro 11,394 thousand as a result of the merger. This amount comprises the provision of the merged company at December 31, 2012, amounting to Euro 13,505 thousand, which increased by Euro 3,685 thousand over the year, and decreased for utilisations by Euro 5,796 thousand. The merging company, amounting to Euro 1,536 thousand, adjusted the provision to the expected realisable value of receivables. The provision was utilised, in the amount of Euro 697 thousand, as a result of the settlement of some legal disputes whose risks had been allocated in previous years.
The doubtful debt provision for interest in arrears was increased by Euro 11 thousand following the recharging of interest for which there is no certainty of the relative recognition by customers.

Overdue receivables by sector are shown in the following table:

(in Euros)

Description	Days falling due					Total at 31.12.2013
	30	60	90	120	over 120	
Public Administration	10,957,975	9,019,017	4,995,702	4,901,683	49,576,205	79,450,582
Finance	6,649,512	1,756,808	760,978	1,857,270	3,135,469	14,160,037
Industry & Services	12,676,154	6,945,870	1,640,918	1,891,655	16,814,968	39,969,565
Telco & Utilities	11,194,662	2,927,313	7,622,390	1,449,618	10,513,963	33,707,947
Total	**41,478,303**	**20,649,009**	**15,019,988**	**10,100,226**	**80,040,605**	**167,288,130**

(in Euros)

Description	Days falling due					Pro-forma 31.12.2012
	30	60	90	120	over 120	
Public Administration	9,762,097	6,196,330	9,023,265	5,274,105	51,890,200	82,145,998
Finance	16,788,156	3,403,894	398,902	367,211	5,442,676	26,400,838
Industry & Services	12,433,827	4,314,466	1,298,248	1,027,026	17,207,132	36,280,700
Telco & Utilities	13,541,148	2,538,952	3,214,817	1,367,639	7,815,930	28,478,487
Total	**52,525,228**	**16,453,642**	**13,935,232**	**8,035,981**	**82,355,939**	**173,306,023**

(in Euros)

Description	Days falling due					Total at 31.12.2012
	30	60	90	120	over 120	
Public Administration	9,070,777	6,184,748	9,023,265	5,241,542	50,982,804	80,503,137
Finance	15,347,855	3,172,648	398,902	367,211	5,406,916	24,693,531
Industry & Services	3,205,581	1,884,326	87,591	396,098	1,024,274	6,597,871
Telco & Utilities	8,616,029	1,868,771	1,165,168	741,520	5,191,764	17,583,253
Total	**36,240,242**	**13,110,493**	**10,674,926**	**6,746,371**	**62,605,759**	**129,377,792**

The table of overdue receivables, by sector, was drawn up for the previous year, as if the merger had already taken place; therefore the comparison will be made with the pro-forma table for 2012.
The level of overdue receivables slightly improved, primarily due to the Finance segment, and partly to the Public Administration segment. The latter segment, however, still reports difficulties connected with payment terms, which are not complied with, as they are affected by the availability of funds.
The other segments are still affected by the general crisis, which force companies to slow down and delay payments to suppliers.
Despite the above remarks, there is no evidence at present of any risks of non-collection not considered in the doubtful debt provision.

b) Subsidiaries

These receivables refer to the following:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Receivables on invoices issued	62,765,347	25,093,908	37,671,438
Invoices to be issued	16,438,944	4,034,656	12,404,289
Cash pooling	9,115,269	44,481,517	(35,366,248)
Doubtful debt provision	(4,245,863)		(4,245,863)
Credit notes to be issued	(29,552)	(6,651)	(22,900)
Loans receivable	2,859,979	1,269,979	1,590,000
Others	140,845	210,538	(69,693)
Total	**87,044,969**	**75,083,947**	**11,961,022**

Receivables from subsidiaries, equal to Euro 87,044,969, net of the doubtful debt provisions, amounting to Euro 4,245,835, allocated to cover losses attributable to the subsidiary EngO S.p.A., which went in liquidation in March 2013.
Receivables from subsidiaries comprise, in the amount of Euro 63,476,796, receivables from the company Sicilia e-Servizi Venture S.c.r.l. (hereinafter "SISEV"), which in turn reports receivables from the company Società Sicilia e-Servizi S.p.A. (hereinafter "SISE"), investee Company of Engineering Ingegneria Informatica (32%), with a majority shareholding owned by the Sicily Region (51%).
This company was incorporated in December 2005, following the tender process by the Sicily Region in March 2005 and awarded to SISEV in September 2005, for the carrying out of the IT activities concerning the regional administrations and the building of an integrated IT platform for the entire Sicilian Region. The transactions between the Region, SISE and SISEV were subsequently detailed and regulated with a subsequent agreement signed between the parties on May 21, 2007.

As regards the above-mentioned receivables (in addition to Euro 14,882,248 of construction contracts, for a total exposure of the Company with respect to SISE of Euro 104,288,378) and within the common interest, on October 9, 2012 SISEV, the Sicily Region and SISE signed an "agreement" which regulates the repayment of SISEV receivable, indicating the final repayment date at December 31, 2013. Moreover, this agreement outlined that the Sicily Region was undertaking to carry out controls and provide SISE with all the technical and economic means, so as the latter would have been able to correctly fulfil its obligations, and envisaged that, while executing the agreement, such obligations would have been undertaken by SISEV.

In 2013, however, SISE and the Region of Sicily fulfilled their obligations only partially as to the receivable refunding plan, as envisaged by the agreement, although no objections were arisen with respect to the correct execution and quality of services rendered.

Given SISE's failure to pay, the Company filed a petition for an order of payment, amounting to Euro 30,051,531, VAT included, before the Court of Palermo. On October 2, 2013, SISE obtained the interim enforcement of the order for payment for an amount of Euro 93,163,203. The counter-parties filed objections to both proceedings and they are still outstanding.

On December 22, 2013, upon expiration of the Framework Agreement, The Regional Administration asked the company SISEV to guarantee its services. The services were granted against a renewed positive agreement between the Sicily Region and SISE to fulfil mutual obligations and especially the payment of receivables owed to SISEV.
Following the above-mentioned agreement, on February 1, 2014 the parties (Sicily Region, SISE and SISEV) were summoned by the prefect of Palermo at the Prefecture offices. During the meeting the representative of the Sicily Region confirmed their willingness to reschedule the receivable refunding plan, as envisaged in the agreement signed on October 9, 2012. As regards negotiations, joint meetings are currently underway to finalise a new agreement, including the above-mentioned refunding plan.

It is also worth noting that SISE's Shareholders' Meeting was called on March 19, 2014, first call, and March 20, 2014, second call to withdraw the company's liquidation procedure entered in November 2013.

Given the correctness of credit lines and the correct execution of services, after acknowledging the request of the Regional Administration that the company continues supplying its services regardless of the expiration of the Framework Agreement, and based on the willingness confirmed by the representative of the Sicily Region to re-schedule the receivables refunding plan, as envisaged in the agreement of October 9, 2012, based on the legal actions brought in and further information and after hearing the legal adviser, receivables and works in progress recognised in the financial statements are to be deemed valid and payable. For further information on the credit risk, reference should be made to the Director's Report.

All the activities have been completed and approved. The doubtful debt provision, amounting to Euro 1,063,654, calculated prudently by the Directors, is considered reasonable to cover any disputes with clients.

For further details reference should be made to paragraph 44 of the present notes "Transactions with related parties".

f) Other

(in Euros)

Description	31.12.2013	31.12.2012	Change
Prepayments	6,053,669	754,042	5,299,627
Total	**6,053,669**	**754,042**	**5,299,627**

Receivables due from others refer to costs accruing in the future and are mainly composed of rentals, insurance policies, software package maintenance costs, usage licenses, of which around Euro 4,393 thousand from the merged company.

13 Other current assets

(in Euros)

Description	31.12.2013	31.12.2012	Change
Other current assets	47,259,848	31,703,243	15,556,605

The other current assets are broken down as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Current financial assets	14,816,723	7,702,712	7,114,011
Others	32,443,125	24,000,531	8,442,594
Total	**47,259,848**	**31,703,243**	**15,556,605**

a) Current financial assets

Current financial assets are broken down as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Tax receivables	14,563,780	7,679,384	6,884,396
Social security institutions	252,943	23,328	229,615
Total	**14,816,723**	**7,702,712**	**7,114,011**

The tax receivables mainly relate to:

- for Euro 7,565,096 to the request for repayment of the higher IRES income tax paid on personnel not deducted for IRAP purposes in the period 2007-2011, based on Article 2, paragraph 1-*quater*, of Legislative Decree 201/2011;
- for Euro 3,947,946 to IRES and IRAP tax credits. The amount is the difference between advanced payments and withholdings applied and tax provisions calculated at December 31, 2013.
- for Euro 2,403,454 for receivables, mainly acquired by the merged company for taxes paid abroad;
- for Euro 233,507 for receivables from Equitalia, pledges related to third parties, our customers, to secure pending payment of taxes;
- for Euro 413,777 related to receivables from the Inland Revenue Office for recoverable VAT.

b) Others

The Others item includes:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Applied research grants	31,282,572	22,588,557	8,694,015
Prepaid expenses	8,300	-	8,300
Others	1,152,253	1,411,974	(259,721)
Total	**32,443,125**	**24,000,531**	**8,442,594**

Receivables for applied research grants are receivables yet to be paid relating to projects financed by national public authorities and by the European Union. Receivables, amounting to Euro 6,252 thousand, were acquired from the merged company.

14 Cash and cash equivalents

(in Euros)

Description	31.12.2013	31.12.2012	Change
Cash and cash equivalents	91,423,287	83,636,515	7,786,772

The balance includes cash and cash equivalents and bank current accounts. Cash and cash equivalents, amounting to Euro 2,884,270 thousand, were acquired from the merged company. Bank and postal deposits are remunerated at interest rates in line with the market.

Liquid assets consist of the following:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Bank and postal deposits	91,404,139	83,620,901	7,783,239
Cash and cash equivalents	19,148	15,614	3,533
Total	**91,423,287**	**83,636,515**	**7,786,772**

15 Breakdown of financial instrument assets by category

The classification of the Company financial instruments by category, according to provisions set out by IAS 39, is reported below.
For a better comparison with the previous year, a pro-forma table was drawn up with the assumption that the merger had already taken place in 2012.

(in Euros)

Items at 31 December 2013	Assets valued at FV in P&L	Investments held to maturity	Loans and receivables	Financial assets available-for-sale
Other non-current assets			4,861,664	
Trade receivables			494,390,512	
Other current assets			47,259,848	
Cash and cash equivalents			91,423,287	
Total	**0**	**0**	**637,935,311**	**0**

(in Euros)

Items at 31 December 2012 pro-forma	Assets valued at FV in P&L	Investments held to maturity	Loans and receivables	Financial assets available-for-sale
Other non-current assets			5,988,781	
Trade receivables			475,149,681	
Other current assets			39,303,894	
Cash and cash equivalents			85,621,954	
Total	**0**	**0**	**606,064,309**	**0**

(in Euros)

Items at 31 December 2012	Assets valued at FV in P&L	Investments held to maturity	Loans and receivables	Financial assets available-for-sale
Other non-current assets			699,948	
Trade receivables			367,821,243	
Other current assets			31,703,243	
Cash and cash equivalents			83,636,515	
Total	**0**	**0**	**483,860,948**	**0**

D) Shareholders' equity

16 Information on Shareholders' equity

(in Euros)

Description	31.12.2013	31.12.2012	Change
Shareholders' equity	347,721,313	270,056,771	77,664,542

The changes are shown in the table below:

(in Euros)

Shareholders' Equity	Value at 31.12.2012	Increase	Decrease	Value at 31.12.2013
Share capital	31,875,000	0	0	31,875,000
Treasury shares in portfolio	(790,569)	0	0	(790,569)
Total share capital	**31,084,431**	**0**	**0**	**31,084,431**
Legal reserve	6,375,000	0	0	6,375,000
Reserve acquisition treasury shares	87,978,827	0	0	87,978,827
Merger reserves	59,562,264	56,481,976	0	116,044,240
Other reserves	321,721	1,080,000	0	1,401,721
Total reserves	**154,237,812**	**57,561,976**	**0**	**211,799,788**
Prior years' undistributed profits	63,183,013	15,766,651	0	78,949,664
First-time application of IAS/IFRS	2,221,746	3,583,826	0	5,805,572
IAS 19 actuarial gains/(losses)	(2,858,199)	1,166,847	(2,344,384)	(4,035,735)
Fair value cash flow hedge reserve	(78,684)	65,620	0	(13,064)
Retained earnings	**62,467,877**	**20,582,944**	**(2,344,384)**	**80,706,437**
Profit/(loss) for the year	**22,266,651**	**24,130,657**	**(22,266,651)**	**24,130,657**
Total shareholders' equity	**270,056,771**	**102,275,577**	**(24,611,035)**	**347,721,313**

17 Share capital

The subscribed and fully paid-in share capital is Euro 31,875,000, divided into 12,500,000 shares each with a par value of Euro 2.55.

There are 310,027 treasury shares in portfolio, valued at acquisition cost, and totalling Euro 6,711,246. They are recognised for the par value as a reduction of the share capital (Euro 790,569) and for the remaining part (Euro 5,920,677) as a reduction of the retained earnings, as established by the provisions introduced by IAS 32. The average book value was Euro 21.6473 per share.

On April 24, 2012, the Engineering Ingegneria Informatica S.p.A. Shareholders' Meeting voted in favour of a treasury share buy-back plan for a maximum of 2,500,000 shares, within a maximum time period of 18 (eighteen) months.

All issued ordinary shares are entirely paid up and there are no shares with limitations relative to the distribution of dividends, with the exception of the provisions of Article 2357 of the Italian Civil Code in relation to treasury shares.

18 Reserves

In relation to the possible utilisation and distribution of reserves, the following should be noted:

- Legal reserve:
  Euro 6,375,000 is available for the covering of losses but is not distributable.
- Reserves for the acquisition of treasury shares:
  Euro 87,978,827 neither available nor distributable.
- Merger reserve:
  This reserve increased by Euro 56,481,976 due to the merger of the subsidiary Engineering.IT S.p.A..
  It amounts to Euro 116,044,240 and relates to the merged companies' profits made in years prior to the merger.
- \- Euro 111,442,790 available and distributable;
- \- Euro 4,601,450 neither available nor distributable
- Other Reserves of Euro 1,401,721 relate to:
- \- Other available reserves:
  Euro 81,721 is available and distributable.
- \- Special Egov research reserve:
  Euro 72,000 neither available nor distributable.
- \- Special Erp Light research reserve:
  Euro 168,000 neither available nor distributable.
- \- Special research reserve applied to the PIA Project:
  Euro 1,080,000 from the merger of Engineering.IT S.p.A. and it is neither available nor distributable.

19 Retained earnings

Retained earnings of Euro 80,706,437 include:

- Prior years' undistributed profits of Euro 78,949,664.
  The movement over the year relates to the increase of Euro 15,766,651 due to allocation of profits.
  The reserve is available and distributable.
- First-time IAS/IFRS application of Euro 5,805,572.
  The Euro 3,583,826 increase is due to the reserve acquired by Engineering.IT S.p.A..
  The reserve is neither available nor distributable and relates to the first time application of IFRS.
- Actuarial gains/(losses) of Euro (4,035,735).
  This reserve increased by Euro 1,166,847 for the gains related to post-employment benefits (IAS 19), net of deferred taxes, and the Euro 2,344,384 increase is due to the acquisition of the merged company's IAS 19 reserve regarding prior years.
- Fair value cash flow hedge reserve for the effective part.
  The fair value cash flow hedge reserve of Euro (13,064), net of deferred taxes, comprises the change in the fair value variation of the derivative as the lower value between the cumulative fair value changes of the hedging derivative and the fair value changes of the hypothetical derivative.

E) Non-current liabilities

20 Non-current financial payables

(in Euros)

Description	31.12.2013	31.12.2012	Change
Non-current financial liabilities	18,496,086	9,372,541	9,123,546

Non-current financial liabilities refer to Borrowings from lenders and Other current financial liabilities:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Borrowings from lenders	18,362,010	9,366,412	8,995,598
Other non-current financial liabilities	134,076	6,129	127,947
Total	**18,496,086**	**9,372,541**	**9,123,546**

Borrowing from lenders at December 31, 2013 is as follows:

(in Euros)

Lender	Year of maturity	Interest rate	Within 1 year	Over 1 year	Over 5 years
Attività Prod. Mcc/Ex Esel	2016	0,7900000	106,115	214,753	
Attività Prod. MCC/IRM&M	2015	0,9600000	292,740	295,550	
Banca Intesa Sanpaolo	2014	EURIBOR 3M/365+0,45000	5,000,000		
Miur Prog. 12904 Rist	2014	0,2500000	135,248		
Miur Prog. 12904 Rist	2014	0,5000000	37,233		
Miur Prog. 2865 Pasaf	2014	0,2500000	219,727		
Miur Prog. 2865 Pasaf	2014	0,5000000	73,775		
Miur Prog. 4452Ic/5 Locosp	2015	0,2500000	26,727	53,654	
Svil. Econ.Pia E-Gov	2018	0,7400000	85,162	346,996	
Svil. Econ.Pia Ex Engisud	2016	0,9600000	217,785	441,861	
Svil. Econ.Pia Odcdn	2018	0,7400000	170,066	692,941	
Svil. Econ.Pia Sinim	2018	0,7400000	196,105	799,040	
Min. Att. Produt. Prog.10840	2014	1,6920000	23,965		
Min. Att. Produt. Prog.10841	2014	1,6920000	113,001		
Miur Prog. 13473/1 Bbkit	2015	1,0000000	123,667	251,055	
Miur Prog. 3354/E/1 Eureka	2016	0,2500000	83,747	337,087	
Miur Prog. 6636/1 Siege	2017	0,2500000	244,205	1,478,102	
Miur Prog. 691/1 Chat	2015	0,2500000	162,376	325,971	
Bei/Serapis N. 82199	2018	EURIBOR 3M/360+1,99100	1,875,000	13,125,000	
Total			**9,186,642**	**18,362,010**	**0**

Borrowings from lenders totalled Euro 27,548,652, of which Euro 18,362,010 are loans due beyond 12 months and Euro 9,186,642 for loans due within 12 months recorded as current financial liabilities. It is worth noting that loans for a total amount of Euro 3,143,174, of which Euro 750,960, due within 12 months, were acquired from the merged company. These loans are classified under current financial liabilities.

With regard to the variable rate loan with European Investment Bank (EIB), granted on January 30, 2013 for the amount of Euro 15 million, the agreement provides for some financial obligations in addition to those required by relevant laws in relation to public disclosure by the issuer of financial instruments and its controller. In particular, Engineering Ingegneria Informatica S.p.A. is committed to see that the following values related to financial parameters are complied with:

- Net Financial Debt/EBITDA not higher than 2.00 (two);
- Debt Service Cover Ratio (DSCR), not lower than 5.00 (five).

The financial covenants are revised twice a year with reference to the consolidated financial statements and the consolidated half-year report.
Failure to observe the financial parameters, unless restored within the 30 (thirty) following business days, may give the Bank the right to withdrawal as per Article 1845 of the Civil Code and to exercise the right to recover all amounts covered by the agreement.
All covenants stipulated in the agreement have been respected.
The loan granted by Banca Intesa Sanpaolo is expected to be entirely redeemed on January 28, 2014 with the repayment of the last instalment of Euro 5 million.

All the other long-term loans indicated above are at a subsidised fixed rate and are linked to the development of research projects.

The other non-current financial liabilities are as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Derivative (cash flow hedge)	18,019	108,529	(90,510)
Security deposits	115,750	3,419	112,331
Value of financial debt at amortised cost	307	(105,819)	106,126
Total	**134,076**	**6,129**	**127,947**

The other current liabilities account includes the effective component of the hedge (Interest Rate Swap) and is calculated as the lower value between the accumulated changes in hedge derivative fair value and the changes in fair value of the hypothetical derivative and recorded in a shareholders' equity reserve.

21 Deferred tax liabilities

(in Euros)

Description	31.12.2013	31.12.2012	Change
Deferred tax liabilities	16,797,986	13,757,871	3,040,115

Deferred tax liabilities, calculated at the current rates (27.5% for IRES and on the basis of regional rates for IRAP), have been calculated on the following items:
Items at December 31, 2013 comprise values of the merged company.

(in Euros)

Description	31.12.2013		31.12.2012	
	Amount of timing differences	Tax effect	Amount of timing differences	Tax effect
Goodwill	7,309,845	2,295,291	6,448,066	2,024,693
Research grants	4,367,868	1,371,511	4,558,264	1,429,306
Research grants taxed in 5 years only IRES	37,220,985	10,235,771	30,703,044	8,443,337
Capital grants	5,905,584	1,633,096	0	0
Doubtful debt provision	0	0	1,991,307	547,609
Real estate leases	1,327,361	416,791	1,369,937	430,160
Gains	0	0	39,000	10,725
IFRS adjustments	2,666,283	836,836	2,778,823	872,041
Other	27,679	8,691	0	0
Total	**58,825,605**	**16,797,986**	**47,888,440**	**13,757,871**

Movements in deferred tax liabilities are illustrated below:

(in Euros)

Description	
Balance at 01.01.2012	**13,080,465**
Increase	3,926,950
Decrease	(3,249,544)
Balance at 31.12.2012	**13,757,871**
Op. change from merger	1,740,155
Increase	4,506,909
Decrease	(3,206,949)
Balance at 31.12.2013	**16,797,986**

22 Non-current provision for risks

(in Euros)

Description	31.12.2013	31.12.2012	Change
Non-current provisions for risks	3,869,203	-	3,869,203

Movements of the non-current provision for risks and charges.

(in Euros)

Description	
Balance at 31.12.2012	
Op. change from merger	3,695,825
Increase	963,457
Decrease	(790,079)
Balance at 31.12.2013	**3,869,203**

The provisions were accrued by the merged company against any liabilities considered to be probable, which may affect the results on the Company in the coming years. In particular, they relate, in the amount of Euro 3,263 thousand, to the tax credit recoverability risk for taxes paid abroad in years prior to the tax consolidation with Engineering Ingegneria Informatica S.p.A., while the difference is attributable to other financial risks. These receivables are recorded under non-current financial assets, paragraph 9 of this document.

The change, compared to the previous year, is mainly due to the following:

- for Euro 535,000 to the adjustment of allocations for tax credit recoverability risk for taxes paid abroad on invoices issued by the merged company towards Brazil in taxable periods before the tax consolidation with the Parent Company;
- for Euro 428,457 for recoverability risk of the bond loan. The issuer company of this loan is undergoing economic-financial difficulties;
- the decrease relates to the use of allocations made in previous years due to their occurrence or reclassification to specific payables during 2013. Namely, Euro 316 thousand relate to the settlement of disputes for restructuring, and Euro 460 thousand for the settlement of Inail dispute, for which an instalment payment has been agreed upon. The latter already started last year.

The amounts of allocations are the best estimate made based on the current information available to us.

23 Other non-current liabilities

(in Euros)

Description	31.12.2013	31.12.2012	Change
Other non-current liabilities	584,739	2,239,059	(1,654,320)

The change, recorded under Other non-current liabilities, is primarily due to the reclassification of debt (Euro 2,239 thousand) for post-employment benefits related to some managers with key functions of the Parent Company, recognised under other current liabilities by reason of the fact that the debt was paid in advance with respect to 2014, as well as to payables acquired with the merged company and amounting to Euro 548 thousand.

24 Post-employment benefits

(in Euros)

Description	31.12.2013	31.12.2012	Change
Post-employment benefits	60,237,744	33,838,240	26,399,504

Due to the introduction of Law No. 296 of December 27, 2006 and subsequent decrees and regulations issued at the beginning of 2007 Post-employment benefits from January 1, 2007 changed from a “defined benefit plan” to a “defined contribution plan” as a consequence of the application of differing accounting treatment of post-employment benefits matured before or after December 31, 2006.

Post-employment benefits accrued after January 1, 2007 represent a “defined contribution plan”. Periodically the company pays post-employment benefits accrued to a separate entity (e.g. INPS and/or a Fund) with the payment fulfilling obligations toward employees. For accounting purposes it is included under other contributions, as post-employment benefit matured is recorded as a cost in the period with the payable recognised under short-term payables.

Post-employment benefits accrued up to December 31, 2006 continue to represent a “defined benefit plan” which are more certain in terms of their existence and sum, but uncertain in terms of manifestation.
The total amount of the benefit obligation is calculated and certified on an annual basis by an independent actuary on the basis of the Projected unit credit method.

A summary of the actuarial assumptions adopted in measuring Post-employment benefits is provided below:

Financial assumptions:

- future annual rates of inflation were set according to the average rates of inflation in Italy in recent years, based on Istat data;
- annual revaluation of existing provisions and subsequent payments fixed, as established by regulations at 75% of the inflation rate plus 1.50% net of taxes;
- the annual discount rate was established as variable from 0.42% to 4.36 % and was deducted adopting a rate curve combining the effective yield rates movements of the Euro Bonds of primary companies with AA rating or higher.

Demographic assumptions:

- to evaluate length of employment with the Company, the “Tavola di permanenza nella posizione di attivo” RG48 (a table for company service length prepared by the Italian Treasury Department based on data for those born in 1948) was used, selected, projected and separated by gender, supplemented with the probability of additional reasons for departure (resignations, advances which are a financial-based cause for leaving, measurable in terms of probability).

The following table show the absolute and relative changes in liabilities measured according to IAS 19 (DBO), while assuming a 10% negative or positive change in the revaluation and/or discounting rates.

(in Euros)

Description		Discounting				
		-10%		100%		10%
Infla	-10%	60,541,979	1,087,923	59,454,056	(1,048,909)	58,405,147
		(807,317)	304,236	(783,687)	(1,832,596)	(761,150)
	100%	61,349,296	1,111,553	60,237,743	(1,071,446)	59,166,297
		821,903	1,933,456	797,791	(296,801)	774,645
	10%	62,171,199	1,135,665	61,035,534	(1,094,592)	59,940,942

(in Euros)

Description		Discounting				
		-10%		100%		10%
Infla	-10%	100.51%	1.81%	98.70%	-1.74%	96.96%
		-1.34%	0.51%	-1.30%	-3.04%	-1.26%
	100%	101.85%	1.85%	98.69%	-1.78%	98.22%
		1.36%	3.21%	1.32%	-0.49%	1.29%
	10%	103.21%	1.89%	101.32%	-1.82%	99.51%

Actuarial profits and losses are recognised under shareholders' equity on an accrual basis, while Cost Interest was recognised in the income statement under financial charges.

Changes are detailed below:

(in Euros)

Description	
Balance at 01.01.2012	**31,041,812**
Accruals	11,468,266
Amounts paid to social security fund + Inps	(10,686,016)
Actuarial profits/(losses)	2.,433,387
Benefits paid	(612,630)
Indemnities on acquisition of Group business unit/subsidiaries	193,419
Balance at 31.12.2012	**33,838,240**
Change in open balance for merger	29,708,772
Accruals	17,298,226
Amounts paid to social security fund + Inps	(16,857,196)
Actuarial profits/(losses)	(1,609,445)
Benefits paid	(2,087,075)
Transfer payables of Group business units/subsidiaries	(53,778)
Balance at 31.12.2013	**60,237,744**

Note: the Accruals item comprises the interest cost for an amount equal to Euro 505,199

F) Current liabilities

25 Current financial liabilities

(in Euros)

Description	31.12.2013	31.12.2012	Change
Current financial liabilities	81,934,027	110,391,312	(28,457,285)

Current financial liabilities amount to Euro 81,934,027 and primarily relate to:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Lenders	76,686,642	106,299,653	(29,613,011)
Bank payables	77,322	3,122	74,199
Other current financial liabilities	5,170,063	4,088,537	1,081,527
Total	**81,934,027**	**110,391,312**	**(28,457,285)**

Payables to lenders amount to Euro 76,686,642 and relate to the short-term portion of payables to lenders, in the amount of Euro 9,186,642, the details of which are shown in paragraph 20 "Non-current financial liabilities", to loans with a term shorter than six months, totalling Euro 50,000,000, and payables to banks for overdrafts, amounting to Euro 17,500,000.

The amounts due to banks relate to:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Bank overdrafts	77,322	3,122	74,199
Total	**77,322**	**3,122**	**74,199**

Other current financial liabilities relate to:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Other grants	5,170,063	4,031,394	1,138,669
Equity investments	-	57,143	(57,143)
Total	**5,170,063**	**4,088,537**	**1,081,527**

Other grants relate to amounts received for research projects to be reversed to other Partner subjects.

26 Current tax payables

(in Euros)

Description	31.12.2013	31.12.2012	Change
Current tax payables	-	5,033,741	(5,033,741)

The breakdown is as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
IRES	-	4,908,072	(4,908,072)
IRAP	-	125,669	(125,669)
Total	**-**	**5,033,741**	**(5,033,741)**

Estimated of current taxes, calculated with current tax rates, amounted to Euro 1,997,291 for IRES tax and Euro 12,135,205 for IRAP tax. These amounts were entirely offset with the receivables related to advanced payments made over the year.

27 Current provisions for risks

(in Euros)

Description	31.12.2013	31.12.2012	Change
Current provisions for risks	10,305,632	2,904,782	7,400,850

The current provision for risks is broken down as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Provisions for risks	9,567,300	1,410,514	8,156,786
Provision for losses on projects	738,332	1,494,268	(755,936)
Total	**10,305,632**	**2,904,782**	**7,400,850**

The provision for risks increased by a total amount of Euro 7,401 thousand.

The allocation to provision for risks is mainly due to the following:

- for around Euro 5.3 million, related to a restructuring plan connected with the reorganization underway, resolved and communicated to the counterparties, and allocations for expected staff leaves under incentive schemes;
- for Euro 2.1 million for risks connected with a settlement agreement concluded with a customer in 2013;
- for Euro 736 thousand related to the adjustment of the dispute arisen with respect to the tax audit report following the assessment visit that took place in 2012 by the General Management of the Inland Revenue office.

The decrease relates to the utilisation of allocations made in previous years, due to their occurrence.

The provision for losses on projects was adjusted to account for probable future charges which will be incurred on projects in which difficulties have arisen.
The allocations are the best estimate made based on the current information available to us.

The changes in the current provisions for risks during the periods in question are as follows:

(in Euros)

Description	
Balance at 01.01.2012	**2,579,114**
Increase	2,790,270
Decrease	(2,464,603)
Balance at 31.12.2012	**2,904,782**
Opening change from merger	43,527
Increase	8,633,823
Decrease	(1,276,500)
Balance at 31.12.2013	**10,305,632**

28 Other current liabilities

(in Euros)

Description	31.12.2013	31.12.2012	Change
Other current liabilities	122,334,923	80,847,672	41,487,251

This item is broken down as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Directors and Statutory Auditors	640,117	676,968	(36,851)
Consultants	74,003	108,200	(34,197)
Acquisition of business unit	920,619	601,116	319,503
Withholding taxes	202,465	152,247	50,219
Tax payables	38,016,521	30,730,138	7,286,382
Due to RTI partners	301,864	922,966	(621,102)
Social security institutions	13,847,998	8,761,277	5,086,721
Others	7,026,374	2,397,417	4,628,957
Employees	55,464,386	33,601,865	21,862,521
Partners for research projects	5,157,920	2,053,701	3,104,219
Accrued m/l loan interest	189,345	150,046	39,299
Other accruals	372,815	564,797	(191,982)
Deferred income	120,496	126,935	(6,439)
Total	**122,334,923**	**80,847,672**	**41,487,251**

Without the merger of Engineering.IT S.p.A., whose payables at December 31, 2013 amounted to around Euro 35,000 thousand, changes of payables shown in the table should amount to around Euro 6,400 thousand, mainly due to:

- Item Payables to partners for research projects, up by Euro 3,100 thousand for advanced payments received;
- Item Others, up due to the reclassification of payables, originally stated under item Other non-current liabilities, related to future benefits envisaged by the stability pact signed in 2009 and for which a liquidation is expected during 2014 (Euro 3,000 thousand).

Other significant changes are related to items Employee payables, Tax payables and Amounts due to Social Security Institutions as a result of the merger with Engineering.IT S.p.A..

Below, we provide details regarding taxes payable:

(in Euros)

Description	31.12.2013	31.12.2012	Change
VAT	15,545,264	8,505,537	7,039,727
Suspended VAT	13,775,588	16,848,621	(3,073,034)
IRPEF	8,695,404	5,375,979	3,319,425
Other	266	2	264
Total	**38,016,521**	**30,730,138**	**7,286,382**

29 Trade payables

(in Euros)

Description	31.12.2013	31.12.2012	Change
Trade payables	219,185,538	181,413,141	37,772,398

The balance at December 31, 2013 is broken down as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Suppliers	152,793,835	95,693,931	57,102,918
Subsidiaries	34,318,303	64,281,979	(29,963,676)
Other Group companies		3,014	(3,014)
Others	32,073,400	21,437,231	10,636,170
Total	**219,185,538**	**181,413,141**	**37,772,398**

a) Suppliers

(in Euros)

Description	31.12.2013	31.12.2012	Change
Due to Italian suppliers	115,096,943	77,426,360	37,670,583
Due to foreign suppliers	6,345,458	1,199,538	5,145,920
Invoices to be received	32,309,900	17,282,607	15,030,307
Credit notes to be received	(958,467)	(214,575)	(743,892)
Total	**152,793,835**	**95,693,931**	**57,102,918**

The increase in trade payables is due to the acquisition of balances pertaining to the merged company. If it is assumed that the merger has taken place in 2012, the change of the current year, compared to the previous year, would be an aggregate decrease of around Euro 10 million.
This decrease is due to the reduced use of external resources and the reduction in applied fees.

A pro-forma table is shown hereunder which allows for the comparison of 2013 results with those achieved in 2012, based on the assumption that the merger had already taken place.

(in Euros)

Description	31.12.2013	31.12.2012 pro-forma	Change
Due to Italian suppliers	115,096,943	125,627,765	(10,530,822)
Due to foreign suppliers	6,345,458	4,716,602	1,628,856
Invoices to be received	32,309,900	32,427,228	(117,328)
Credit notes to be received	(958,467)	(355,880)	(602,587)
Total	**152,793,835**	**162,415,715**	**(9,621,881)**

b) Subsidiaries

(in Euros)

Description	31.12.2013	31.12.2012	Change
Invoices to be received	11,806,194	15,812,090	(4,005,896)
Invoices received	17,283,433	48,469,892	(31,186,459)
Deferred income	2,394	(3)	2,397
Cash pooling	5,226,282		5,226,282
Total	**34,318,303**	**64,281,979**	**(29,963,676)**

The table shows the situation after the netting-off of items with the merged company.

f) Others

(in Euros)

Description	31.12.2013	31.12.2012	Change
Advances for future work	32,073,400	21,437,231	10,636,170
Total	**32,073,400**	**21,437,231**	**10,636,170**

The increase is due to the acquisition of the balances of the merged company. Without these balances, a total decrease of around Euro 1,500 thousand would have been reported.

30 Breakdown of financial instrument liabilities by category

The classification of the Company financial instruments by category according to that established by IAS 39 is reported below:

(in Euros)

Items at 31 December 2013	Liabilities valued at FV in P&L	Liabilities relating to hedging instruments	Liabilities recorded at amortised cost
Non-current financial payables		18,019	18,478,067
Other non-current liabilities			584,739
Current financial liabilities			81,934,027
Other current liabilities			122,334,923
Trade payables			219,185,538
Total	**0**	**18,019**	**442,517,294**

(in Euros)

Items at 31 December 2012 pro-forma	Liabilities valued at FV in P&L	Liabilities relating to hedging instruments	Liabilities recorded at amortised cost
Non-current financial payables		108,529	13,134,484
Other non-current liabilities			2,530,738
Current financial liabilities			111,343,467
Other current liabilities			115,329,544
Trade payables			214,220,285
Total	**0**	**108,529**	**456,558,518**

(in Euros)

Items at 31 December 2012	Liabilities valued at FV in P&L	Liabilities relating to hedging instruments	Liabilities recorded at amortised cost
Non-current financial payables		108,529	9,264,012
Other non-current liabilities			2,239,059
Current financial liabilities			110,391,312
Other current liabilities			80,847,672
Trade payables			181,413,141
Total	**0**	**108,529**	**384,155,195**

In order to comply with the disclosure requirements established by IFRS 7 relating to the fair value reported in the table above, these concern Level 2, as described in detail in the paragraph 3.17 "Derivative financial instruments".

Income statement

A) Operating revenues

(in Euros)

Description	31.12.2013	31.12.2012	Change
Operating revenues	709,954,239	487,984,689	221,969,550

31 Operating revenues

(in Euros)

Description	31.12.2013	31.12.2012	Change
Revenues from sales and service	701,850,723	475,568,942	226,281,781
Cgs. finished products and construction contracts	(13,776,016)	(4,942,544)	(8,833,471)
Other revenues	21,879,531	17,358,291	4,521,240
Total	**709,954,239**	**487,984,689**	**221,969,550**

For further information on the component items, reference should be made to the Directors' Report.

Nevertheless, pro-forma tables are shown hereunder. They allow for a comparison of 2013 results with those achieved in 2012, based on the assumption that the merger had already taken place.

(in Euros)

Description	31.12.2013	31.12.2012 pro-forma	Change
Revenues	688,074,708	688,931,899	(857,192)
Other revenues	21,879,531	16,877,608	5,001,923
Total	**709,954,239**	**705,809,508**	**4,144,731**

32 Other revenues

(in Euros)

Description	31.12.2013	31.12.2012	Change
Other revenues	21,879,531	17,358,291	4,521,240

The breakdown of Other revenues is as follows:

(in Euros)

Description	31.12.2012	31.12.2011	Change
Grants	13,234,210	10,410,818	2,823,392
Other income	6,200,731	1,895,693	4,305,038
Other income from subsidiaries	2,444,591	5,051,780	(2,607,189)
Total	**21,879,531**	**17,358,291**	**4,521,240**

The Other revenues item relates to revenues of various types, like the re-invoicing of fringe benefits to employees for Company cars as well as contingent assets for the so-called "figurative credit" acknowledged by the Italy-Brazil agreement on receivables for taxes paid abroad.
The Other income item from subsidiaries is attributable to re-invoicing of general expenses.

B) Operating expenses

33 Operating expenses

(in Euros)

Description	31.12.2013	31.12.2012	Change
Operating expenses	658,485,173	452,322,922	206,162,251

The breakdown of operating expenses is as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Raw materials and consumables	9,139,253	4,685,388	4,453,864
Services	265,878,933	212,188,207	53,690,725
Personnel costs	345,697,487	218,531,408	127,166,080
Amortisation and depreciation	16,218,595	10,105,002	6,113,593
Provisions	19,155,009	4,899,074	14,255,936
Other costs	2,395,896	1,913,843	482,053
Total	**658,485,173**	**452,322,922**	**206,162,251**

A pro-forma table is shown hereunder which allows for the comparison of 2013 results with those achieved in 2012, based on the assumption that the merger had already taken place.

(in Euros)

Description	31.12.2013	31.12.2012 pro-forma	Change
Raw materials and consumables	9,139,253	11,192,641	(2,053,388)
Services	265,878,933	274,753,957	(8,875,024)
Personnel costs	345,697,487	333,132,852	12,564,636
Amortisation and depreciation	16,218,595	18,053,375	(1,834,780)
Provisions	19,155,009	7,157,673	11,997,336
Other costs	2,395,896	2,956,903	(561,007)
Total	**658,485,173**	**647,247,401**	**11,237,773**

34 Raw materials and consumables

(in Euros)

Description	31.12.2013	31.12.2012	Change
Raw materials and consumables	9,139,253	4,685,388	4,453,864

Below is a breakdown of costs for raw materials and consumables:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Hardware	3,522,757	1,754,893	1,767,865
Software	5,165,678	2,637,457	2,528,220
Consumables	450,818	293,038	157,779
Total	**9,139,253**	**4,685,388**	**4,453,864**

The pro-forma table of Raw materials and consumables is shown hereunder, which allows for the comparison of 2013 results with those achieved in 2012, based on the assumption that the merger had already taken place.

(in Euros)

Description	31.12.2013	31.12.2012 pro-forma	Change
Hardware	3,522,757	5,341,098	(1,818,340)
Software	5,165,678	5,324,075	(158,397)
Consumables	450,818	527,469	(76,651)
Total	**9,139,253**	**11,192,641**	**(2,053,388)**

35 Service costs

(in Euros)

Description	31.12.2013	31.12.2012	Change
Services	265,878,933	212,188,207	53,690,725

Service costs include the following:

(in Euros)

Description	31.12.2013	31.12.2012	Change
EDP purchases, services and data lines	3,348,427	1,026,197	2,322,230
Insurance	2,725,442	1,699,880	1,025,562
Bank charges and commissions	598,861	943,733	(344,871)
Technical support and consultancy	156,113,778	105,103,304	51,010,474
Consultancy from subsidiaries	21,514,901	44,837,214	(23,322,312)
Legal and administrative consultancy	1,883,514	1,163,876	719,638
Training and refresher courses	2,161,556	2,113,314	48,243
Consultants	2,102,358	2,365,986	(263,628)
Cost of corporate boards	1,463,418	1,797,767	(334,349)
Building rental	11,296,858	5,787,552	5,509,305
Building maintenance tangible and intangible	18,953,658	5,657,883	13,295,775
Canteen and other personnel expenses	5,292,282	3,539,442	1,752,840
Automotive expenses	10,606,091	6,992,264	3,613,827
Hardware and software rental	1,997,035	103,396	1,893,639
Services from subsidiaries	999,309	14,701,870	(13,702,561)
Maintenance and security services	2,664,101	1,057,052	1,607,049
Advertising and sales rep. expenses	867,879	1,018,276	(150,397)
Travel costs	12,827,179	8,954,690	3,872,489
Postal and shipping expenses	1,095,335	235,787	859,548
Utilities	6,888,388	2,949,832	3,938,555
Other	478,561	138,892	339,669
Total	**265,878,933**	**212,188,207**	**53,690,725**

The pro-forma table of Services is shown hereunder, which allows for the comparison of 2013 results with those achieved in 2012, based on the assumption that the merger had already taken place.

(in Euros)

Description	31.12.2013	31.12.2012 pro-forma	Change
EDP purchases, services and data lines	3,348,427	3,652,054	(303,627)
Insurance	2,725,442	2,593,133	132,309
Bank charges and commissions	598,861	988,808	(389,947)
Technical support and consultancy	156,113,778	164,469,627	(8,355,849)
Consultancy from subsidiaries	21,514,901	15,289,996	6,224,905
Legal and administrative consultancy	1,883,514	1,508,317	375,197
Training and refresher courses	2,161,556	2,297,061	(135,504)
Consultants	2,102,358	2,365,760	(263,402)
Cost of corporate boards	1,463,418	1,956,071	(492,652)
Building rental	11,296,858	10,573,779	723,079
Building maintenance tangible and intangible	18,953,658	20,950,573	(1,996,915)
Canteen and other personnel expenses	5,292,282	5,298,969	(6,687)
Automotive expenses	10,606,091	11,012,986	(406,894)
Hardware and software rental	1,997,035	1,408,119	588,916
Services from subsidiaries	999,309	6,176,325	(5,177,016)
Maintenance and security services	2,664,101	2,268,268	395,833
Advertising and sales rep. expenses	867,879	1,095,006	(227,127)
Travel costs	12,827,179	12,846,571	(19,392)
Postal and shipping expenses	1,095,335	1,050,432	44,903
Utilities	6,888,388	6,813,210	75,177
Other	478,561	138,892	339,669
Total	**265,878,933**	**274,753,957**	**(8,875,024)**

The main change is attributable to item Technical support and consultancy, down due to less use of external resources in fields where productivity of internal resources was increased.

The following table shows the remuneration paid to the independent auditors of these financial statements, in accordance with article 149-*duodecies* of the consolidated finance Act.

(in Euros)

Service	Provider	Beneficiary	Fees
Audit	Deloitte & Touche S.p.A.	Engineering Ingegneria Informatica S.p.A.	260,000
Other services [1]	Deloitte & Touche S.p.A.	Engineering Ingegneria Informatica S.p.A.	50,000

(1) Fee is net of Consob contribution and expenses

36 Personnel costs

(in Euros)

Description	31.12.2013	31.12.2012	Change
Personnel costs	345,697,487	218,531,408	127,166,080

Personnel costs consist of:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Salaries and wages	255,066,099	162,006,152	93,059,947
Social security expenses	70,282,008	43,180,628	27,101,379
Post employment benefits	16,793,026	11,468,266	5,324,760
Restructuring and reorganising personnel	3,537,038	2,106,632	1,430,406
Other personnel costs	19,316	(230,272)	249,588
Total	**345,697,487**	**218,531,408**	**127,166,080**

The pro-forma table of Personnel is shown hereunder, which allows for the comparison of 2013 results with those achieved in 2012, based on the assumption that the merger had already taken place.

(in Euros)

Description	31.12.2013	31.12.2012 pro-forma	Change
Salaries and wages	255,066,099	244,885,164	10,180,935
Social security expenses	70,282,008	66,996,714	3,285,294
Post employment benefits	16,793,026	17,830,760	(1,037,734)
Restructuring and reorganising personnel	3,537,038	3,508,519	28,519
Other personnel costs	19,316	(88,306)	107,622
Total	**345,697,487**	**333,132,852**	**12,564,636**

The change, up as regards salaries and wages, primarily relates to both the increase in the number of staff, up by 141 compared to the pro-forma prior year, and the increase in contractual remuneration occurred in the second half of the previous year.

The average workforce is as follows:

(units)

Description	31.12.2013	31.12.2012 pro-forma	Change
Executives	291	287	4
Managers	1,319	1,276	43
Other employees	4,467	4,373	94
Total	**6,077**	**5,936**	**141**

The table of the average staff includes data related to the merging company. The pro-forma table for 2012 was prepared for a better comparison.

Data on the average staff number of Engineering Ingegneria Informatica S.p.A. are shown hereunder, without the merging effect of the company Engineering.IT S.p.A.:

(units)

Description	31.12.2013	31.12.2012	Change
Executives	222	213	9
Managers	786	744	42
Other employees	3,161	3,108	53
Total	**4,169**	**4,065**	**104**

For further information reference should be made to paragraph X of the 2013 Directors' Report.

37 Amortisation and depreciation

(in Euros)

Description	31.12.2013	31.12.2012	Change
Amortisation and depreciation	16,218,595	10,105,002	6,113,593

The breakdown is as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Depreciation of property, plant and equipment	6,961,231	2,989,621	3,971,610
Amortisation of intangible assets	9,257,364	7,115,381	2,141,983
Total	**16,218,595**	**10,105,002**	**6,113,593**

A pro-forma table of Amortisation and depreciation is shown hereunder which allows for the comparison of 2013 results with those achieved in 2012, based on the assumption that the merger had already taken place.

(in Euros)

Description	31.12.2013	31.12.2012 pro-forma	Change
Depreciation of property, plant and equipment	6,961,231	7,726,972	(765,742)
Amortisation of intangible assets	9,257,364	10,326,402	(1,069,038)
Total	**16,218,595**	**18,053,375**	**(1,834,780)**

38 Provisions and write-downs

(in Euros)

Description	31.12.2013	31.12.2012	Change
Provisions	19,155,009	4,899,074	14,255,936

The breakdown is as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Doubtful debt provision	9,467,369	2,774,640	6,692,729
Risk provision	9,676,612	2,053,964	7,622,648
Provision for interest in arrears	11,028	70,470	(59,442)
Total	**19,155,009**	**4,899,074**	**14,255,936**

A pro-forma table of Provisions and write-downs is shown hereunder which allows for the comparison of 2013 results with those achieved in 2012, based on the assumption that the merger had already taken place.

(in Euros)

Description	31.12.2013	31.12.2012 pro-forma	Change
Doubtful debt provision	9,467,369	3,235,809	6,231,560
Risk provision	9,676,612	3,851,394	5,825,218
Provision for interest in arrears	11,028	70,470	(59,442)
Total	**19,155,009**	**7,157,673**	**11,997,336**

The amount related to the doubtful debt provision primarily includes allocations of the merged company (around Euro 4,500 thousand) and the allocation for the writing down of receivables from the subsidiary EngO S.p.A., in liquidation (around Euro 3,400 thousand).
The allocation to the provision for risks, the balance of which comprises allocations pertaining to Engineering.IT S.p.A., primarily relates to the restructuring plan decided by the merged company (Euro 4,400 thousand), allocations for staff leaves under incentive schemes (Euro 930 thousand), risks connected with a settlement

agreement signed with a customer (Euro 2,100 thousand), the adjustment of a dispute on a tax assessment report after an inspection carried out in 2012 by the General Management of the Inland Revenue Office (Euro 736 thousand), tax risks on recoverability of receivables for taxes paid abroad on invoices issued to Brazil in the prior year (Euro 530 thousand), financial risks connected with the recoverability of a bond loan (Euro 430 thousand). The difference is due to risks on other assets recognised in the financial statements.
The allocations are the best estimate made based on the current information available to us.

39 Other costs

(in Euros)

Description	31.12.2013	31.12.2012	Change
Other costs	2,395,896	1,913,843	482,053

Other costs are broken down as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Dues and subscriptions	537,947	317,495	220,452
Taxes	1,074,099	579,890	494,209
Gifts and donations	145,370	178,176	(32,806)
Charges for social causes	210,309	126,253	84,056
Other	428,170	712,030	(283,859)
Total	**2,395,896**	**1,913,843**	**482,053**

A pro-forma table of Other costs is shown hereunder which allows for the comparison of 2013 results with those achieved in 2012, based on the assumption that the merger had already taken place.

(in Euros)

Description	31.12.2013	31.12.2012 pro-forma	Change
Dues and subscriptions	537,947	450,562	87,385
Taxes	1,074,099	1,426,928	(352,828)
Gifts and donations	145,370	208,428	(63,058)
Charges for social causes	210,309	142,362	67,947
Other	428,170	728,624	(300,453)
Total	**2,395,896**	**2,956,903**	**(561,007)**

40 Financial income/(charges)

(in Euros)

Description	31.12.213	31.12.2012	Change
Financial income/(charges)	(5,536,315)	(409,317)	(5,126,998)

Financial income is broken down as follows:

(in Euros)

Descrizione	31.12.2013	31.12.2012	Change
Interest income	2,095,826	4,230,001	(2,134,175)
Fair value gain (differential from derivative)		3,699	(3,699)
Other income	56,976	2,863	54,113
Total	**2,152,802**	**4,236,562**	**(2,083,760)**

A pro-forma table of Net financial income is shown hereunder which allows for the comparison of 2013 results with those achieved in 2012, based on the assumption that the merger had already taken place.

(in Euros)

Description	31.12.2013	31.12.2012 pro-forma	Change
Interest income	2,095,826	2,714,187	(618,361)
Fair value gain (differential from derivative)		3,699	(3,699)
Other income	56,976	12,997	43,979
Total	**2,152,802**	**2,730,883**	**(578,080)**

Financial charges consist of:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Interest expense	4,888,679	4,581,453	307,225
Other	2,800,439	64,426	2,736,012
Total	**7,689,118**	**4,645,880**	**3,043,238**

Interest expenses are mainly due to loans described in paragraph 20 herein, and include also financial charges resulting from post-employment benefits (IAS 19) and equal to Euro 505,199.

A pro-forma table of Net financial charges is shown hereunder which allows for the comparison of 2013 results with those achieved in 2012, based on the assumption that the merger had already taken place.

(in Euros)

Description	31.12.2013	31.12.2012 pro-forma	Change
Interest expense	4,888,679	4,646,528	242,151
Other	2,800,439	312,882	2,487,557
Total	**7,689,118**	**4,959,409**	**2,729,708**

41 Income/(charges) from investments

(in Euros)

Description	31.12.2013	31.12.2012	Change
Income/(charges) from investments	(76,444)	(3,008,868)	2,932,424

The breakdown is as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Write-down of equity investments	(76,444)	(3,008,868)	2,932,424
Total	**(76,444)**	**(3,008,868)**	**2,932,424**

42 Taxes

(in Euros)

Description	31.12.2013	31.12.2012	Change
Taxes	21,725,650	9,976,930	11,748,719

The breakdown of taxes is as follows:

(in Euros)

Description	31.12.2013	31.12.2012	Change
Current	13,229,228	8,233,673	4,995,555
Deferred	8,496,422	1,743,257	6,753,164
Total	**21,725,650**	**9,976,930**	**11,748,719**

A reconciliation between the theoretical and effective IRES tax rate is presented below:

(in Euros)

	31 December 2013		31 December 2012	
Profit/(loss) before taxes	**45,856,306**		**32,243,582**	
Ordinary rate applied	**12,610,484**	**27.5%**	**8,866,985**	**27.5%**
Income taxable in prior years	2,143,272	4.7%	2,688,475	8.34%
Income not taxable	(4,286,661)	-9.3%	(2,917,116)	-9.05%
Expenses not deductible	6,902,736	15.1%	2,898,043	8.99%
Deductible expenses not charged to income statement	(4,699,361)	-10.2%	(3,549,603)	-11.01%
Utilisation of previous years tax losses	(10,673,180)	-23.3%	(154,213)	-0.48%
Total assessable IRES	**7,262,875**		**28,482,077**	
Tax/tax rate	**1,997,291**	**27.5%**	**7,832,571**	**27.5%**

Deferred taxes were calculated taking into consideration the accumulated sum of all temporary differences on the basis of the average expected rate for successive tax periods when these differences will reverse. For details of the temporary differences determining the deferred taxes, please see paragraphs 8 “Deferred tax assets” and 21 “Deferred tax liabilities” herein.

43 Other information

COMMITMENTS UNDERTAKEN

The table below contains information regarding the commitments assumed by the Company:

(in Euros)

Description	31.12.2013
Third party sureties	173,560,703
Bank sureties in favour of other companies	6,152,124
Bid Bonds and Performance Bonds	3,436,000
Total commitments assumed	**183,148,827**

■ OPERATING LEASES:

The operating leases principally concern rental contracts for transport vehicles.

(in Euros)

Description	31.12.2013	31.12.2012
Liability remaining at 1st January	7,931,565	5,832,923
Amount of contracts agreed in year	6,801,399	0
Amount of fees paid in year	7,652,553	6,610,686
Amount of fees paid in advance	(8,581,077)	(4,512,044)
Amount of fees still due	**13,804,440**	**7,931,565**

(in Euros)

Description	31.12.2013	31.12.2012
Within 1 year	7,046,768	3,870,017
Over 1 year	6,757,672	4,061,548
Over 5 years	0	0
Total	**13,804,439**	**7,931,565**

44 Transactions with related parties

During the year transactions were carried out with related parties under normal market conditions. These transactions refer to commercial activities carried out on behalf of leading clients that have produced profitability in line with normal activities.
The table below summarises both the commercial and financial operations relating to the use of cash pooling:

(in Euros)

Description	Revenues	Costs	Financial income (and charges)	Trade Receivables	Trade Payables	Receivables Cash Pooling	Payables Cash Pooling
EngO S.p.A. in liquidation	16,310	16,439	32,987	62,270	67,038		
Engineering Sardegna S.r.l.	388,151	799,220	24,965	539,810	1,800,347	1,304,871	
Engineering Tributi S.p.A.	3,513,455	1,127,278	151,746	8,308,370	3,749,376	5,866,548	
Engiweb Security S.r.l.	88,099	1,226,021	57,947	827,948	1,312,413	1,943,850	
Nexen S.p.A.	624,606	2,455,064		579,399	2,975,984		
OverIT S.r.l.	175,920	14,519,713		459,788	11,152,990		
Sitel S.r.l. in liquidazione			840				
Sicilia e-Servizi Venture S.c.r.l.	13,142,977	9,314		63,476,796	25,321		
Engineering do Brasil S.A.	5,747,093	193,510	(1,762,554)	7,080,118	6,375,208		
Engineering International Belgium S.A.	1,331,129	1,742,559		1,457,898	861,593		
Engineering International Inc.			63	10,201			
Engineering.mo S.p.A.	1,573,062	705,038	(47,126)	1,597,492	771,751		5,226,282
Engi da Argentina S.A.	2,495,061			4,798,680			
Total	**29,095,864**	**22,794,156**	**(1,541,133)**	**89,198,769**	**29,092,022**	**9,115,269**	**5,226,282**

Work in progress is included in the Trade Receivables account.

Information on remuneration of members of the Board of Directors and Control Boards, General Managers and other Executives with strategic responsibilities.

For a breakdown of the remuneration of members of the Board of Directors and Control Boards, General Managers and other Executives with strategic responsibilities, reference should be made to the specific tables in the Remuneration Report.

No transactions were undertaken with senior managers with strategic responsibilities and their related parties during the year. In relation to the stability pact in place with some senior managers, reference should be made to paragraph 28 herein.

Declaration of the Financial Statements of Engineering Ingegneria Informatica S.p.A. at 31 December 2013 in accordance with Article 81 *ter* of Consob Regulation no. 11971 of 14 May 1999, as amended

1. The undersigned Paolo Pandozy, as Chief Executive Officer, and Armando Iorio, Executive responsible for the preparation of the corporate accounting documents of the Engineering Group, affirm, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

   - the adequacy of the information on company operations;
   - the application of the administrative and accounting procedures for the preparation of the financial statements of Engineering Ingegneria Informatica S.p.A. for the year ended 31 December 2013.

2. It is also noted that:

   2.1 The financial statements of Engineering Ingegneria Informatica S.p.A. at 31 December 2013:

   a) were prepared in accordance with international accounting standards (IFRS), recognised in the European Union pursuant to EU regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002;

   b) correspond to the underlying accounting documents and records;

   c) provide a true and correct representation of the balance sheet, financial situation and result for the year of the Issuer.

   2.2. The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer together with a description of the principal risks and uncertainties to which it is exposed.

Rome, 14 March 2014

The Chief Executive Officer

Paolo Pandozy

Executive responsible for the preparation of the accounting documents

Armando Iorio

Corporate Governance and ownership structure report

pursuant to Art. 123-*bis* of the Consolidated Law on Finance
One-Tier Control and Administration Model

Issuer: Engineering Ingegneria Informatica S.p.A.
Website: *www.eng.it*

Year: 2013
Date of approval of the Report: 14.03.2014

Glossary

Code: the Self-Governance Code of listed companies approved in March 2006 (most-recently amended in December 2011) by the Corporate Governance Committee and issued by Borsa Italiana S.p.A..

Civ. Code: the Italian Civil Code.

Board: the Issuer's Board of Directors.

Issuer: the Issuer of listed shares to which the Report refers.

Engineering: Engineering Ingegneria Informatica S.p.A..

Year: the corporate financial year to which the Report refers.

Stock Exchange Instructions: the Regulations for Markets organised and managed by Borsa Italiana S.p.A..

Stock Exchange Regulations: the Regulations for Markets organised and managed by Borsa Italiana S.p.A..

Consob Issuer Regulations: the Issuers' Regulations issued by Consob resolution No. 11971 of 1999.

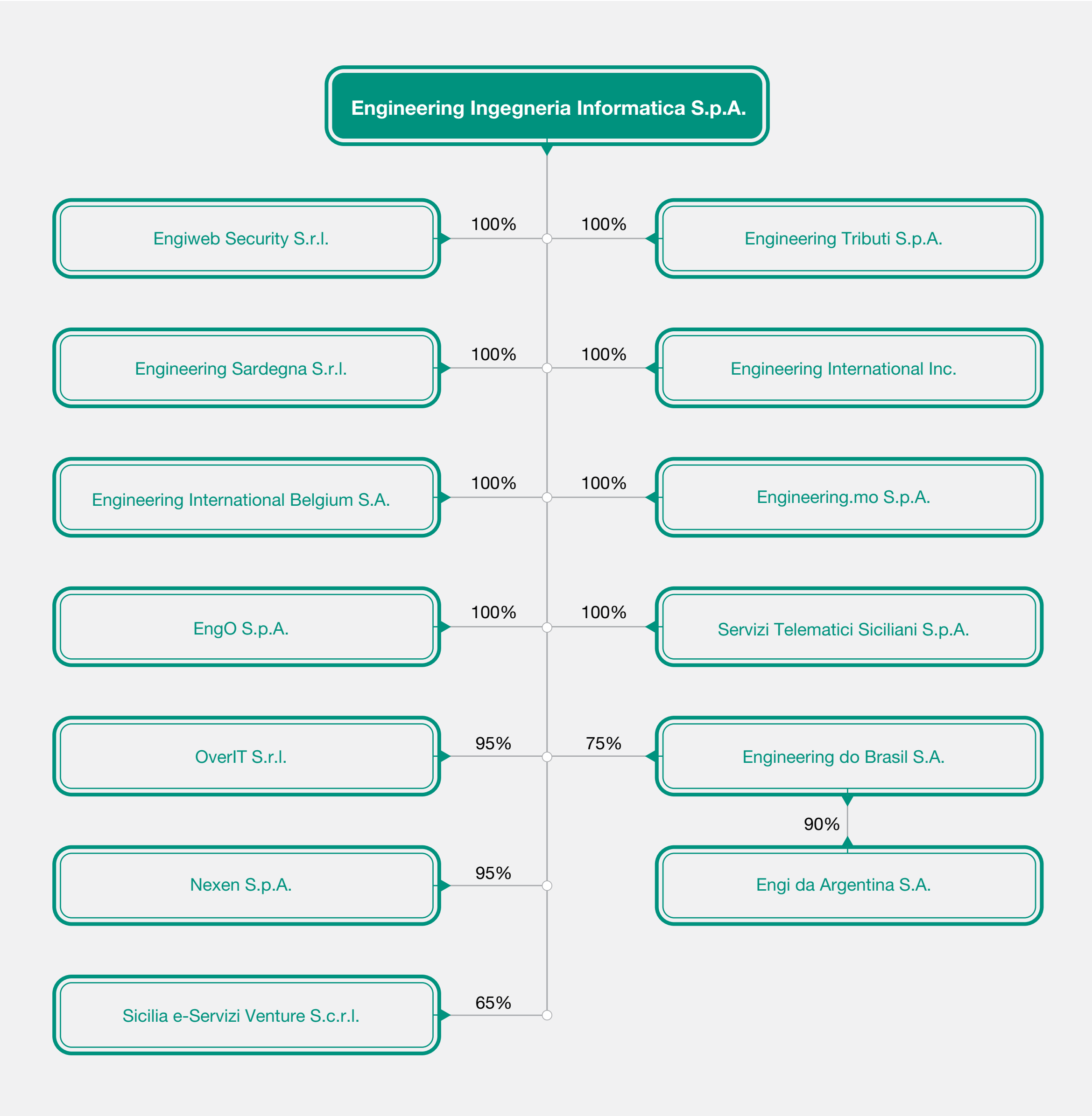
Consob Market Regulations: the Market Regulations issued by Consob resolution No. 16191 of 2007.

Report: the corporate governance report that companies need to prepare in accordance with Articles 123-*bis* of the Financial Services Act, 89-*bis* of Consob Issuers' Regulations and Article IA.2.6 of the Instructions to the Italian Stock Exchange Regulations.

CLF: Legislative Decree 58 of February 24, 1998 as subsequently modified (Consolidated Law on Finance).

1 Company profile

The Issuer, with registered office in Rome - via San Martino della Battaglia No. 56, Tax Code. 00967720285 and VAT Number 05724831002, Rome Company Registration No. 00967720285 and Economic and Administrative Repertoire RM No. 531128 heads a Group composed of 15 companies structured as follows:



The individuals to which general and procedural legal representation has been conferred, in compliance with the law, are: Michele Cinaglia, Director and Chairman of the Board of Directors, and Paolo Pandozy, Director and Chief Executive Officer.

The Issuer is organised according to the one-tier control and administration model[1] which requires the following as corporate bodies: the Shareholders' Meeting, Board of Directors, appointed by the Shareholders' Meeting and the management control committee, appointed by the Board of Directors from its members and comprising the audit body.

The Issuer currently holds a share of over 7% in the Italian IT services and technology market with a core business represented by System and Business Integration and Outsourcing.

The Issuer's mission is to develop processes and business models with the support of technologies. The three levers the Issuer uses to support the change of complex organizations include providing consultation on business processes and creation of integrated architecture and services.

2 Information on the ownership structure as per Article 123-*bis* paragraph 1, Consolidated Law on Finance)

At the date of adoption of this Report the following is noted:

a) Share capital structure
The share capital fully subscribed and paid-in amounts to Euro 31,875,000.00, broken down into 12,500,000 ordinary shares of a nominal value of Euro 2.55 each.

The share cannot be split, are registered and issued in dematerialised form, in the centralised clearing system managed by Monte Titoli S.p.A..

Each ordinary share of the Issuer grants the right to one vote in Ordinary and Extraordinary Shareholders' Meetings, as well as the other administrative rights envisaged by the applicable provisions of law and the Articles of Association.

At December 31, 2013 no other categories of shares existed.
The structure of share capital is shown in Table 1 attached to this Report.

b) Restrictions on the transfer of securities
There are no restrictions on the transfer of securities.

c) Significant shareholdings
At December 31, 2013, the significant investments in the Issuer's share capital resulting from notices made according with Article 120 of the CLF are those indicated and shown in Table 1 attached to this Report.

Shareholder	Direct shareholder	% of ordinary share capital	% of voting share capital
Oep Italy High Tech Due S.r.l.*	Oep Italy High Tech Due S.r.l.*	29.158	29.899(*)
Michele Cinaglia	Michele Cinaglia	22.999	23.584
Marilena Menicucci	Marilena Menicucci	11.970	12.274
BestinverGestion, SGIIC, S.A. Gestione del Risparmio	BestinverGestion, SGIIC, S.A.	9.866	10.116
Ing. Investement Management Belgium S.A.	Ing. Investement Management Belgium S.A.	2.025	2.077
Treasury shares	Treasury shares	2.480	

1 The one-tier governance system is regulated by Articles 2409-*sexiesdecies* to 2409-*noviesdecies* of the Civil Code and, for listed companies, Articles 147-*ter* and subsequent of the Consolidated Law on Finance.

(*) As a result of the finalisation of the purchase of Engineering shares, the Company declared that it had no significant agreement in place with the selling shareholders - Tommaso and Costanza Amodeo who, at the time of the sale, held a total of 3.01% of the Issuer - pursuant to and in accordance with Article 109 of Legislative Decree No. 58/98. Oep Italy High Tech Due S.r.l. stated that it intended to apply, as a precaution, the exemption set out by Article 49, paragraph 1e) of Consob Regulation No. 11971, thereby undertaking not to exercise the right to vote and to sell the excess securities.

d) Securities which confer special rights
There are no securities which give special control rights.

e) Employee shareholdings: method of exercise of voting rights
There are no employee shareholder investment schemes (e.g. stock option plans), nor are there any mechanisms for exercising voting rights for employees who are also Shareholders, when the right is not directly exercised by the Shareholders.

f) Restrictions on voting rights
There are no restrictions on voting rights.

g) Shareholder agreements
The Issuer is not aware of agreements between shareholders in accordance with Article 122 of the CLF.
There are no specific procedures other than those provided for by law or the Articles of Association to change the Articles of Association.

h) Change of control clauses and provisions of the Articles of Association concerning Public Purchase Offer
At the date of adoption of this Report, the Issuer and some of its subsidiaries have entered significant contracts which in the event of change of control of the contracting Company may lapse following the exercise of the right of withdrawal granted to the contracting counterparty. However, the termination of the contract is not solely dependent on the event of the change in control of the Company.
At the date of adoption of this Report, the Issuer did not avail of the exceptions to the passivity rule established by Article 104, paragraphs 1 and 2 of the CLF; in addition the Articles of Association of the Issuer do not provide for the application of the neutralisation rules established by Article 104-*bis*, paragraphs 1 and 2 of the CLF.

i) Powers to increase the share capital and authorisation of buy-back programme
The Board of the Issuer does not have the power to increase the share capital as per Article 2433 of the Civil Code nor to issue financial instruments.

The Shareholders' Meeting of the Issuer on April 24, 2013 authorised the purchase of treasury shares as per Article 2357 of the Civil Code establishing that (i) a maximum total number of shares may be acquired (including treasury shares in portfolio) of 2,500,000 ordinary shares within the limits of one-fifth of the share capital and not above the amount of shares, in relation to the acquisition price, in the available reserve "for purchase of treasury shares" and that (ii) the unitary purchase price is: (a) not less than the amount of the arithmetic average of official prices (according to the definition of Article 4.1.12 of the Stock Exchange Regulation organised and managed by Borsa Italiana S.p.A.) of the last 10 calendar days before the acquisition day, decreased by 20% and (b) not greater than the same amount of the arithmetic average of the aforesaid official prices of the last 10 calendar days before the acquisition day, increased by 20%.

The Shareholders' Meeting granted mandates to Michele Cinaglia, Paolo Pandozy and Armando Iorio, independently, to: establish all the means and terms, executive and accessory, for the completion of the purchase and sale of the treasury shares considered.
At December 31, 2013 treasury shares in the portfolio of Engineering numbered 310,027, equal to 2.480% of the share capital.
For further information, reference should be made to the minutes of the above-mentioned Shareholders' Meeting, which can be downloaded from the website *www.eng.it* in the Shareholders' Meetings Section.

l) Direction and co-ordination activities (as per Article 2497 *et. seq.* of the Civil Code)
The Issuer is not subject to management and co-ordination pursuant to Article 2497 *et. seq.* of the Italian Civil Code.

* * * * *

The information required in accordance with Article 123-*bis*, first paragraph, letter (i) is contained in the Remuneration Report published in accordance with Article 123-*ter* of the CLF to which reference should be made; (ii) the information required by Article 123-*bis*, first paragraph, letter (l) is illustrated in the section of the report on the Board of Directors (Section 4.1).

3 Compliance

The Issuer complies with the Self-Governance Code promoted by Borsa Italiana S.p.A. under the terms described in this Report, with the necessary adaptations due to adoption of the one-tier administration and audit system.

Where the Issuer has decided to deviate from certain principles or application criteria, it has provided justification thereof in the corresponding section of this Report. Neither the Issuer nor its strategic subsidiaries, are subject to laws in force outside Italy which affect the Corporate Governance structures of the Issuer.

4 Board of directors

4.1 APPOINTMENT AND REPLACEMENT

Pursuant to Article 14 of the Articles of Association, the administration and control of the Company are exercised respectively by the Board of Directors and by a management control Committee formed within the Board of Directors pursuant to Article 2409-*sexiesdecies et. seq.* of the Civil Code.
Article 15 of the Company Articles of Association establishes that the Issuer shall be governed by a Board of Directors including a minimum of 7 (seven) members and a maximum of 11 (eleven) members. In consideration of the fact that the Issuer belongs to the STAR segment, in the appointment and replacement of the corporate boards the provisions of Article 2.2.3 of the Stock Market Regulation are considered.

The Ordinary Shareholders' Meeting shall decide the term of office on appointment, which cannot exceed three years, which shall terminate at the date of the Shareholders' Meeting called to approve the financial statements relating to the last year of office.

The Shareholders' Meeting of April 24, 2013 resolved to reduce the total number of members of the Board of Directors, setting a maximum number of ten directors.

The directors are elected based on slates presented by Shareholders. Shareholders which, individually or together with others, hold the amount of shares required by the applicable regulation Article 144-*quater* and for the Issuer 2.5%, have the right to present slates.

The slates must be filed at the registered office of the Company at least 25 days before that fixed for the shareholders' meeting called to resolve upon their nomination and will be made available to the public at the registered office and on the internet site of the Company and through the other methods established by Consob regulation at least 21 days before the Shareholders' Meeting. Each slate must contain a maximum of 11 candidates, listed by progressive numbering.

At least one third of the candidates on each slate, with rounding to the higher number only in the case of a fraction with decimal higher than 5, must be independent in accordance with Article 2399, first paragraph of the Civil Code.

At least 3 candidates on each slate, two of which listed as the first two candidates on the slate, must be considered independent, professional and in good standing in accordance with Article 22 of the Articles of Association. Each slate must specifically indicate the candidates considered independent in accordance with the above provisions.

All those with the right to vote may vote on only one slate and the vote will automatically regard all candidates indicated, without the possibility to change, add or exclude candidates. Shareholders related to each other in any way may vote on only one slate.

The directors elected shall be: (i) candidates on the slate which has obtained the highest number of votes, in a number equal to the total directors to be appointed less one, in progressive order in which they are listed on the slate; (ii) the first candidate on the slate that has obtained the second highest number of votes who meets the requirements to hold office on the control Committee.

If the slate which obtained the second highest number of votes does not achieve a percentage of votes at least equal to half of that required for the presentation of the slates, the first candidate listed on the slate will not be appointed from the first slate by number of votes according to progressive number by which the candidates are listed.

If only one slate is presented, the entire Board of Directors will be elected from the only slate according to progressive numbering by which the candidates are indicated.
For all that is not established here, reference should be made to the Articles of Association.

The Board of Directors' meeting of November 14, 2013 resolved not to adopt a plan for the succession of executive directors, specifically considering the structure of the management, the powers delegated and the related distribution of responsibilities which, in any event, would enable company business to correctly continue. Given its strategic relevance, this issue is constantly monitored by the Board.

The Issuer undertakes, before the renewal of the next Board appointments, to modify the Company Articles of Association in relation to the gender balance on the Corporate Boards in accordance with Law 120/2011, which entered into force in August 2012.

4.2 COMPOSITION

The Board of Directors was appointed with Shareholders' Meeting resolution of April 24, 2012 and its mandate will conclude with the approval of the financial statements at December 31, 2014.

All members of the Board were taken from a single slate submitted, according to the terms and procedures set out by the Articles of Association and by law, by Shareholders Michele Cinaglia and Marilena Menicucci at the time holding shares representing 34.969% of the Issuer's share capital. The slate was approved by 71.93% of the share capital present, with three Shareholders voting against, for a total of 5.155 shares, equal to 0.04% of the share capital, with two Shareholders abstaining, for a total of 6 shares, equal to 0.00005% of the share capital. All the directors included on said list were thus elected (Massimo Porfiri, Dario Schlesinger, Alberto De Nigro, Michele Cinaglia, Rosario Amodeo, Tommaso Amodeo, Paolo Pandozy, Costanza Amodeo, Marilena Menicucci, Armando Iorio, Giuliano Mari).

Subsequently on January 31, 2013, the Executive Director Costanza Amodeo, General Director of Communications & Marketing, resigned as a Director of the Board and from all other offices held in the Company.

Moreover, on March 31, 2013, Rosario Amodeo resigned as Executive Vice Chairman and on August 8, 2013 he resigned as Director, with immediate effect.
Also on August 8, 2013, Tommaso Amodeo resigned as Director, with immediate effect.

During the year, the Board of Directors did not co-opt new Directors, reserving that decision to the Board of Directors' meeting of March 14, 2014.

Thus, refer to Table 2 attached to this Report for the composition of the Board of Directors in office at December 31, 2013.

* * * * *

Information on the personal and professional background of the individual members of the Board and management control Committee in office is given below (Article 144-*decies* of Consob Issuers' Regulation).

Michele Cinaglia
Founder of Engineering. Degree in Electrical Engineering from the University of Pisa. He joined Olivetti GE in 1968 and Sperry Univac in 1970, first in Florence and later Padua, as director of the branch for the Tre Venezie region. In 1975 he became managing director of Cerved, an information technology company of the Chambers of Commerce which established Cerved Engineering in 1980. He became the chief executive officer of this second company while continuing as chief executive officer of Cerved. With a management buy-out transaction in 1985, along with other colleagues he took over the majority shareholding from Cerved, thus starting Engineering Ingegneria Informatica.

Paolo Pandozy
He graduated with a degree in Electronic Engineering from the University of Rome and began his career in the technical division of Siemens Data in 1975. He joined Cerved in 1981 as technical manager of the Rome office. He transferred to Engineering in 1984 where he remained until June 1990, holding the position of sales director for the territory of central-southern Italy.
After a three year period as managing director of Metelliana, an equity investment of the Engineering Group, at the beginning of 1993 he returned to the Rome office of the Parent Company.
He has been a director of Engineering since April 29, 2005, and currently holds the office of Chief Executive Officer of Engineering Ingegneria Informatica S.p.A., Engineering.IT S.p.A. and Engineering.mo S.p.A..

Marilena Menicucci
Born in Perugia, she received an Honours degree with maximum points at the city's University, where she was a scholar for two years, following and teaching the philosophical ideas of her mentor Aldo Capitini.
On moving to Padua she combined her teaching activities with journalism, writing for the city's newspaper "Il Mattino."
She was part of the superintendancy working group and undertook an experiment on the integration of handicapped children in primary schools, "La sarta argentina", published by Valore Scuola.
She won an entrance exam for the Research, Experimentation and Modernisation Research Institute at Venice and contributed to important magazine such as Riforma Della Scuola, Educazione e Scuola, Psichiatria, Rocca, Proiezioni and Noi Donne. After her move to Rome she stopped teaching to dedicate herself completely to writing and journalism, writing for agencies, magazines and the leading Italian newspapers: Corriere della sera, Messaggero and Paese Sera.
She has published: five essays: Educazione e Igiene mentale (1971), Handicappato! (1981), L'altra capitale (1995), the above-stated La sarta argentina (1998) and L'Educativo creativo (2001), as well as five poetry compilations: Descrizioni d'amore (1978), La lucciolata (1997), La carne dell'anima (1999), Dentro la giungla che sono (2003) and Nel paese di San benedetto (2008), three stories: Kalè Kalè, storia di un'adozione (2002), Il rosario delle nonne-Incontro con il femminile (2003) and La maestra e lo scolaro (2006), Editori Riuniti, and two testimonies: Memorie di lavoro e di vita (2007), La colonia - dal ventennio fascista al secondo dopoguerra (2010) Ed. Futura, Pro loco Mugnano-Perugia.
She has been a Director of Engineering Ingegneria Informatica S.p.A. since April 24, 2012.

Armando Iorio
He has been a director of Engineering since April 24, 2012. He holds a Degree in Economic Science from the University of Naples and began his professional career at Avir in 1979. After a brief period as Chief Financial Officer of an Investee Company of the Engineering Group, he joined the Parent Company Engineering Ingegneria Informatica where he held a number of increasingly senior roles.
In 2006, he was appointed the Executive responsible for the preparation of the accounting documents of the Company Engineering Ingegneria Informatica S.p.A..
Today he is General Finance Director of the Engineering Group, director of Nexen S.p.A. and Engineering.mo S.p.A..

Dario Schlesinger
He has been a director of Engineering since April 21, 2006. He earned a degree from L. Bocconi University; he is a certified accountant and auditor and operates his own practice of CPAs and auditors.
In this capacity he has acted as auditor, board member, liquidator, internal auditor, technical consultant and official receiver.
He has been a representative or a consultant for multinational or large-scale financial intermediaries and asset management companies and a member of the Commission for Creditor Protection Proceedings of the Association of Certified Accountants of Milan.
Lastly, he leads seminars and speaks in professional conferences on tax and corporate issues.
He currently holds offices in government-owned and/or medium and large enterprises: Engineering Ingegneria Informatica S.p.A.; Ver Capital SGR S.p.A.; Quadrivio SGR S.p.A.; Quadrivio Capital SGR S.p.A. and B.I.P. – Business Integration Partners S.p.A..

Alberto De Nigro
He has been a director of Engineering since April 21, 2006. With a degree in Economics and Business from La Sapienza University in Rome, he is registered in Rome as a certified accountant and a certified auditor. He is a

partner at Legalitax Studio Legale e Tributario with offices in Rome, Milan, Padua and Venice.
His professional activity largely involves corporate and tax issues surrounding restructuring, acquisition and merger transactions by national and international corporate groups. He continues to hold offices such as board member, auditor, internal auditor and liquidator for companies, including those with shares traded on regulated markets. He is the Chairman of the Board of Auditors of the Italian National Olympic Committee (CONI) and a member of the International Tax Commission of the Association of Certified Accountants of Rome.

Massimo Porfiri
He has been a director of Engineering since April 21, 2006. He graduated with a degree in Economics and Business from La Sapienza University in Rome and practiced the profession of accountant until 1986 at Studio Palandri in Rome, becoming a partner of Studio Muci & Associati in 1987. He specialises in tax issues and is a consultant of the Italian Episcopal Conference. He is an internal auditor for many national companies in the sectors of healthcare, publishing, and design and construction of large oil and gas facilities.
He is a member of the Board of Directors of several religious organisations, with specific reference to the communications sector, and is an Auditor of Università Cattolica del Sacro Cuore and of Policlinico Gemelli.

Giuliano Mari
He has been a director of Engineering since April 21, 2005. He has a Degree in Chemical Engineering from La Sapienza University of Rome (magna cum laude).
Principal offices held: since 2009, Director of Atlantia S.p.A.; and within that Board, a member of the internal control Committee, Corporate Governance Committee and works Committee, as well as Chairman of the independent directors Committee for transactions with related parties; since 2009, Chairman of the Board of Directors of Ape SGR; since December 2012, Director of Targetti S.p.A..
Principal offices held in the past: June to December 2012, Chairman of the Board of Directors of Lucchini S.p.A.; 2006 to March 2012, Director of BCC Private Equity SGR and member of the Investments Committee; 2005 to 2009, Chairman of Atlantis Capital Special Situations S.p.A.; 2003 to 2005, General Manager of Cofiri S.p.A.; 1999 to 2002, Head of the Corporate Finance Department of IMI; in the same period, CEO of IMI Investimenti S.p.A.; previously, Head of the Large Corporate Credit Department of IMI.
Listed in the Register of Certified Public Accountants for over 10 years.
He has a Degree in Chemical Engineering from La Sapienza University of Rome (magna cum laude).

With reference to Article 1, paragraph 3 of the Code and taking into account the current commitments of the Issuer's directors and the nature of such commitments, the Board decided to limit to 15 (fifteen) the maximum number of director or auditor offices in other traded companies, financial, banking or insurance companies or those of significant size which can be considered compatible with an effective performance of the role of director for the Issuer. The limits set by Art. 22 of the Articles of Association as well as article 148-*bis* of the CLF and Art. 144-*terdecies* of the Consob Issuers' Regulation are exclusively applied for the members of the management control committee.

For the purposes of the information required by Article 1, paragraph 2 of the Code, the offices of director or internal auditor held in 2013 by the Board Members of the Issuer in other companies of the Engineering Group and/or listed companies, in financial, banking or insurance companies or companies of a significant size are listed below:

i. Michele Cinaglia is the Chairman of the Board of Directors and Chief Executive Officer of Engineering.IT S.p.A.;
ii. Paolo Pandozy is Chief Executive Officer of Engineering.IT S.p.A.;
iii. Giuliano Mari is Chairman of the Board of Directors of Atlantis Capital Special Solutions S.p.A., Director of Camuzzi International S.p.A., a member of the investment Committee at BCC Private Equity SGR and, since last year, Chairman of the Board of Directors of Ape SGR and director of Atlantia S.p.A., in which he also sits on the internal control Committee, Corporate Governance Committee and works completion Committee;
iv. Alberto De Nigro is Chairman of the Board of Statutory Auditors of Aicon S.p.A., Chairman of the Board of Statutory Auditors of Chiquita Italia S.p.A., Toyota Motor Leasing S.p.A., Nissan Italia S.r.l. and of Engineering.IT S.p.A.; Statutory Auditor of Telit Communications S.p.A.; Chairman of Board of Statutory Auditors of Engineering.IT S.p.A. and of 7Finance Holding di Partecipazioni S.p.A.;
v. Massimo Porfiri is a Statutory Auditor of Engineering.IT S.p.A., of Technip Italy S.p.A. and of Avvenire Nuova Editoriale Italiana S.p.A.;
vi. Dario Schlesinger is the Chairman of the Board of Statutory Auditors of Quadrivio SGR S.p.A., a Statutory Auditor of Ver Capital SGR S.p.A. and of Engineering.IT S.p.A.;

vii. Armando Iorio is a Director of Engineering Ingegneria Informatica S.p.A. and of Engineering.IT S.p.A. and of Engineering.mo S.p.A..

All the members of the Board of Directors may subsequently to appointment and during their term of office participate in initiatives which will increase their knowledge in the sector of activities in which the Issuer operates; however we highlight that all the professionals on the Board of Directors, in addition to the mandatory professional qualifications, are highly specialised in the ITC sector and have developed a deep knowledge over more than 20 years in the sector.

4.3 OPERATION OF THE BOARD OF DIRECTORS

The Board meets at least quarterly. There were seven meetings in the course of 2013. The average duration of the meetings was 2 hours, and no external parties attended the Board meetings with the exception of the Head of the Corporate Affairs Department and other Senior Managers or professionals invited to attend the Board concerning specific matters on the Agenda.
It is the duty of the Chairman to provide directors with the background documentation for the matters to be discussed during the meetings and the necessary information, generally in advance, so that they may make informed decisions. At the meeting of November 14, 2013, the Board decided to create a specific reserved area on the website, which can be securely accessed using encryption only by members of the Board of Directors and the Board secretary, to provide access to the related information documents, generally no later than three days prior to the Board meeting. On the invitation of the Chairman of the Board, non-Board members may attend meetings and in particular the Heads of Departments reporting on matters on the Agenda.
The Board of Directors have scheduled four (4) meetings for 2014. In consideration of the duties of the Board of Directors and business requirements, further Board meetings are expected to take place, although no dates have yet been fixed.
At the date of approval of this Report, one meeting of the Board of Directors was held, on March 11, 2014, which had not previously been scheduled.
The percentage attendance of the individual members at the meetings is shown in Table 2, attached to this Report.

4.4 ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is invested with the broadest powers for ordinary and extraordinary management of the Issuer and, namely, they are conferred all the powers for pursuing the corporate aims which are not reserved for the Shareholders' Meeting by law.

Art. 17 of the Articles of Association provides that the following powers, in addition to those duties, which by law may not be delegated, be reserved for the Board of Directors:
- creation of general management policies;
- except for the remit of the Shareholders' Meeting, remuneration of Board members invested with particular assignments approved by the management control Committee and determination of any remuneration for the management control Committee (and for the entire board if the Shareholders Meeting has so voted) among the single Board members;
- the creation of committees and commissions upon determination of the competencies, powers and operational methods;
- the appointment, revocation, determination of the term of office and any remuneration for the executive responsible for the preparation of accounting documents;
- approval of operations of significant economic, capital and financial impact, in relation to transactions with related parties.

The Board shall specifically examine and approve strategic, business and financial plans of the Issuer and the Group, with specific attention to budgets, monitoring and implementation thereof, assessment of the adequacy of the administrative and accounting structure, assessment of the general performance of operations and examination and prior approval of transactions of the Issuer and its subsidiaries which have a significant strategic, economic, equity or financial impact for the Issuer. The Board is also in charge of defining the Issuer's Corporate Governance system and defining the Group structure.

With regard to transactions with related parties, in keeping with the recommendations contained in Art. 1, paragraph 1 f) of the Code, in 2011 the Board adopted “Guidelines for identification and performance of significant and related-party transactions” (see part 13 of the Report for more information).

At the meeting of February 20, 2013, among other actions, the Board assessed the internal control and risk management system, deeming it to be substantially adequate. This assessment was based on the audits carried out by the management control Committee (also acting as control and risk Committee) and the Internal Audit department, as well as based on the activities carried out by the Executive Director in charge of supervising the operation of the Internal Control and Risk Management System.
At the meeting of March 15, 2013, the Board defined the nature and level of risk compatible with these strategic objectives of the Issuer.

The Board monitors the general performance of operations, taking into account, the information received from the executive boards, as well as periodically comparing the results with the budgets.
For this purpose the Chairman and the Chief Executive Officer report to the Board and the Internal Control and Risk Management Committee at the next possible meeting, and within the deadlines established by law and the articles of association, on the most significant economic, financial and equity transactions they have performed for the Issuer.

4.5 BOARD EVALUATION

In line with international best practices and the provisions of the Self-Governance Code to which the Issuer adheres, the Board of Directors conducts an annual overall assessment of its size, composition and operation and those of its Committees. In order to ensure the objectivity of the process, in line with the responsibilities attributed to the Board and with the recommendations of the Self-Governance Code, the Appointments Committee undertakes the preliminary assessment in the self-assessment process. The Board Review is undertaken by means of written interview, through a series of questions in a self-assessment questionnaire sent to each Director, whose replies are analysed and assessed by the Appointments Committee, which then reports to the Board.
In the meeting of March 13, 2013, the Board conducted an overall assessment of its size, composition, and operation, which were assessed positively. Specifically, for the purpose of the assessment, the following were taken into consideration: the ratio of the number of members of the board to the number of independent directors, the skills and professional expertise represented and the scope of the powers granted to the Chairman and the Chief Executive Officer.

Also in relation to the size, composition and operation of the Committees, the Board deemed their number and composition to be adequate, as these Committees are all composed of independent directors. Specifically, the Board noted that since the start of their operations, the Committees have made a significant contribution to the Board in terms of analyses as well as contents of the issues they are respectively assigned.
In carrying out the above activities, the Board did not use the assistance of consultants.

The Shareholders’ Meeting, in dealing with any organisational requirements, did not authorise any general or specific competitor agreements as per Article 2390 of the Civil Code.

4.5 DELEGATED BOARDS

Chairman, Executive Vice Chairman and Chief Executive Officer
During its April 24, 2012 meeting the Board of Directors granted Michele Cinaglia and Rosario Amodeo the broadest powers of ordinary and extraordinary management, with the exclusion of those matters which, by law or provisions of the Articles of Association cannot be delegated and are reserved for the Board of Directors or the Shareholders’ Meeting. Following the resignation of Amodeo from the position of Executive Vice Chairman first, and then from the position of Director, all of the powers granted to him were revoked.

The Chief Executive Officer Paolo Pandozy is attributed the widest powers for the ordinary and extraordinary management of the Issuer through conferment of specific powers on August 3, 2012, which re-determined the remit and extent of the original powers conferred through special power of attorney, which therefore is revoked. Finally, the Appointments Committee after having evaluated the significant commitment which involves and will involve, increasingly in the future, the management of the Engineering Group, considered it appropriate to concentrate all of the operating powers for the ordinary and extraordinary management in the Chief Executive Officer Paolo Pandozy, with the exception of significant corporate operations which will require the joint management of the Chief Executive Officer and the Chairman, Mr. Michele Cinaglia.

More specifically, the Chief Executive Officer is therefore conferred all powers of ordinary and extraordinary administration, with single signature, with the exception of those that may not be conferred in accordance with law or Company Articles of Association, or which are reserved for the Board of Directors or the Shareholders' Meeting and with the exception of the following deeds and category of deeds for which the Chief Executive Officer acts with joint signature with that of the Chairman: (i) purchase, sell, exchange, transfer, contribute to companies property, companies or business units; (ii) purchase, sell, exchange, transfer shares, securities or units of Companies, Associations, Groups, Consortiums, or other relative rights; (iii) establish secured guarantees on the assets of the Company which would require the recording of a lien and/or mortgage on the Company's assets.

The Chairman is not the controlling shareholder of the Issuer.

Paolo Pandozy as Chief Executive Officer is the Principal Manager responsible for the management of the Issuer.

The Executive Bodies report to the Board on the activities undertaken in relation to the powers conferred on a quarterly basis, and in 2013, the Chairman and Chief Executive Officer reported accurately on the activities undertaken and the exercise of the powers conferred to them on a quarterly basis.

As far as the Issuer is aware there are no interlocking directorships.

4.5 OTHER EXECUTIVE DIRECTORS

Following the resignation of Costanza Amodeo, Rosario Amodeo and Tommaso Amodeo during the year in question, the only Executive Director is Armando Iorio.

4.6 INDEPENDENT DIRECTORS

The current Board of Directors includes four directors that meet independence requirements:

- Giuliano Mari (Lead Independent Director, Chairman of the Remuneration Committee and Chairman of the Appointments Committee).
- Massimo Porfiri (Chairman of the control and risk management Committee, member of the Remuneration Committee, member of the Appointments Committee and Chairman of the Committee for transactions with related parties).
- Dario Schlesinger (member of the control and risk management Committee, member of the Appointments Committee and member of the Committee for transactions with related parties).
- Alberto De Nigro (member of the control and risk management Committee, member of the Remuneration Committee and member of the Committee for transactions with related parties).

The Independent Directors make up the Remuneration Committee and the internal control and risk management Committee, the Committee for transactions with related parties, as well as the Appointments Committee.
The Non-Executive, Independent Directors meet the requirements of independence set out in Art. 3 of the Code and Art. 148, paragraph 3b) and 3c), of the Consolidated Law on Finance, as each of these:

a) does not directly or indirectly, including via subsidiaries, an intermediary company or person, control the Issuer nor is capable of exercising a notable influence on it;
b) does not directly or indirectly participate in a shareholders' agreement through which one or more persons can exercise control or a notable influence over the Issuer;

c) is not, nor has been in the previous three financial years, a representative of the Issuer, of a subsidiary having strategic significance or of a company under joint control with the issuer, or of a company or an entity that, including with others through a shareholders' agreement, controls the issuer or is capable of exercising a notable influence over it;
d) does not have, and did not have in the previous year, directly or indirectly (for example, through subsidiary companies or companies in which they hold significant positions, or as a partner of a professional firm or a consulting firm) a significant commercial, financial or professional relationship:
   - with the issuer, a subsidiary, or with some of their significant officers;
   - with persons who, including via a shareholders' agreement, control the Issuer or - in the case of a company or entity - with the relative representative;
e) or is not, and has not been in the previous three years, an employee of one of the above parties; does not receive, and has not received in the previous three years, from the Issuer or a subsidiary or Parent Company a significant additional remuneration other than the "fixed" fee of non-executive director of the Issuer, including participation in incentive plans linked to company performance, including share-based plans;
f) have not been a director of the Issuer for more than nine years of the past twelve years;
g) are not an executive director in another company in which an executive director of the Issuer is a director;
h) are not a shareholder or director of a company or of an entity belonging to the network of the auditors of the Issuer;
i) are not a close family member of a person in a situation described in the previous points.

The Board of Directors periodically verifies the holding and continuity of the independence of the independent members. In particular, the Board of Directors, on the renewal of office, verified on April 24, 2012, the independence of these Directors and reported to the market their assessment in accordance with the press release pursuant to Article 144-*novies* of the Regulation.
The independence of the Directors is assessed at least once a year.
The Board uses all the parameters set out by the Code to identify executive, non-executive and independent Directors.

Under the procedure followed by the Board in verifying independence, the existence of the requirement is declared by the director when the slate is submitted and again when the appointment is accepted, and is evaluated by the Board of Directors in the first meeting following the appointment. The independent Director also undertakes to immediately report to the Board of Directors failure to meet the requirement, so that necessary measures may be taken. Following appointment the Board of Directors again asks for a certification of independence from directors once a year and verifies the independence requirements are met, as recommended in Article 3, paragraph 4 of the Code.

On March 15, 2013, during its annual verification, the Board examined whether said non-executive Directors met the independence requirements.

The management control committee positively verified the correct application of the criteria and procedures adopted by the Board to evaluate the independence of its members.
During the financial year the independent directors met three times without the other directors to discuss the future prospects of the Issuer including extraordinary acquisition transactions.

It should also be noted that the independent directors undertook to continue to meet the independence requirement for the term of their offices and to resign in the event that they are no longer independent.

4.7 LEAD INDEPENDENT DIRECTOR

The Board has appointed Giuliano Mari as Lead Independent Director, which is a point of reference and coordination of queries and contributions from non-executive directors and, in particular, independent Directors.

5 Treatment of corporate information

The Company has long had a procedure for internal management and external communication of documents and information relating to the Issuer, in particular price sensitive information. The procedure was modified and updated on November 14, 2013.
This procedure covers the roles, responsibilities and operating methods for managing price sensitive information and methods of informing the public in compliance with the law.
Members of company bodies, managers, employees and consultants of Engineering and its subsidiaries, who have access to price sensitive information, are required to observe this procedure.
The Issuer has adopted a register of all persons with access to price sensitive information (pursuant to Article 152-*bis* of Consob Issuers' Regulation) and follows the procedure set down in the CLF (Article 114, paragraph 7) and by Consob in relation to notification of transactions of Engineering shares executed by relevant persons (insider trading).

6 Internal committees

A remuneration Committee, management control and risk control Committee and a Committee for the management and approval of procedures with related parties, as well as the Appointments Committee, have been established within the Board.

7 Appointments committee

The Appointments Committee was set up on April 24, 2012. The Committee is composed of three non-executive and independent Directors as follows: Chairman Giuliano Mari, members Massimo Porfiri and Dario Schlesinger.
The work of the Committee is co-ordinated by the Chairman Giuliano Mari.
The Appointments Committee, in line with the provisions of the Code, makes selections and proposals to the Board concerning the appointment of directors, including independent Directors, formulates proposals concerning the size of the board and its composition, assesses the balance of skills, know-how and professional experience in the Board of Directors and periodically examines the structure, size, composition and results of the Board, also assessing the expertise of individual directors.
During the year the Committee met 2 (two) times, with an average duration of 2 hours and the members of the Committee attended all meetings.

For the current year, the Committee has scheduled 4 (four) meetings, of which 1 (one) meeting already held before the approval of this Report, in which non-Committee members also participated.
For further information relating to the functioning and meetings of the Committee, reference should be made to Table 2 attached to this Report.

8 Remuneration committee

The Board set up the Remuneration Committee with Board Resolution of April 24, 2012. The Committee is composed of three non-executive and Independent Directors as follows: Giuliano Mari, Massimo Porfiri and Alberto De Nigro, all with adequate accounting and financial knowledge.

During the year, the Remuneration Committee met 6 (six) times. The minutes of committee meetings were regularly taken and the work was co-ordinated by Giuliano Mari. The attendance of the individual members at the meetings, the average duration of meetings and the number of meetings scheduled are shown in Table 2 attached to this Report.

To perform its functions, the Remuneration Committee had access to the information and company functions needed to carry out its work as well as the assistance of external consultants, in accordance with the conditions established by the Board.

The Remuneration Committee is assigned to:

- periodically evaluate the adequacy, the overall compliance and the application of the general remuneration policy of executive directors, other directors with particular offices and senior managers with strategic responsibilities, utilising for this latter issue the information provided by the Chief Executive Officers; and draw up related proposals for the Board of Directors;
- present proposals to the Board of Directors on the remuneration of executive Directors and other directors holding particular offices as well as on the establishment of the performance targets related to the variable component of this remuneration; monitor the application of the decisions adopted by the Board verifying, in particular, the achievement of the performance targets.

The Committee does not utilise external consultants; in any case the Committee has the right to use the services of a consultant in order to obtain information on market practices concerning remuneration policies, preliminarily verifying that such consultants do not find themselves in situations where their independence of judgment is compromised.

No financial resources have been earmarked for the remuneration committee seeing as the latter avails itself, to carry out its role, of the Issuer's corporate resources and structures.
No parties, other than the directors who are members of the committee, attended the remuneration committee meetings.

For that not established in the current document, reference is made to the Remuneration Report published as per Article 123 of the CLF.

9 Remuneration of directors

For the information pursuant to this section, reference is made to the Remuneration Report as per Article 123-*ter* of the CLF, made available to the public at the registered office of the Issuer and on its website (*www.eng.it.* in the section Investor Relations/Governance/Reports and procedures).
In addition to that reported in the Remuneration Report, to which reference should be made, it should be noted that the incentive mechanisms for the Internal Audit Manager and of the Executive responsible for the preparation of accounting documents are in line with the responsibilities assigned.

10 Control and risks committee

The control and risks Committee is composed of three members, Massimo Porfiri (Chairman), Alberto De Nigro and Dario Schlesinger, all independent and all possessing experience in accounting and financial matters; they also carry out the functions of the Management Control Committee required by the Civil Code. This overlapping of roles - suggested for companies with a one-tier system by Article 12, paragraph 2 b) of the Code - is due initially to the configuration and structure of the one-tier system control body and the Board's desire to avoid the dual presence of two similar bodies within the Board, which could undermine efficiency and organisation following the introduction of Article 19 of Legislative Decree 39/2010, attributing however further supervisory duties in relation to IT and Auditing processes.

Therefore each time the management control Committee meets, it also performs the functions and checks of the internal audit and risks Committee. For this reason, separate minutes are not taken for the meetings of the control and risks Committee.

No non-members attended the Committee meetings, with the exception of the Chief Executive Officer, the Executive responsible for the preparation of accounting documents of the Issuer and the internal control Manager on the invitation of the Committee and in relation to individual matters on the agenda. The Committee assists the Board of Directors in carrying out the duties assigned to the Board in relation to internal control and has the power to access the information and the corporate offices necessary for the carrying out of its duties. With reference to these functions, it is important to note that the Committee performed an evaluation on the correct use of the accounting standards and their uniformity for the purposes of preparing the consolidated financial statements for 2013 with Deloitte & Touche S.p.A. and the Executive responsible for the preparation of accounting documents.

At the request of the executive Director appointed to oversee the functioning of the internal control system, the Committee issues opinions on specific aspects relating to the identification of the main corporate risks as well as the design, implementation and management of the internal control system, examines the work plan prepared by the internal control managers as well as the periodic reports prepared by them. The Committee reports to the Board at least every six-months, at the time of approval of the financial statements and the half-yearly financial statements, on the activities carried out as well as the adequacy of the internal control and risk management system.

The Committee for the management and approval of procedures with related parties, appointed by the Board of Directors in the meeting of April 24, 2012, comprises three non-executive, independent directors: Massimo Porfiri (Chairman), Alberto De Nigro and Dario Schlesinger. At the Board of Directors meeting of November 12, 2010, the Board, following approval from the Committee, approved the procedure for transactions with related parties.

The Committee carries out the duties established by Consob regulation No. 17221 concerning transactions with related parties.

11 Internal Control and Risk Management System

The Issuer's internal control and risk management system is intended as all of the processes aimed at protecting the effectiveness and efficiency in running Company operations, the reliability of financial information, the compliance with applicable laws and safeguarding of Company assets.

The Board is responsible for internal control and risk management, by periodically auditing the actual operation of the system, also guaranteeing that the main Company risks are identified and adequately managed.

In this task the Board is assisted by the management control Committee which, as described above, also performs the functions of the internal audit committee required by the Code.

Specifically, after hearing the opinion of the internal control and risks Committee, the Board of Directors:

- defines the guidelines of the internal control and risk management system, so that the main risks pertaining to the Issuer and its subsidiaries are correctly identified, and adequately measured, managed and monitored, also determining the level of compatibility of said risks with company management in line with the strategic objectives identified. In this regard, in March 2013 the Board of Directors acknowledged the compatibility of the main risks relating to the strategic objectives of the Issuer with company management in line with said objectives;
- assesses, at least annually, the adequacy of the internal control and risk management system with the characteristics of the business and the risk profile assumed, as well as the effectiveness of said system. In this regard, in February 2013 the Board of Directors expressed a positive assessment of the system;
- approves, at least annually, the work plan prepared by the Audit Manager, having heard the opinion of the management control committee and the director in charge of supervising the operation of the internal control and risk management system. In this regard, in February 2013 the Board of Directors approved the audit plan for the same year;

- assesses, having heard the opinion of the management control committee, the results provided by the audit firm in its management letter, if sent.

Lastly, based on a proposal by director in charge of supervising the operation of the internal control and risk management system and having obtained the favourable opinion of the internal control and risks committee, also acting as the management control Committee, the Board of Directors appoints and revokes the Audit Manager, defines his/her remuneration in line with Company policies and ensures that the interest party has adequate resources to execute his/her responsibilities.
In its report to the Board, the management control Committee judged the Issuer's internal control situation to be adequate.

Reference should be made to Attachment 1 for an overview of the main characteristics of the risk management and internal control systems adopted and implemented by the Issuer as well as, specifically, to the internal control system adopted in relation to the financial reporting process, and to the Directors' Report Section 16 "Principal risks and uncertainties" for further information on the risks identified.

11.1 DIRECTOR IN CHARGE OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

To comply with the provisions of Article 7, paragraph 3 of the Code, the Board has appointed Paolo Pandozy as executive director in charge of supervising the operation of the Internal Control and Risk Management System.

The executive Director appointed to oversee the operation of the internal control system:

- identifies the principal Company risks, periodically presenting them to the Board;
- adapts the system to the dynamics of the operating conditions and legal and regulatory framework:
- proposes to the Board the appointment, removal and remuneration of the internal audit manager;
- receives the reports prepared by the Internal Audit Department and all the reports on audits conducted during the year;
- received the periodic reports prepared by the Supervisory Board (pursuant to Legislative Decree 231/2001).
- exchanges information with the management control and risk management Committee and reports on problems and critical issues arising.

11.2 INTERNAL AUDIT MANAGER

The Board, based on a suggestion from the executive Director in charge of supervising the operation of the internal control and risk management system, and after hearing the opinion of the control and risks Committee acting as management control Committee: (i) has appointed Amilcare Cazzato, previous head of the internal audit body, as person in charge of internal auditing and (ii) has defined the remuneration of the person in charge of internal auditing in line with corporate policies.
The Internal Audit manager: hierarchically reports to the Board, has no operational responsibilities and is authorised, as well as all the members of his function, to access the information necessary for the carrying out of his assigned duties, with regard to the Company and its subsidiaries.

The audits conducted by Internal Audit on the operations and suitability of the internal control and risk management system, including the reliability of IT systems for financial reporting, were conducted in compliance with a plan approved by the Board and based on a structured analysis and priority ranking of risks.
The Internal Audit function had suitable financial resources available for the activity it performed during the financial year, which were also used to avail of external professionals for specialised consulting required during the assignments.
During the year, the Internal Audit manager periodically drew up reports on his activities, containing the main results and an opinion on the method used for risk management, compliance with the set plans for reducing risks and the substantial suitability of the internal control system to ensure an acceptable overall risk profile. These reports were forwarded to the control and risk Committee, also acting as the management control Committee, and the Chief Executive Officer.

No internal audit duties, overall or in relation to operational segments, were awarded to external parties.

11.3 ORGANISATION MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001

The Issuer and its principal subsidiaries adopted an "Organisation and Management model" pursuant to Legislative Decree 231/2001.
As noted, Legislative Decree 231/01 ("Governance of administrative liability of legal persons, of companies and of associations even without legal identity" of June 8, 2001) sanctions the principle by which Legal Entities shall e liable, in the manner and terms indicated, for offenses committed by personnel inside the company structures, in the interest of or to the advantage of the Company, concerning offenses specifically indicated in the Decree.
Legislative Decree 231/2001 therefore incorporated the principle by which "legal persons" shall also be directly liable for offenses committed, in their interest or to their advantage, by persons operating professionally within their organisation.

The scope of the offenses within the Decree has been progressively enlarged over the years, requiring a periodic revision of the model and of the protocols (controls) implemented by the Company in order to ensure compliance of the various activities, and aimed at preventing the commission of such offenses.

The Company has consistently updated the organisation model approved by the Supervisory Board (SB), whose existence is sanctioned by the Decree:

- the approach undertaken for the definition of the organisation and management model is as follows: identification of the risks of commission of offences to which the Company is exposed. In particular, this has required a careful technical/legal analysis of the offenses outlined by the Decree.
- Recognition of the possible manner and circumstances in which one or more persons, operating within the organisation of the Company, could commit illegal conduct.
- Surveying of the processes and sub-processes of the Company where it is easier to commit illegal conduct and of the parties and/or departments most exposed or susceptible to the risk of committing offenses.
- Evaluation of the effective risks (of an offense-predicate) to which the Company is exposed, and of the processes, and parties and departments susceptible to these risks.
- Analysis of the level of "risk protection" offered by the Company's existing rules and procedures.
- Where this protection was lacking (or was considered insufficient), these were updated and a new version of the procedures issued, as considered appropriate to protect the specific risk.

The "Organisation and Management model as per Legislative Decree 231/2011" is available on the Issuer's website *www.eng.it* in the Investor Relations/Corporate Governance section.

11.4 INDEPENDENT AUDITORS

The Issuer's auditing activity is assigned to Deloitte & Touche S.p.A..
The Shareholders' Meeting is responsible for the appointment of an audit firm, which carries out periodic audits on the correct bookkeeping, from the companies registered in the specific list kept by Consob. The Shareholders' Meeting also determines the amount of remuneration.
The current audit firm Deloitte & Touche S.p.A. was appointed by the Shareholders' Meeting of April 24, 2012 and its term ends with the approval of the financial statements at December 31, 2020.

11.5 EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF ACCOUNTING DOCUMENTS

Armando Iorio, Chief Financial Officer of the Engineering Group and of the Issuer, covers the role of executive responsible for the preparation of accounting and company documents, appointed by the Board of Directors on April 24, 2012. His term ends on approval of the financial statements at December 31, 2014.
In accordance with Article 17 of the Articles of Association, the executive responsible for the preparation of accounting documents is appointed by the Board, which verifies that such director meets the following professional requirements: (i) university degree or secondary school diploma and (ii) at least three years of experience in management in the administrative and/or finance area at a listed company or at a joint stock company with shareholders' equity not less than Euro 5 million and with a significant turnover.
At the time of appointment the Board granted the executive responsible for the preparation of accounting

documents with the powers and means listed below: (i) attendance at Board meetings and the possibility of speaking at any time with the administrative and control bodies, including with reference to other Group companies; (ii) power to propose to the boards of subsidiaries that responsibility for preparing accounting documents be granted to its executives or middle management, indicating their functions and powers; (iii) approval of company procedures which have an impact on the financial statements, including the consolidated financial statements, and documents subject to certification; (iv) participation in the design of information technology systems which may have an impact on the separate and consolidated economic, equity and financial situation of the Issuer; (v) exercise of audits on the aforesaid systems and procedures and right to propose structural changes to the elements of the internal auditing system which are considered inadequate; (vi) use of the internal auditing function and use of the information technology systems for control purposes; (vii) organisation of an adequate structure for his own area of activity, using internally available resources and, if necessary obtaining them through outsourcing.

11.6 COORDINATION OF THE PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Internal Control and Risk Management System principally involves:

- the Board of Directors which undertakes, in addition to a directional role, an evaluation on the adequacy of the system;
- the Director in charge of the Internal Control and Risk Management System;
- the control and risks Committee, composed of 3 independent Directors, with the responsibility to support, with adequate preparatory activity, the evaluations and decisions of the Board of Directors relating to the Internal Control and Risk Management System;
- the Internal Audit manager, appointed to verify if the Internal Control and Risk Management System is functional and adequate;
- the General managers of the production divisions and General management of the Company, as involved in the control and risk management activities of the Company.

The General managers of the Divisions report directly to the Director responsible for the internal control system; the exchange of information is undertaken in an informal but ongoing manner.

The Internal Audit department undertakes continuous control activities during the year, carrying out numerous verifications on production orders and on the business systems. The verifications are carried out in order to ensure compliance with protocols contained in the Company's procedures by the Parent Company and the subsidiaries, in order to guarantee:

- the reliability and integrity of accounting, financial and operating information;
- the efficiency of the operations;
- the safeguarding of the company's assets;
- the conformity with law, regulations and contracts;
- the timely identification of any risks.

The coordination of the activities and information principally takes place through Internal Audit, which:

- includes in the Audit reports the principal findings and issues arising; the reports are sent to all the hierarchical structures relating to the departments audited, and are made available to the control and risk management Committee and the Supervisory Board (as per Legislative Decree 231/01);
- participates at the meetings of the Supervisory Board and the control and risk management Committee, and at these meeting provides information on the Internal Control and Risk Management System;
- prepares an annual report, containing the information on the auditing activities undertaken and an evaluation on the overall internal control and risk management, taken from the data obtained during the year;
- periodically meets with the Executive responsible for the preparation of accounting documents in order to evaluate any specific aspects relating to the internal control and risk management system.

12 Directors' interests and transactions with related parties

Transactions with significant and related parties, including those executed through subsidiaries, respect the criteria of substantial and procedural fairness and comply with Consob Regulation No. 17221 concerning transactions with related parties and procedures adopted by the Issuer at the Board of Directors' meeting of 12 November 2010, available on the website www.eng.it Investor Relations/Corporate Governance section.

The procedure adopted by the Issuer defines:
a) the criteria to identify transactions with related parties;
b) the general rules and principles of behaviour relating to such transactions;
c) the general criteria for the identification of insignificant/significant transactions under the applicable regulations;
d) the governance of the manner of execution, of approval and communication of insignificant/significant transactions with related parties.
e) market notification and confidentiality requirements.

Under the procedure, the Board of Directors is duly informed about the nature, operational procedures, times and conditions (including economic conditions) of the above transactions. The procedure allows the Board to evaluate, also having heard the opinion of a specially constituted Committee, the interests and motivations behind a given transaction and any risks for the Issuer or its Subsidiaries relating to the above contracts with significant and related parties.
For the definition of transactions with related parties the Board refers to the principles set out in the procedure.
In 2013 the Issuer did not complete any transactions with related parties which were required to be reported under the terms of Article 71-*bis*, of the Consob Issuers' Regulation.
The Board complies with the regulations established by law (including Articles 2381, 2391 of the Civil Code and 150 of the CLF) and Company Articles of Association (Article 17) concerning potential directors' conflicts of interests in decision making or in entering into contracts, including in compliance with the conduct and notification obligations, generally requiring that directors declare any potential conflict at the first suitable sitting of the board.
If a director of the Issuer holds an interest and/or on behalf of third parties by being on the board of a subsidiary, the information related to transactions which are part of normal operations of the Group are given in a general and concise manner.

13 Appointment of the management control committee

The members of the management control Committee are directors of the Issuer and therefore they are elected using the slate system described in part 2 h) of this Report.
After appointment of the Board, it elects the management control Committee from its members having the necessary requirements. The chairman of the Committee is selected by the Shareholders' Meeting from parties taken from the minority list.
Article 22 of the Articles of Association governs the appointment of the management control Committee as well as the independence, integrity and professionalism requirements, which its members must meet.
The members of the management control Committee are Massimo Porfiri (Chairman), Dario Schlesinger and Alberto De Nigro. These are three independent Directors who meet the other requirements requested by law and the Articles of Association to be part of this control body.
The Committee was appointed on April 24, 2012 and remains in office until approval of the financial statements at December 31, 2014.
The management control Committee substantially performs all of the functions of the internal auditors of a listed Company. It is required to monitor the adequacy of the Issuer's organisational structure, internal control system and administrative and auditing system as well as its suitability and to correctly represent operating events; The committee also performs additional duties assigned to it by the Board of Directors, in particular with reference to relations with parties in charge of auditing accounts. Lastly, the management control Committee, supervises the procedures for enacting corporate governance rules required by the code of conduct which the Company

declares it complies with, and the adequacy of directives given by the listed company to subsidiaries related to communication obligations to the public for price-sensitive information.
The requirements per law and the Code applicable to internal auditors shall also apply, insofar as compatible, to the management control and risk management Committee members.
There were ten meetings of the management control committee during the financial year and minutes were regularly taken.

The minutes report on the activities undertaken during the period. As reported in part 11, the management control Committee also performs the function of the control and risks committee, without the need for separate and specific meetings.
Reference should be made to Table 3 attached to this Report for the attendance of the members at the meetings.
See part 4 of this Report for the personal and professional profiles of the management control and risk control Committee members.

There were no changes in the composition of the management control Committee as of the closing date of the year.

14 Relations with shareholders

The Board of Directors acts to provide shareholders with relevant documents and information in a timely fashion.

For this purpose, the Company's website has a section dedicated to corporate governance, through which the public can be constantly updated concerning important company news and events for shareholders. In particular in the Investor Relations section the documents which by law must be made available to the public can be downloaded, also in accordance with Article 125-*quater* of the CLF. Both sections can be easily accessed from the homepage *www.eng.it*.

Engineering also uses its representatives to ensure continuous dialogue with the market, in compliance with the laws and regulations on the circulation of price-sensitive information and the procedures for circulating confidential information. Corporate procedures and conduct are designed to avoid information imbalances and to ensure that each investor or potential investor has the right to receive the same information to make informed investment decisions.

For this purpose, when publishing annual, half-yearly and quarterly data, the Company organizes conference calls with institutional investors and financial analysts, while shareholders and potential shareholders are informed of any action or decision that may have a significant impact on their investments. The company also ensures that its website (*www.eng.it* - Investor Relations) contains the press releases and payment notices of the Company relating to the exercise of rights on shares issued, as well as the documents relating to shareholders' meetings or made available to the public. The above actions are designed to inform shareholders and investors about issues that affect them. The Company also encourages qualified experts and journalists to participate in Shareholders' Meetings.

The head of Engineering's investor relations division Niccolò Bossi is responsible for managing relations with institutional investors.

15 Shareholders' meetings

In accordance with the Articles of Association, Shareholders' Meetings are called with a notice published in accordance with applicable regulations in the daily newspaper "Il Sole 24 Ore" or in the Official Gazette (Gazzetta Ufficiale). The Company also makes the documents relating to the agenda available to the public by: filing the documents at the registered office, sending them to Borsa Italiana via the SDIR system, sending them by hand-delivered post or via the electronic collection (teleraccolta) system to Consob and publication on the website.

The first and second call of Ordinary Shareholders' Meetings is convened and passes resolutions by favourable vote of shareholders representing more than half of the share capital.

Holders of voting shares may attend the Shareholders' Meeting provided they have proven their rights by producing a certification, issued by the intermediary authorised to maintain the book of accounts, that their shares were deposited in dematerialised form with the centralised clearing system at least two business days prior to the Shareholders' Meeting and filing the certification with the Company accordingly and in compliance with the law. Those with the right to vote may send to the Issuer before each shareholders' meeting, questions via e-mail to the dedicated e-mail address (*assemblee@eng.it*); each person with the right to vote has the right to take the floor at the Shareholders' Meeting and to request inclusion, if pertinent, in the shareholders' meeting minutes. The Issuer also decided to identify on occasion a representative which the holders of the right to vote may confer proxy (the template is available on the site *www.eng.it*).

The operations of the Shareholders' Meeting is regulated by Article 8 of the Articles of Association and by the Shareholders' Meeting Regulation adopted by the Issuer, available on Issuer's website *www.eng.it* in the Investor Relations/Corporate Governance section.
During the Shareholders' Meetings, the Board reports on the activities carried out and scheduled, and has endeavoured to ensure shareholders have adequate information regarding the necessary elements so that they could take informed decisions pertaining to the authority of the Shareholders' Meeting.

In order to reduce limits and constraints that may hinder attendance at Shareholders' Meetings or the exercise of voting rights by shareholders, Article 8 of the Articles of Association allows directors to specify in the notice of call that the Shareholders' Meeting may take place via telecommunications media, indicating the locations connected by the Issuer, where holders of voting rights can participate in the meetings.

During the financial year, significant changes occurred in the market capitalisation of the Issuer's shares. On average, the share price exceeded Euro 3, with average trading double that of the previous years. The share performance improved by around 68% compared to the beginning of the year, starting the year at a price of Euro 25.4 and ending the year with a price of Euro 43.5. Capitalisation rose from Euro 318 million to Euro 543 million.

As regards changes in the shareholding structure, referring to Chapter 2 above and Table 1 containing information on shareholders, it is noted that on August 8, 2013 Oep Italy High Tech Due S.r.l., a company belonging to the JP Morgan Chase & Co Group, acquired 29.158% of the Issuer's share capital. Rosario Amodeo sold 33,989 shares, his entire shareholding, equal to 0.271% of the share capital, while Tommaso Amodeo sold 1,805,406 shares, equal to 14.443% of the share capital and Costanza Amodeo sold 1,805,406 shares, equal to 14.443% of the share capital.

16 Additional corporate governance practices

There are no additional practices relating to Corporate Governance.

17 Changes since year-end

On September 27, 2013 the Extraordinary Shareholders' Meetings of Engineering Ingegneria Informatica S.p.A. and Engineering.IT S.p.A. approved the plan for merger by incorporation of Engineering.IT S.p.A. into Engineering Ingegneria Informatica S.p.A..

The merger deed was filed on December 12, 2013; the merger took effect on December 31, 2013.

Following the resignation of Costanza Amodeo, effective from January 31, 2013, as well as that of Rosario Amodeo and Tommaso Amodeo, effective from August 8, 2013, the Board of Directors' meeting called for March 14, 2014 shall resolve on the co-optation of new Directors pursuant to Article 2386 of the Civil Code.

TABLES
Table 1: Information on Shareholders
Table 2: Structure of the Board of Directors and Committees
Table 3: Structure of the management control and risk control Committee

ATTACHMENTS
Attachment 1: "Main characteristics of existing risk management and internal audit systems used in relation to the financial reporting process" in accordance with Article 123-*bis*, section 2.b) of the Consolidated Law on Finance.

Rome, March 14, 2014

For the Board of Directors
The Chairman
Michele Cinaglia

Table 1: Information on shareholders

Type of shares	No. of shares	% of share capital	Listed (with market indicated)/ not listed	Rights and obligations
Ordinary shares	12,500,000	100	MTA	Every share has the right to one vote. Shareholders' rights and obligations are those cited by Article 2346 *et. seq.* of the CLF and the Articles of Association

Shareholder	Direct shareholder	% of ordinary share capital	% of voting share capital
Oep Italy High Tech Due S.r.l.	Oep Italy High Tech Due S.r.l.	29.158	29.899
Michele Cinaglia	Michele Cinaglia	22.999	23.584
Marilena Menicucci	Marilena Menicucci	11.970	12.274
BestinverGestion, SGIIC, S.A. Gestione del Risparmio	BestinverGestion, SGIIC, S.A.	9.866	10.116
Ing. Investement Management Belgium S.A.	Ing. Investement Management Belgium S.A.	2.025	2.077
Treasury shares	Treasury shares	2.480	0

Table 1: period 1 January 2013 - 31 December 2013

Name and surname Directors in office	Company	Number of shares held at the end of the previous year (31.12.2012)	Number of shares acquired	Number of shares sold	Number of shares held at the end of the year (31.12.2013)
Oep Italy High Tech Due S.r.l.	Oep Italy High Tech Due S.r.l.	0	3,644,801		3,644,801
Michele Cinaglia	Engineering Ingegneria Informatica S.p.A.	2,874,934			2,874,934
Marilena Menicucci	Engineering Ingegneria Informatica S.p.A.	1,496,207			1,496,207
Rosario Amodeo	Engineering Ingegneria Informatica S.p.A.	33,989		33,989	0
Costanza Amodeo of which without voting rights 262,377	Engineering Ingegneria Informatica S.p.A.	1,992,856		1,805,406	187,450
Amodeo Tommaso of which without voting rights 262,377	Engineering Ingegneria Informatica S.p.A.	2,012,319		1,823,691	188,628
Paolo Pandozy	Engineering Ingegneria Informatica S.p.A.	52,378			52,378
Armando Iorio	Engineering Ingegneria Informatica S.p.A.	100			100
Dario Schlesinger	Engineering Ingegneria Informatica S.p.A.	75			75

Table 2: structure of the Board of Directors and Committees

Board of Directors

Office	Member	In office from	In office until	Slate (M/m)	Exec.	Non-exec.	Indep. as per Code
Chairman	Michele Cinaglia	24.04.12	31.12.14	M	Yes		
Executive Vice Chairman and Director	Rosario Amodeo**	24.04.12	08.08.13	M	Yes		
CEO	Paolo Pandozy	24.04.12	31.12.14	M	Yes		
Vice Chairman	Tommaso Amodeo***	24.04.12	08.08.13	M	Yes		
Director	Marilena Menicucci	24.04.12	31.12.14	M	Yes		
Director	Costanza Amodeo*	24.04.12	31.01.13	M	Yes		
Director	Armando Iorio	24.04.12	31.12.14	M	Yes		
Director	Dario Schlesinger	24.04.12	31.12.14	M		Yes	Yes
Director	Alberto De Nigro	24.04.12	31.12.14	M		Yes	Yes
Director	Massimo Porfiri	24.04.12	31.12.14	M		Yes	Yes
Director and Lead Independent Director	Giuliano Mari	24.04.12	31.12.14	M		Yes	Yes

* Costanza Amodeo resigned as a Director effective from January 31, 2013.
** Rosario Amodeo resigned as Executive Vice Chairman effective from March 31, 2013.
** Rosario Amodeo resigned as Director effective from August 8, 2013.
*** Tommaso Amodeo resigned as Vice Chairman and Director effective from August 8, 2013.

DIRECTORS LEAVING OFFICE DURING THE YEAR

	Name and surname	End of term
Executive Vice Chairman and Director	Rosario Amodeo	08.08.13
Vice Chairman	Tommaso Amodeo	08.08.13
Director	Costanza Amodeo	31.10.13

Quorum required for the presentation of slates of latest appointment: 2.50%

Number of meetings held in the year:

Table 3: Management Control and Risk Control Committee

Office	**Members: Name and surname**	**In office from**	**In office until**	**Slate (M/m)***	**Independence as per the Code**	**** (%)**	**Number of other offices*****
Chairman	Massimo Porfiri	24.04.2012	31.12.2014	M	X	100	38
Member	Dario Schlesinger	24.04.2012	31.12.2014	M	X	100	14
Member	Alberto De Nigro	24.04.2012	31.12.2014	M	X	100	12
OFFICES TERMINATED IN THE YEAR							
	Name	-	-	-	-	-	-

Quorum required for the presentation of slates of latest appointment: Consob Resolution 18452 for Engineering 2.5%

Number of meetings held in the year: 10

NOTES

* This column indicates M/m, depending on whether the member was elected from the slate voted for by the majority (M) or by a minority (m).

** This column indicates the percentage participation of the internal auditors in the meetings of the Board of Statutory Auditors (no. of meetings attended/no. of meetings held during the term of office of the interested party).

*** This column indicates the number of offices as director or statutory auditor held by the interest party which are significant pursuant to Art. 148-*bis* of the CLF. The full list of offices is published by Consob on its website pursuant to Art. 144-*quinquiesdecies* of the Consob Issuers Regulation.

			Management control and risks Committee		Remuneration Committee		Appointments Committee		Possible executive Committee		Possible other Committee	
Indep. as per CLF	(%)	Number of other offices										
	100	3										
	42.85	1										
	100	3										
	42.85	2										
	42.85	0										
	100	0										
	100	4										
Yes	100	14	X	100			X	100			X	100
Yes	100	12	X	100	X	100	X	100			X	100
Yes	100	33	X	100	X	100	X	100			X	100
Yes	100	4			X	100	X	100				
BOD: 7			MCC: 10		RC: 6		AC: 2		EC		Other Committees: 0	

Attachment 1

Main characteristics of the Internal Control and Risk Management System in relation to the Financial disclosure process

INTRODUCTION

The Internal Control and Risks Management System and is purposes

In line with proven governance best practices, the Internal Control and Risk Management System (ICRMS) of the Company can be defined as the range of processes and actions designed to provide reasonable assurance in relation to the achievement of certain fundamental objectives:

- effectiveness and efficiency of management activities (including in relation to safeguarding shareholders' equity);
- assurance, accuracy, reliability and timeliness of operational information, in particular information inherent to the financial statements;
- compliance of Company behaviour with applicable laws and regulations.

The Board of Directors (BoD) is responsible for the adequacy of the ICRMS, which appoints a Management Control Committee (which also acts as the control and risks Committee).
In line with principle 7.P.3 (i) of the Self-Governance Code issued by the Corporate Governance Committee - Code published on the website of Borsa Italiana and adopted by Engineering Ingegneria Informatica S.p.A., the Board of Directors appointed Paolo Pandozy (Chief Executive Officer of the Parent Company) as "Director in charge of the Internal Control and Risk Management System" (hereafter, in short: "ICRMS Director in charge").
In compliance with criterion 7, paragraph 1 of the above mentioned Self-Governance Code the Board, on the proposal of the ICRMS Director in charge, with the prior favourable approval of the Control and Risks Committee, appointed the Internal Audit Manager, operating under the Auditing and Quality management at Group level.
The Internal Audit unit provides the Board, the management control Committee and the ICRMS Director in charge with adequate information to support their roles in relation to the ICRMS.

The following can be added to the initial definition of the Internal Control and Risk Management System:

- the internal control and risk management activities consist of a range of well-coordinated actions concerning Company management as a whole;
- the internal control and risk management system is based on procedural elements, organisational structures, technical and IT supports, and above all on the individuals who effectively implement the controls;
- even an adequate control system can only provide reasonable assurance and not absolute assurance as to the achievement of Company goals;
- only after an adequate risk analysis it is possible to design and implement the range of controls capable of reducing risk probabilities and, where possible, limiting their impact.

Framework adopted for the management of the Internal Control and Risk Management System

Determining the adequacy or otherwise of the procedures and related controls requires the preliminary identification of a framework that takes account of all elements related to the Internal Control and Risk Management system. The ICRMS objectives identified in the preceding paragraph are in line with the contents of the report by the Committee of Sponsoring Organisations of the Treadway Commission (CoSO Report), a universally proven framework for the design and assessment of risk management and control systems adopted by companies.

Engineering Ingegneria Informatica S.p.A. uses the CoSO Report for the management of its Internal Control and Risk Management System and, more specifically, for the fulfilment of financial reporting objectives, also in terms of the Consolidated financial statements.
In accordance with the CoSO Report, the ICRMS consists of five components interconnected with management processes:

Control environment

The control environment refers to the "Management philosophy" of the Company, the integrity of the managers and, in general, the ethical values established and practiced as essential components of the corporate "culture". The expression "Tone at the Top", often used in this context, is particularly significant insofar as it also expresses the commitment of top management to the adequate definition and implementation of the Internal Control and Risk Management System.

Risk assessment

This framework component supports four phases:

1. *defining objectives*: consists of definition and analysis of corporate objectives; this phase is carried out following company assessment of "risk tolerance" and "risk appetite";
2. *identifying risk-associated events*: this phase identifies the events and circumstances that could result in whole or in part in the non-fulfilment of an objective;
3. *risk assessment (in the strict sense)*: each individual risk is assessed in terms of:
   - probability of occurrence
   - impact on objectives in economic, terms, effect on reputation, etc.

   Each risk is then assigned a priority, giving more weight to the more probable risks with a greater negative impact;
4. *risk management*: this phase establishes whether previously assessed risks should be managed in-Company ([1]).

Control activity

This framework component refers to the range of actions to be taken to ensure reasonable containment of corporate risks through the provision and execution of a series of controls and activities aimed at:

- prevention *(ex-ante)*
- occurrence *(ex-post)* of errors and fraud.

(1) The possible options with regard to specific risk management are:
- avoidance
- verification
- reduction (below the "risk appetite" level)
- sharing (involving another entity, e.g. an insurance company, in managing potential impacts).

Communication and information system
This framework component supports the ICRMS:

- in dissemination ethical principles and regulations governing behaviour in the Company;
- in disseminating planned objectives, in varying levels of detail, which apply to all individuals;
- in publishing/disseminating internal procedures governing various company processes, with particular reference to the controls to be applied;
- in disseminating and providing, on a need-to-know basis, information and data subject to controls;
- in bottom-up transmission to management of evidence of the effective implementation and efficacy of the ICRMS.

Information must be transmitted in accordance with a number of requirements, including: completeness, adequate timeliness, necessary comprehensiveness and, where required, confidentiality.

System Monitoring
This component is aimed at ICRMS supervision capable of identifying, on a continuous basis, any necessary improvements in terms of effectiveness and/or efficiency.
In light of the above considerations, monitoring activity can clearly have an impact on all of the above framework components, particularly on Risk assessment.

SUMMARY COMMENTS ON THE APPLICATION OF THE ENGINEERING ICRMS FRAMEWORK

As mentioned, Engineering Ingegneria Informatica S.p.A. adopted the CoSO Report for the management of its Internal Control and Risk Management System. Application of the framework entails the full involvement of the whole Engineering organization. Below is a brief summary of the main participants and activities that are significant for the various framework components.

Control environment
The executive Management and all top management play a key role in this component.
A large number of elements require the attention of top management in relation to the control environment, including the management (or, where necessary, redefinition) of organisational structures, with emphasis on accountability; intervention in training programmes; updating of the Internal Information System; and continuous support for the Internal Audit function, to name but a few.
It should be noted that in recent years Executive and top management of the Parent Company have promoted the progressive integration of the various Group companies, thereby creating:

- increasingly centralized provision of Services,
- internal procedures applied throughout most of the Group companies,
- an increasingly shared information system, with uniform management of data, applications and controls applied.

In addition to references to ethical principles and behaviour regulations repeatedly emphasized by managers during internal meetings, it should be noted that as of February 13, 2004 the Engineering Board approved and published the Engineering Group Code of Ethics, which has been continuously updated over the years and has become an integral and substantial part of the Management and Organisational Model as per Legislative Decree 231/01 adopted by Engineering.

Evaluation of risks
The key role is most certainly undertaken by the ICRMS Director in charge. A key role is also played by the Board of Directors, as a whole, and by Company Managers belonging to:

- Administration, Finance and Control General Management, the head of which is appointed executive Responsible for the preparation of the accounting documents as per Law 262/2005 (the executive Responsible);
- personnel and organisation general Management;
- Corporate communications and image Department;
- Sales and marketing general Management.

Engineering management is constantly active in this area, including in the areas of top-down dissemination of corporate objectives and risk identification, assessment and management, as evidenced by the many updates and improvements throughout the year to Group internal procedures, such as systems for the delegation of powers.

Control activity
It is more difficult to identify individual “key” roles for these components, since control activity is:

- intrinsic and systematic at an operational process level;
- conducted continuously be medium-high level management and by the Auditing and Quality Division (AQD).

The Internal Audit function and, on the whole, the AQD play a particularly important role for this component in Engineering. The annual planning for checks performed by the AQD Auditor are all-encompassing through all O.U.s in all Group companies: production structures, commercial structures, accounting and administration structures, etc.

It should also be noted the in Engineering Group many controls are implemented within the IT applications supporting many macro-processes: Accounts Receivable, Accounts Payable, Analytical and General Accounting Management, Personnel Management, Internal Information System Access Management, to name but a few.

Communication and information system.
For this component, it should be noted that traditionally in Engineering internal communication between people belonging to different hierarchical levels is free and often informal, in the sense that it is not influenced by the position of the correspondents within the company (or each individual’s level of responsibility). This is significant because it objectively facilitates the mutual exchange of information, particularly in terms of indicating misstatements, anomalies and, potentially fraud (which is relevant in this context).
More generally, the extensive network of channels available to Group employees, based on a continuously expanding and improving technological infrastructure, is widely used to exchange updated and timely information that must drive an effective Internal and Risk Management Control System.

System Monitoring
A number of individuals in Engineering play a role in this component:

- the ICRMS Director in charge and, also within the Board, the Management Control Committee,
- Top Management and in particular the executive Responsible,
- the Auditing and Quality Division (AQD),
- the Supervisory Body (as per Legislative Decree 231/01).

Each operates within the context of their own legal/institutional function, according to their individual level of independence and autonomy.

In addition to the above, other external individuals may be called upon to carry out assessments and monitoring in certain Group companies: this refers to Certification and Assessment Bodies that have issued certification: ISO 9001, Nato AQAP, ISO 27001, PCI, CMMi, ISO 14001.

In this framework component, the role of the AQD may be defined as topologically central, in the sense that its activities to verify the effective application of company procedures and, more generally, on the “watertightness” of the ICRMS, generated information flows that were made available to all other participants listed above.

Description of the main characteristics of the Internal Control and Risk Management System in place in relation to the financial disclosure process

THE INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEM PHASES

Audit objectives

With specific reference to financial reporting, a "risk" is identified as a possible event whose occurrence could compromise the fulfilment of ICRMS objectives, i.e. assurance, accuracy, reliability and timeliness of financial reporting.

In other words, the purpose of the ICRMS is to ensure that the financial reporting process satisfies the following objectives or "assertions" associated with each item in the financial statements:

- *existence and allocation*: the assets and liabilities exist and the book entries represent actual events;
- *completeness*: all the transactions and events are effectively recorded, without omissions;
- *rights and obligations*: the company owns, or controls, the rights on the assets and the liabilities are actual company obligations;
- *measurement and recognition*: the assets, liabilities and shareholders' equity are entered in the financial statements at an appropriate value and all value or classification adjustments are correctly recorded according to proper, generally accepted, accounting standards;
- *presentation and reporting*: the economic and financial information is presented and described in an adequate manner; reporting is complete and clearly expressed.

Risk identification

In accordance with Law 262/2005, the Executive Responsible of Engineering Ingegneria Informatica S.p.A. (responsibility conferred to the CFO) prepared the adequate administrative and accounting procedures for the preparation of the financial statements for the year and the consolidated financial statements, as well as the procedures for issuing all other communications of a financial nature.

These procedures provide for their internal controls, not limited solely to accounting issues connected with the closure process alone, but extended to those processes that precede the preparation of the financial statements; processes (known as transactional processes) that involve operative company functions that participate in the phases preceding the accounting cycle. This is particularly relevant for Engineering Group, where integrated IT systems are widely used, which mean the control of the correctness and completeness of accounting data takes place increasingly distant from book entry and increasingly nearer to the origin of the underlying transaction.

For a description of the procedures adopted by the Engineering Group to identify risks affecting financial reporting, please refer to the approach outlined in the Organisation and Management Model as per Law 262/05.

Assessment of risks related to financial reporting

For each risk identified in the preceding phase, an assessment of the importance of the risk is expressed.

This assessment is formulated, on a qualitative level, according to scale with five levels: from "very low" to "very high".

This risk assessment is essentially based on the financial statement item corresponding to the risk-related process/sub-process, since the applicable controls are not considered in this phase.

Control system implemented against risks

Prior to the phases described in this document, the executive Responsible considered, for each risk identified and assessed, the controls effectively implemented to mitigate the risk. For this purpose existing company procedures are analyzed to verify whether or not the controls in place are appropriate for the specific risk. Where the risk control is found to be insufficient, the control is adjusted and the company procedures for the relative process are updated.

Assessment of controls implemented to counter identified risks

This is the "monitoring" phase of the ICRMS and consists mainly of ongoing supervision and assessment of the effectiveness and efficiency of the Internal Control and Risk Management System.

The AQD Auditors:

- plan the individual checks, gathering prior to meeting the representatives of the Organisational Unit ([2]) under audit all information necessary to:
  - define sensitive ongoing activities and processes and progress data;
  - map a framework of risks affecting the O.U., drawing also on any evidence from previous audits;
- carry out at the O.U. a direct examination of the operating processes, adopting adequate sampling techniques and conducting interviews with the Managers of the processes/subprocesses checked;
- analyse the evidence using checklists that cover:
  - the risk/control matrix for administrative/accounting processes;
  - company procedures that provide a detailed description of the controls;
  - the applicable laws and regulations, particularly the Engineering Group Code of Ethics;
- prepare an audit report detailing (in addition to a summary of the checks performed):
  - non-conformities identified in the processes studied (classified in order of severity);
  - residual risks deemed unacceptable due to the shortcomings in the design and/or application of the relevant controls;
  - (with regard to non-conformity) the corrective actions agreed with the Representatives following the checks;
- send the report to the Chief Executive Officer, the executive Responsible and the managers of the audited O.U..

Reporting to Management

Management receives ongoing updates of the adequacy and functioning of the ICRMS.
The AQD, which manages a database of information acquired through auditor checks at Group O.U.s, is a primary source of information.
At least twice a year, the AQD Manager sends a summary report to the management control Committee and the ICRMS Director in charge of the Parent Company (appointed by the Board) on the checks made during the period, any non-conformity and the principal corrective actions agreed. In certain circumstances, the AQD Manager also sends the audit reports he considers particularly significant. The Committee and the Director in charge in turn inform the AQD Manager of any important elements relating to control activity.

In addition, the AQD and executive Responsible work closely together. With particular reference to financial reporting, any significant problems identified by the auditors are usually directly discussed by the AQD and Executive Responsible in order to assess the dimensions of the misstatement or irregularity, its causes and the size of the related risk to enable the executive Responsible to prepare an assessment in appropriate ICRMS improvements. Conversely, when the executive Responsible becomes aware of specific risk situations, the executive usually involves the AQD, which updates the annual audit programme on the basis of the new needs.
In addition, the AQD Manager attends meetings of the Supervisory Body (in accordance with Legislative Decree 231/01). At Supervisory Body meetings (held approximately every forty days), the entire Body is informed of the principal problems identified during O.U. visits, including those relating to proper management of data contributing to the financial statements.

[2] Of the Parent Company or other Group companies

Roles and functions involved in the Internal Control and Risk Management System

A large number of people within the Group are involved in ensuring the effectiveness and efficiency of the ICRMS.

The corporate procedures, the organisation and management control models adopted (as per Law 262/05 and Legislative Decree 231/01) and the resolutions of the administrative bodies set out precise roles and functions in relation to ICRMS management.

The following persons and structures are involved:

- Structure Divisions: the O.U.s appointed to conduct 1st level operation controls. “Process owners” operate within these divisions (responsible for correct process running). They report to Departments of the Parent Company and subsidiaries.
- Executive Responsible: the prerogatives attributed to the executive Responsible (of the Parent Company and, where identified and competent, subsidiaries) are exclusive with regard to administrative/accounting procedures and for all procedures that affect the preparation of the financial statements and documents subject to certification by law.
- Personnel and organisation general management: the involvement of the general Management in relation to company procedures is particularly important for implementing controls (complementary to those defined by the executive Responsible) and for revising documents that describe said controls. This is a centralised structure at a Group level.
- Management control Committee (also comprising the control and risks Committee): this is a Parent Company body.
- ICRMS Director in charge: an executive director of the Parent Company.
- AQD: a centralised structure at a Group level.

(NB.: In the table below, “P” indicates a primary role and “X” indicates non-primary involvement).

Person/structure	Design/ implementation/ audit of ICRMS controls	Verify adequacy of control design	Verify effective operation of the controls	Monitoring of the ICRMS	Updating documents which outline ICRMS (operational activities)
Structure divisions	X		P		
Executive responsible	P	X	X	X	
Personnel and organisation general Management	P	X	X	X	P
Management control Committee				P	
ICRMS director in charge	P	P		X	
AQD		P	P	P	X

1. Additional Corporate Governance practices

It should be noted that the auditing activity, at Group level, performed by the Auditing and Quality Division (AQD) in 2013, together with the updating to the organisation and management Models (as per Legislative Decree 231/01) amounted to 1,427 man-days. In the same year 221 audits were carried out in the Group.
90 non-conformities (or irregularities) were identified and classified under two distinct levels of severity, with an average of 0.41 non-conformities per single audit.

The AQD Auditor team used specific checklists designed to take account of the most common and significant risks.

The database managed by the AQD documents AQD activities throughout the calendar year and allows for statistical processing including:

- the amount of “revenue” subject to auditing (the revenue sum of orders subject to checks during the year’s audits);
- comparative analysis of the conformity level identified through auditing in the audited Organisational Unit’s business area.

For several years, the AQD has used an algorithm:

- based on the priorities assigned to the various types of risks identified within the Group;
- taking account of the specific risk exposure which characterises the various Group departments provides an evaluation criteria on the appropriateness of the annual audit plan in relation to the company risks and, in general, in relation to the objectives of the ICRMS.

Report of the internal control and risk management Committee to the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A.

in accordance with Article 153 of Legislative Decree 58/98.

Dear Shareholders,
during the year ending December 31, 2013, the internal control and risk management Committee carried out supervisory activities as established by law, based also on the conduct principles of the Board of Statutory Auditors approved by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili).

In line with the indications provided by Consob communication DEM/1025564 of April 6, 2001 and communication DEM/6031329 of April 7, 2006, the Committee hereby declares:

- it participated in all Shareholders' meetings and meetings of the Board of Directors held during the year and obtained from the executive Directors information on activities carried out and transactions of greatest economic and financial relevance conducted by the Company and its subsidiaries, verifying that said transactions conformed to the law and the Articles of Association and were not manifestly imprudent, risky, in potential conflict of interest, in conflict with the resolutions of the Shareholders' Meetings or such as to compromise the integrity of the shareholders' equity;
- it was constantly informed on the activities of the Supervisory Board created under the organisation and control model established by Legislative Decree No. 231/2001, also in relation to the fact that, as from April 24, 2012, in accordance with Law No. 183 of November 12, 2011, which modified Article 6 of Legislative Decree No. 213/2001, this Committee was also assigned the functions of the Supervisory Board;
- during the year the model governing the organization, management and control as to the responsibility of enterprises for certain types of offences was updated in accordance with regulatory changes.
  The Supervisory Board reported on the activities undertaken in 2013, without highlighting any critical areas in the model and despite the investigations of the Naples Public Prosecution Office against the Company;
- it did not identify any anomalous or unusual transactions with third parties, related parties or between Group companies, as set out by the Consob Notice of July 28, 2006;
- it states that, in conformity with that adequately illustrated in the Directors' Report and in the annual Corporate Governance Report, the transactions with related parties and inter-group transactions were of a normal operating nature, were of a commercial or financial character and were established to be in the interests of the Company; in this regard the undersigned members of the Committee were appointed also members of the Committee for transactions with related parties;
- In 2013, the Committee reports that no significant transactions for which the preparation of a disclosure document to the public is required were encountered;
- it acknowledges that the Audit Firm appointed, Deloitte & Touche S.p.A., issued its audited opinion pursuant to Article 14 of Legislative Decree No. 39 of January 27, 2010, on the statutory financial statements and consolidated financial statements at December 31, 2013 declaring that they represent in a true and fair manner the balance sheet, financial position and result, the change in shareholders' equity and the cash flow of the Company and of the Group;
- it is not aware of any critical issues with regard to the independence of the Audit Firm;
- it acknowledges that during the year 10 meetings were held, in addition to having attended 7 Board of Directors' meetings and having viewed the Internal Audit inspections, evaluating the results with the Department Manager and Top Management; the actions of the Committee were included in the minutes prepared for 2013;
- it supervised, through direct observation, the gathering of information from the managers of competent company functions and meetings with the audit firm, on compliance with proper administration standards;
- it is aware of and supervised, where competent, through direct observation, the gathering of information

from managers of competent company functions and meetings with the audit firm and the person in charge of the Internal Audit, on the adequacy of the Company's organizational structure;
- it supervised the financial disclosure process and the efficacy of the internal control, internal audit and risk management systems;
- it supervised the auditing of accounts and the independence of the audit firm; to this regard, it is noted that on December 18, 2013 the task of testing activities on administration-accounting procedures was conferred to the audit firm Deloitte & Touche S.p.A.. The remuneration defined for the above-mentioned task has no impact on the independence of the Audit Firm;
- it measured and supervised the adequacy of the administration and accounting system and the reliability of the latter to correctly represent the operational facts, through direct observation, the acquisition of information from the mangers of competent company functions and meetings with the audit firm. As regards the above, the Committee expressed an adequacy assessment of the overall internal control system of Engineering Ingegneria Informatica and acknowledges, in its role of Internal Audit Committee, that no remarks are to be reported to the Shareholders' Meeting;
- it assessed the adequacy of the provisions issued to subsidiaries in accordance with Article 114, paragraph 2 of Legislative Decree 58/98;
- it reported that, during the meetings held with the independent audit firm, for the reciprocal exchange of data and relevant information in accordance with Article 150, paragraph 2, of Legislative Decree 58/98, Deloitte & Touche S.p.A. confirmed the correct recording of operations and the correct keeping of the accounting records of the company, as well as the reliability of the control system for significant procedures for the auditing of the financial statements and the financial disclosure process;
- it supervised on compliance with the Self-Governance Code regulations established by the Corporate Governance Committee promoted by Borsa Italiana S.p.A. with which the Company complies; in relation to this reference is made to the annual report of the Board of Directors, prepared in accordance with Article 123-*bis* of Legislative Decree No. 58 of February 24, 1998 and the Instructions to the Regulation of Markets Organised and Managed by Borsa Italiana S.p.A. in force from January 4, 2010;
- it acknowledges that the extraordinary financial transactions, detailed in the Directors' Report, which should be referred to for reference, were carried out in compliance with applicable regulations;
- it acknowledges that it supervised the accuracy and completeness of the information provided by the Directors in their Report in relation to the facts known to the Committee through participation in the meetings with company bodies, the exercise of its supervisory rights and its powers of inspection and control;
- it acknowledges that no decisions were issued in accordance with the law for the financial year in question;
- it informs that there were no reports made pursuant to Article 2408 of the Civil Code or of any kind.

In conclusion, in the course of its supervisory activity, the Committee did not identify any omissions, reprehensible actions, irregularities or significant facts such as require informing the control bodies or mention in this report.

On the basis of the above, we invite you to approve the financial statements and the Directors' Report as well as the allocation of the results of the financial year.

Rome, March 28, 2014

For the Internal Control and Risk Management Committee
The Chairman
Massimo Porfiri

Remuneration Report

As per Art. 123-*ter* of Engineering Ingegneria Informatica S.p.A.
www.eng.it

1. Definitions

In this Procedure, the following terms have the following meaning:

Independent directors: the independent directors, as per the Self-Governance Code, with which the Issuer declares compliance in accordance with Article 123-*bis*, paragraph 2 of the Consolidated Law on Finance.

Executive Directors: (a) the executive directors of the issuer or of a subsidiary with strategic importance, including the relative chairmen and vice chairmen, when they are vested with individual powers of management or when they play a specific role in the strategies of the business; (b) directors which hold decision-making offices within the Issuer or within a subsidiary company with strategic importance, or in the Parent Company if the appointment also concerns the Issuer.

Self-Governance Code: the Self-Governance Code prepared by the Corporate Governance Committee of Borsa Italiana S.p.A., as amended in December 2011, which the Issuer complies with on a voluntary basis.

Committee: the Remuneration Committee appointed by the Board of Directors of Engineering Ingegneria Informatica S.p.A. on April 24, 2009, and comprising 3 members chosen from among the independent directors of the Board of Directors of the Issuer. The current members are: Giuliano Mari (Chairman), Massimo Porfiri and Alberto De Nigro.

General Managers: the executives with decision-making tasks in a Division of the Issuer.

Executives with strategic responsibilities: the executives with planning, decision-making and control powers and responsibilities of the company which prepares the financial statements, including both Directors and Managers of the company; this category includes the Executive responsible for the preparation of the corporate accounting documents of the Issuer.

Issuer: Engineering Ingegneria Informatica S.p.A..

Report: this document.

Regulation: the “Regulation enacting the provisions concerning transactions with related parties”, adopted by Consob with Resolution No. 17221 of March 12, 2010, as subsequently amended and supplemented.

Issuers’ Regulation: the Regulation adopted with Resolution No. 11791 of May 14, 1999 and subsequent integrations and amendments (the “IR”).

Website: *www.eng.it.*

Company: Engineering Ingegneria Informatica S.p.A..

Articles of Association: the Articles of Association of the Company adopted on April 21, 2011.

Consolidated Law on Finance: Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and integrations.

* * * * *

2. Introduction

The present Report has been prepared by the Issuer in compliance with provisions set forth by Art. 123-*ter* of the Consolidated Law on Finance, as subsequently amended, and Art. 84-*quater* and Attachment 3A, Scheme 7-*bis* of the Issuers' Regulations, as subsequently amended, as well as Art. 6 of the Self-Governance Code.

This Report, approved by the Board of Directors, upon favourable opinion of the Committee, identifies the general terms of the remuneration policy adopted by the Issuer and it comprises two sections:
(i) the first section describes the policy adopted by Engineering Ingegneria Informatica S.p.A. as regards remuneration of the members of the Board of Directors, the General Managers, and the Executives with strategic responsibilities for 2014. This section is subject to the consulting vote of the Shareholders' Meeting called for the approval of the financial statements at December 31, 2013;
(ii) the second section supplies detailed information on remunerations paid to the above-mentioned subjects over the year 2013.

As envisaged by Regulation No. 17221 of March 12, 2010 concerning transactions with related parties, as enacted in the Procedure adopted by the Company, this document and its contents are not subject to procedures established in relation to transactions with related parties.

Taking account of common remuneration practices and the opinion of the Committee, the Board of Directors deems that the Remuneration Policy drawn up in this document is appropriate to attract, remunerate and motivate directors and executives holding the necessary professional skills to successfully manage the Company.

* * * * *

Section I

1. THE POLICY OF THE COMPANY IN RELATION TO REMUNERATION OF MEMBERS OF THE BOARD OF DIRECTORS, GENERAL MANAGERS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

1. A) BOARDS AND SUBJECTS INVOLVED IN PREPARING AND APPROVING THE REMUNERATION POLICY

In the preparation and approval of the remuneration policy the following subjects were involved: top management, Finance and Control General Department, Corporate Affairs Department, Human Resources Department, Legal Affairs Department, as well as the Committee and the Board of Directors. The remuneration Committee annually evaluates the remuneration policy and submits a proposal to the Board of Directors regarding the Company's remuneration policy, at the latest during the meeting of the Board of Directors held to resolve on the call of the Shareholders' Meeting to approve the annual financial statements and express an opinion on Section I of the Report.
If required, the Board of Directors proposes changes in light of the Remuneration Committee's proposals, and evaluates and approves the remuneration policy and related Report, pursuant to Art. 123-*ter* of the Consolidated Law on Finance.

The Company's Shareholders' Meeting, called to approve the annual financial statements, pursuant to Art. 2364, paragraph 2, of the Italian Civil Code and through advisory vote, expresses a favourable or unfavourable evaluation on Section I of the remuneration report.
Pursuant to recommendations set out by Art. 6, paragraph 5 of the Self-Governance Code, the adequacy, comprehensive consistency and implementation of the remuneration policy are periodically assessed by the remuneration Committee.
The remuneration policy for 2014 was approved by the remuneration Committee on March 10, 2014 and by the Board of Directors on March 11, 2014.

1. B) ROLE, COMPOSITION AND TASKS OF THE REMUNERATION COMMITTEE

The Committee is currently entirely composed of independent Directors, Mr. Giuliano Mari (Chairman), Massimo Porfiri and Alberto De Nigro, with adequate knowledge on accounting and finance.
The Committee is entrusted the duties and the powers as described in detail in Article 6 of the Code and by applicable legal and regulatory provisions.
In particular, this Committee is assigned the following consultative and proposal-making tasks:

a) it submits for approval the Board of Directors proposal on the remuneration policy for Directors and executives with strategic responsibilities, periodically assessing the adequacy, comprehensive consistency and implementation of the policy adopted;
b) it makes proposals or expresses opinions to the Board of Directors on the remuneration of executive Directors and other Directors with special tasks, as well as on the definition of performance targets connected with the variable component of remuneration, while monitoring the application of measures adopted by the Board itself and especially verifying the actual achievement of performance targets;
c) it evaluates the annual report on remuneration beforehand.

The Committee also supports the Chief Executive Officer and performs corporate functions aimed at making use of corporate resources at best.
The Committee meets whenever required to correctly perform its functions and in any case always before every meeting of the Board of Directors in which the Agenda foresees issues under its competence. The Committee met six times in 2013.

The other Directors or other representatives of the Company can be invited to attend the Committee's meetings, without vote right and provided that they have no personal interest in the issues in the Agenda.

1. C) INDEPENDENT EXPERTS

Independent and external experts of the Issuer have not been employed in the preparation of the remuneration policy.

1. D) AIMS OF THE REMUNERATION POLICY, PRINCIPLES UNDERLYING IT AND CHANGES WITH RESPECT TO FINANCIAL YEAR 2013

The aims and the principles under which this Report was drawn up are those already utilised in the remunerative choices of the Company towards management. In particular, the remuneration is proposed in consideration of the interests of the Company, whose primary objective is to create value for shareholders in the medium-long term, aligning these interests with those of the Executive Directors, the General Managers and Executives with strategic responsibilities, and connecting a portion of their remuneration to the achievement of previously set performance objectives. For the non-executive/Independent Directors, remuneration considers instead any involvements on one or more committees, with allocations differing based on responsibilities and appointments. The remuneration policy for general Managers and executives with strategic responsibilities, considers also the need to motivate, award and attract specific professional skill sets for achieving short-term, as well as medium and long-term corporate objectives. This is in continuance with previous years.

Changes in the Remuneration policy

In view of taking account of the results achieved by the Company, according to the context and reference markets, as well as of the need for aligning remunerations currently received by Senior and General Managers, as well as by Directors, with standard remunerations, with resolution of November 14, 2013, the Board of Directors approved the following changes to the remuneration policy with respect to financial year 2013, also taking account of proposals made by the remuneration Committee:

- the remuneration of Executives and General Managers is supplemented with an additional indemnity according to indemnities envisaged by the labour contract for managers in the industrial sector in the event of advanced termination of the employment relationship.
  In particular, a fixed indemnity will be granted in the event of termination of the employment relationship for just cause and death and/or permanent invalidity. The remuneration will be also granted in case of resignation of the manger for "just cause" attributable to the Company. Resignation after a hostile takeover bid is also included.

- the submission for approval of the proposal to amend the remuneration policy concerning the members of the Board of Directors to the next Company's Shareholders' Meeting. This modification envisages that each member of the Board of Directors are granted post-employment benefits to be paid in the event of any termination of office for any cause whatsoever, except for revocation of office for just cause or voluntary resignation not caused by just cause. Resignation for just cause includes resignation given after the conclusion of a corporate transactions resulting in a change in the Company's control due to disposal of shares. This indemnity shall not be granted to Michele Cinaglia by reason of his double office of Chairman of the Board of Directors and majority shareholder of the Company;
- the change in the no-competition agreement in force with General Managers and the Chief Executive Officer.

The Board of Directors, held on March 11, 2014, also resolved to grant a variable component of remuneration, on the medium-long period, to executive Directors, General Managers and Executives with strategic responsibilities, in light of the main objective of creating value for shareholders also in the medium-long term.

1. E) POLICIES REGARDING THE FIXED AND VARIABLE COMPONENTS OF REMUNERATION AND PERFORMANCE TARGETS

The members of the Board of Directors are eligible to receive the reimbursement of expenses borne in the fulfilment of their office and a fixed remuneration, decided by the Board of Directors based on the annual gross total remuneration determined by the Shareholders' Meeting upon their appointment.
The extent of the above remuneration is proportionate to the commitment required and shall be in any case consistent with common practice in Italy regarding the members of Board of Directors of similar companies.
In particular, the remuneration of non-executive Directors comprises a fixed annual remuneration, which is currently the same for all non-executive Directors.

In relation to Directors who are assigned special tasks, or who attend Committees created within the Board of Directors, an additional fixed remuneration will be granted by the Board of Directors, in light of the greater commitment required.
Directors with special proxies (executive Directors) shall receive an annual remuneration comprising a fixed and a variable component, the latter linked to the achievement of specific performance targets over the short and medium-long periods, previously set out by the Company. These targets shall be set in advance and are measurable. They are decided by the Board of Directors with the support of the remuneration Committee, in compliance with the guidelines set out by the remuneration policy.

The fixed component must be sufficiently adequate to remunerate the Director in the event the variable component is not paid due to the non achievement of performance targets.
The variable component must relate to the achievement of preset targets, connected with the creation of value for the Company and shareholders over the medium-long term as well. This component is determined based on practices adopted by similar companies acting in the same sector, consistently with the characteristics of the corporate business.

As already highlighted, on March 11, 2014 the Board of Directors granted a variable remuneration, over the medium-long period, to the executive Directors.
Reference is also made to the submission of a proposal by the Board of Directors to the next Shareholders' Meeting regarding the granting of post-employment benefits to all executive and non-executive directors.

The Chairman of the Board of Directors

The remuneration for the Chairman comprises a fixed component and a variable one.
Remuneration granted to the Chairman includes the basic remuneration granted as member of the Board of Directors, determined according to the resolution of the Ordinary Shareholders' Meeting.
The variable component is related to the performance for the year based on the Group Ebitda for top management, with an annual cap.
Based on the resolution of the Board of Directors held on March 11, 2014, a variable component over the medium-long period is also granted, equal to 30% of the average variable incentive over the short-term actually granted in the three-year reference period, provided that, in the same period, the average Ebitda is at least higher than 5% of average Ebitda resulting from the company's corresponding strategic plan.

The Chief Executive Officer
The 2014 remuneration reflects resolutions made by the Board of Directors on April 24, 2012 for the entire office. In addition to remuneration decided by the Shareholders' Meeting for directors upon appointment, the remuneration comprises a fixed and a variable component.
The variable component is related to the average performance of the General Managers with an annual maximum cap. A further variable remuneration, equal to 5% of the dividends distributed over the years 2014 and 2015 and related to years 2013 and 2014, is also granted.

On November 14, 2013, the Board of Directors also resolved that the Chief Executive Officer should enter special no-competition covenants for a period not shorter than 24 months from the termination date of the employment relations, as well as covenants on the protection of information and corporate relations against the payment of a remuneration, therefore amending the agreements currently in force.

Moreover, on March 11, 2014 the Board of Directors also resolved on the payment of a variable component over the medium-long term. This component was calculated to the extent of 30% of the average variable incentive over the short-term actually granted in the three-year reference period, provided that, in the same period, the average Ebitda is at least higher than 5% of average Ebitda resulting from the Company's corresponding strategic plan.

General Managers and Executives with strategic responsibilities ("Executives")
With reference to the Executives, remuneration envisages a fixed component and a variable one, appropriately linked to the objectives and risks of the Company. In particular, the fixed portion represents approx. two-thirds of the total remuneration, while the variable component depends on the achievement of objectives related to the annual performance of the individual's division. On reaching the fixed targets, the entire variable component of remuneration is allocated (the granting of the variable portion is however subordinated to the achievement of at least 50% of preset targets). Cases of over-performance are remunerated with an extra remuneration, not exceeding in any case 35% of the variable component granted. Lastly, it should be specified that 40% of the aforementioned variable component of remuneration is paid in the form of profits, upon resolution of the Shareholders' Meeting.

As already highlighted, on November 14, 2013 the Board of Directors approved the integration to the remuneration for executives and general Managers, with the granting of a supplementary indemnity according to indemnities set out by the labour contract for managers in the industrial sector, in the event of advanced termination of the employment relationship. The lump-sum indemnity to be granted was determined to the extent of three times the total average annual remuneration (intended as the average of the last three years of payments including fixed and variable annual remuneration).

The Board of Directors also resolved on the conclusion, with all general managers, of no-competition agreements for two years starting from the termination of the employment relationship for any reason whatsoever. These agreements, already effective for some General Managers, now include employees who have been hired more recently.

As regards the variable component over the medium-long period, reference is made to the paragraphs above as regards the granting of a remuneration equal to 30% of the average variable component over the short-period, actually granted in the reference three-year period, provided that, in the same period, the average Ebitda is at least higher than 5% of average Ebitda resulting from the Company's corresponding strategic plan.

Non-executive directors
As shown in the paragraph above, the remuneration of non-executive Directors is only fixed (resolution of the Ordinary Shareholders' Meeting as per Art. 2389, paragraph 1, Italian Civil Code). Directors, who are also members of one or more committees within the Board of Directors, are eligible to receive a supplementary remuneration decided by the Board upon proposal of the Remuneration Committees, acting also as Management Committee.
The remuneration of such directors in therefore only fixed, as per resolution of the Ordinary Shareholders' Meeting upon appointment. No variable component is envisaged.
All Directors, who are also members of one or more committees created within the Board of Directors, are eligible of an additional component of remuneration, as decided by the Board itself, and upon proposal of the remuneration Committee, in compliance with provisions set out by Art. 6.P.2 of the Self-Governance Code.
As already highlighted, the granting of post-employment benefits for all directors will be submitted to the approval of the next Shareholders' Meeting.

1. F) POLICY ON NON-MONETARY BENEFITS

In relation to non-monetary benefits, the Issuer provides executive Directors and Executives with a company car. In relation to the healthcare institutions FASI and ASSIDAI, the Issuer covers 100% of the membership fees for Executives.

1. G) POLICY ON NON-MONETARY BENEFITS

As already indicated, a significant portion of the Executives' remuneration is related to the achievement of preset targets, as the company is cognizant of the fact that it is necessary to award Executives based on the group and/or division performance, to motivate the individual, and to create improved team spirit in the work Group, in addition to creating value for shareholders.
The Company evaluates performance based on the achievement of both corporate and personal targets. The first relate to the performance of the Issuer and the second to the division results. For the description of performance targets, reference is made to paragraph e) above.

1. H) EVALUATION CRITERIA OF RESULTS

The remuneration Committee supervises the application of resolutions adopted by the Board of Directors as regards remunerations, also checking the actual achievement of performance targets, to which the variable component of remuneration of executive Directors and Executives with strategic responsibilities is linked. The Issuer does not provide for the allocation of shares, options, other financial instruments or other variable remuneration components other than those listed above and therefore does not establish criteria for the evaluation of the performance objectives in this case.

1. I) INFORMATION ON THE CONSISTENCY OF THE REMUNERATION POLICY WITH THE COMPANY'S INTERESTS

The Company is implementing a remuneration policy aimed at aligning the top management targets with the priority of creating value for shareholders over the short and medium-long period. Incentive-based instruments used are focused on creating top management loyal to the Company and linking their remuneration to corporate successful achievements.
The remuneration policy applied, in fact, while implementing the established practices to date, has contributed and will contribute to the continuity of the corporate performance guaranteeing a low turnover of managers and decreasing discontinuity risk.

1. L) VESTING PERIOD OF RIGHTS AND POSSIBLE SYSTEMS OF DEFERRED PAYMENT

The short-term variable portion of remuneration, irrespective of parameters or of the total or partial achievement of targets guaranteeing the relative provision, considers the fiscal year from January 1 to December 31. The short-term variable component of remuneration matures therefore year by year, while the payment takes place by August 31 of the subsequent year, following the approval of the financial statements of the year concerned. The medium/long term variable component matures instead at the end of the three-year reference period, and is granted in the year of approval of the financial statements related to the third year of the period concerned.

1. M) INFORMATION ON POSSIBLE PROVISIONS FOR THE MAINTENANCE IN PORTFOLIO OF FINANCIAL INSTRUMENTS AFTER THEIR ACQUISITION

The Issuer, in line with that stated in the previous letter h), does not provide for the maintenance in portfolio of financial instruments after their acquisition, with indication of the maintenance periods and the criteria utilised for the determination of these periods.

1. N) POLICY RELATED TO TREATMENTS ENVISAGED IN CASE OF RESIGNATION FROM THE OFFICE OR TERMINATION OF THE EMPLOYMENT RELATIONSHIP

As regards post-employment benefits and treatments in the event of termination of the employment relationship, reference is made to provisions set out in paragraphs 1d) and 1e) above.

1. O) INFORMATION ON ANY INSURANCE, SOCIAL SECURITY OR PENSION COVERAGE, OTHER THAN COMPULSORY COVERAGE

No insurance, welfare, social security or pension coverage other than coverage provided for by law or collective labour contracts is provided. The Issuer in general, also in accordance with its obligations, applies improved conditions on the legal minimums terms.

1. P) REMUNERATION POLICY FOR INDEPENDENT DIRECTORS AND FOR THE ATTENDANCE TO COMMITTEES AND/OR THE PERFORMANCE OF SPECIAL OFFICES

As already described in paragraph 1 e), the Company grants a fixed remuneration equal to all members of the Board of Directors. The amount of this remuneration is increased for Directors who attend the Committees created within the Board, or are assigned special tasks, in light of the greater commitment required for such offices.

1. Q) REFERENCE PARAMETERS IN DEFINING THE REMUNERATION POLICY

This remuneration policy was not established based on remuneration policies of other companies as a benchmark.

2.A REPRESENTATION OF EACH ITEM COMPRISING THE REMUNERATION

The elements and the items, which comprise the remuneration of the members of the Board of Directors and the Executives, as well as the practices implemented in relation to the reimbursement of expenses, non-monetary benefits and post-employment benefits for the current year are in line with the principles described in Section I of this Report, to which reference should be made.

2.B REMUNERATION PAID IN 2012 OF ALL TYPES AND FORMS BY THE COMPANY AND BY THE SUBSIDIARIES AND ASSOCIATED COMPANIES

See Tables attached.

2.C INFORMATION ON SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS AND CONTROL BOARDS, GENERAL MANAGERS AND OTHER EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

See Tables attached.

Engineering Ingegneria Informatica S.p.A.

For a breakdown of the remuneration of the members of the Board of Directors and Control Boards, general Managers and other Executives with strategic responsibilities, reference should be made to the specific tables in the Remuneration Report.

(A)	(B)	(C)	(D)	(1)
Name and surname	Office	Period of office	Expiry of office	Fixed remuneration
Michele Cinaglia	Chairman	2013	31.12.2014	500,000
Rosario Amodeo	Executive Vice Chairman	2013	31.03.2013	125,000
	Director	2013	08.08.2013	
Tommaso Amodeo	Vice Chairman	2013	08.08.2013	14,583
Paolo Pandozy**	Chief Executive Officer	2013	31.12.2014	331,000
Costanza Amodeo	Director with proxy	2013	31.01.2013	2,083
Dario Schlesinger*	Director	2013	31.12.2014	25,000
Massimo Porfiri*	Director	2013	31.12.2014	25,000
Alberto De Nigro*	Director	2013	31.12.2014	25,000
Marilena Menicucci	Director	2013	31.12.2014	25,000
Giuliano Mari*	Director	2013	31.12.2014	25,000
Armando Iorio	Director	2013	31.12.2014	25,000
(III) Total				**1,122,667**

* Massimo Porfiri — Chairman of the control and risks Committee, the Committee for transactions with related parties and Chairman of the Supervisory Board; member of the remuneration Committee and the Appointments Committee.

* Dario Schlesinger — Member of control and risks Committee, the Appointments Committee, the Committee for transactions with related parties and the Supervisory Board.

* Alberto De Nigro — Member of management Control Committee, the remuneration Committee, the Committee for transactions with related parties and the Supervisory Board.

* Giuliano Mari — Chairman of the remuneration Committee and the Appointments Committee.

** Paolo Pandozy — Also through Gapp Consulting S.r.l..

(in Euros)

(2) Remuneration for attending committees	(3) Variable remuneration non equity		(4) Non-monetary benefits	(5) Other	(6) Total	(7) Fair value equity remuneration	(8) Post-employment benefits
	Bonuses and other incentives	Profit sharing					
	150,000		9,963		659,963		
			3,522		128,522		
			5,487		20,070		
	658,000		11,686		1,000,686		
					2,083		
35,000					60,000		
60,000					85,000		
35,000					60,000		
					25,000		
10,000					35,000		
			9,516		34,516		
140,000	**808,000**	**-**	**40,174**	**-**	**2,110,841**	**-**	**-**

Engineering Ingegneria Informatica S.p.A.

For a breakdown of the remuneration of the members of the Board of Directors and Control Boards, general Managers and other Executives with strategic responsibilities, reference should be made to the specific tables in the Remuneration Report.

(A)	(B)	(C)	(D)	(1)
Name and surname	**Office**	**Period of office**	**Expiry of office**	**Fixed remuneration**
Alfredo Belsito	Industry and Services general Manager			203,357.05
Dario Buttitta	Public Administration and Health general Manager			203,357.05
Vincenzo Tartuferi	Utilities and Telco general Manager			202,999.94
Orazio Viele	Research and Development general Manager			204,678.50
Luigi Saverio Palmisani KYX S.r.l.	Personnel and Organization general Manager			265,000.00
Giuseppina Volpi	Finance general Manager			179,999.95
Armando Iorio	CFO and Executive responsible for the preparation of the accounting documents			204,519.04
Pieraldo Casini	Training general Manager			200,000.00
(III) Total				**1,663,911.53**
(I) Remuneration in the company charged to prepare the financial statements				
(II) Remuneration from subsidiaries and associates				

(in Euros)

(2)	(3)	(4)	(5)	(6)	(7)	(8)
Remuneration for attending committees	Variable remuneration non equity	Non-monetary benefits	Other	Total	Fair value equity remuneration	Post-employment benefits
		9,913.37				
		21,944.99				
		20,641.56				
		1,476.20				
		11,164.34				
		1,926,70				
		67,067.16				

Nexen S.p.A.

For a breakdown of the remuneration of the members of the Board of Directors and Control Boards, general Managers and other Executives with strategic responsibilities, reference should be made to the specific tables in the Remuneration Report.

(A) Name and surname	(B) Office	(C) Period of office	(D) Expiry of office	(1) Fixed remuneration
Alberto de Nigro	Director - Control Committee	01.01.2013 - 31.12.2013 01.01.2013 - 31.12.2013	Approval of the financial statements 2014	1,000
Massimo Porfiri	Director - Control Committee	01.01.2013 - 31.12.2013 01.01.2013 - 31.12.2013	Approval of the financial statements 2014	1,000
Gianni Fuolega	Chief Executive Officer	01.01.2013 - 31.12.2013	Approval of the financial statements 2014	101,000
Alfredo Belsito	Director	01.01.2013 - 31.12.2013	Approval of the financial statements 2014	1,000
Armando Iorio	Director	01.01.2013 - 31.12.2013	Approval of the financial statements 2014	1,000
Vincenzo Tartuferi	Director	19.04.2013 - 31.12.2013 01.01.2013 - 26.11.2013 27.11.2013 - 31.12.2013	Approval of the financial statements 2013	1,000
Giuseppina Volpi	Director	01.01.2013 - 31.12.2013	Approval of the financial statements 2014	1,000
Dario Buttitta	Director former Chairman of Board of Directors	01.01.2013 - 31.12.2013 01.01.2013 - 19.04.2013	Approval of the financial statements 2014	1,000
Ilaria Casiraghi	Auditor	01.01.2013 - 31.12.2013	Approval of the financial statements 2014	8,320
Mario Tosello	Supervisory Board	01.01.2013 - 31.12.2013	Until revocation	5,200
Spartaco Pichi	Supervisory Board	01.01.2013 - 31.12.2013	Until revocation	
Pierluigi Pluviano	Supervisory Board	01.01.2013 - 31.12.2013	Until revocation	
(I) Remuneration in the company charged to prepare the financial statements				121,520
(II) Remuneration from subsidiaries and associates				
(III) Total				**121,520**

(in Euros)

(2)	(3)		(4)	(5)	(6)	(7)	(8)
Remuneration for attending committees	Variable remuneration non equity		Non-monetary benefits	Other	Total	Fair value equity remuneration	Post-employment benefits
	Bonuses and other incentives	Profit sharing					
10,000					11,000		
10,000					11,000		
	81,600				182,600		
					1,000		
					1,000		
					1,000		
					1,000		
					1,000		
					8,320		
					5,200		
20,000	81,600				223,120		
20,000	**81,600**	**-**	**-**	**-**	**223,120**	**-**	**-**

Engineering Tributi S.p.A.

Remuneration of the members of the Board of Directors and Control Boards, general Managers and other Executives with strategic responsibilities.

(A)	(B)	(C)	(D)	(1)
Name and surname	Office	Period of office	Expiry of office	Fixed remuneration
Gianfranco Rossato	Chairman	01.01.2013 - 31.12.2013	Approval of the financial statements 2013	
Silvano Volpe	Chief Executive Officer	01.01.2013 - 31.12.2013	Approval of the financial statements 2013	
Dario Buttitta	Director	18.04.2013 - 31.12.2013	Approval of the financial statements 2013	
Pietro De Micheli	Director	01.01.2013 - 18.04.2013	Resigning	
Sergio Torri	Board of Statutory Auditors	01.01.2013 - 31.12.2013	Approval of the financial statements 2013	13,502
Luigi Capoccetta	Board of Statutory Auditors	01.01.2013 - 31.12.2013	Approval of the financial statements 2013	9,156
Massimo Porfiri	Board of Statutory Auditors	01.01.2013 - 31.12.2013	Approval of the financial statements 2013	9,156
Stefano Bortone	Chairman of the Supervisory Board	01.01.2013 - 31.12.2013	Approval of the financial statements 2013	20,000
Spartaco Pichi	Supervisory Board	01.01.2013 - 31.12.2013	Approval of the financial statements 2013	
Amilcare Cazzato	Supervisory Board	01.01.2013 - 31.12.2013	Approval of the financial statements 2013	
(I) Remuneration in the company charged to prepare the financial statements				51,814
(II) Remuneration from subsidiaries and associates				
(III) Total				**51,814**

(in Euros)

(2)	(3)		(4)	(5)	(6)	(7)	(8)
Remuneration for attending committees	Variable remuneration non equity		Non-monetary benefits	Other	Total	Fair value equity remuneration	Post-employment benefits
	Bonuses and other incentives	Profit sharing					
					13,502		
					9,156		
					9,156		
					20,000		
					51,814		
-	**-**	**-**	**-**	**-**	**51,814**	**-**	**-**

OverIT S.r.l.

Remuneration of the members of the Board of Directors and Control Boards, general Managers and other Executives with strategic responsibilities.

(A) Name and surname	(B) Office	(C) Period of office	(D) Expiry of office	(1) Fixed remuneration
Pieraldo Casini	Chairman	2011	Approval of the financial statements 2015	
Marco Zanuttini	Chief Executive Officer	2011	Approval of the financial statements 2015	198,301
Vincenzo Tartuferi	Director	2011	Approval of the financial statements 2015	
Dario Schlesinger	Board of Statutory Auditors	2011	Approval of the financial statements 2013	12,337
Marco Carlin	Board of Statutory Auditors	2011	Approval of the financial statements 2013	8,480
Roberta Moscaroli	Board of Statutory Auditors	2011	Approval of the financial statements 2013	8,480
Ilaria Casiraghi	Auditor	2011	2013	9,000
(I) Remuneration in the company charged to prepare the financial statements				236,598
(II) Remuneration from subsidiaries and associates				
(III) Total				**236,598**

(in Euros)

(2)	(3)		(4)	(5)	(6)	(7)	(8)
Remuneration for attending committees	Variable remuneration non equity		Non-monetary benefits	Other	Total	Fair value equity remuneration	Post-employment benefits
	Bonuses and other incentives	Profit-participation					
				39,886	238,187		
					12,337		
					8,480		
					8,480		
					9,000		
				39,886	276,484		
-	**-**	**-**	**-**	**39,886**	**276,484**	**-**	**-**

Sicilia e-Servizi Venture S.c.r.l.

Remuneration of the members of the Board of Directors and Control Boards, general Managers and other Executives with strategic responsibilities.

(A) Name and surname	(B) Office	(C) Period of office	(D) Expiry of office	(1) Fixed remuneration
Andrea Gabardo	Chairman	Jan - Dec 2013	Approval of the financial statements 2013	
Gianfranco Rossato	Vice Chairman	Jan - Dec 2013	Approval of the financial statements 2013	
Giuseppe Bosco	Chief Executive Officer	Jan - Dec 2013	Approval of the financial statements 2013	
Massimo Porfiri	Board of Statutory Auditors	Jan - Dec 2013	Approval of the financial statements 2013	13,383
Sergio Galimberti	Board of Statutory Auditors	Jan - Dec 2013	Approval of the financial statements 2013	9,206
Gerardo De Dilectis	Board of Statutory Auditors	Jan - Dec 2013	Approval of the financial statements 2013	9,206
Stefano Bortone	Supervisory Board	Jan - Dec 2013	Dec. 2013	23,400
Ferruccio Mangione	Supervisory Board	Jan - Dec 2013	Dec. 2013	11,503
Pierluigi Cavicchi	Supervisory Board	Jan - Dec 2013	Dec. 2013	
(I) Remuneration in the company charged to prepare the financial statements				66,697
(II) Remuneration from subsidiaries and associates				
(III) Total				**66,697**

(in Euros)

(2)	(3)		(4)	(5)	(6)	(7)	(8)
Remuneration for attending committees	Variable remuneration non equity		Non-mo netary benefits	Other	Total	Fair value equity remuneration	Post-employment benefits
	Bonuses and other incentives	Profit-participation					
					13,383		
					9,206		
					9,206		
					23,400		
					11,503		
					66,697		
-	**-**	**-**	**-**	**-**	**66,697**	**-**	**-**

Engineering.mo S.p.A.

For a breakdown of the remuneration of the members of the Board of Directors and Control Boards, general Managers and other Executives with strategic responsibilities, reference should be made to the specific tables in the Remuneration Report.

(in Euros)

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Total
Michele Cinaglia	Chairman of the Board of Directors - Director	In office at 31.12.2013	Approval of the financial statements 2015	3,333	3,333
Paolo Pandozy	Chief Executive Officer	In office at 31.12.2013	Approval of the financial statements 2015	2,667	2,667
Armando Iorio	Director	In office at 31.12.2013	Approval of the financial statements 2015	2,000	2,000
Alberto De Nigro	Chairman of the Board of Statutory Auditors - Standing Auditor	In office at 31.12.2013	Approval of the financial statements 2015	5,333	5,333
Massimo Porfiri	Standing Auditor	In office at 31.12.2013	Approval of the financial statements 2015	4,000	4,000
Dario Schlesinger	Standing Auditor	In office at 31.12.2013	Approval of the financial statements 2015	4,000	4,000
Italo Arturo Muci	Substitute Auditor	In office at 31.12.2013	Approval of the financial statements 2015	0	0
Massimo Baglioni	Substitute Auditor	In office at 31.12.2013	Approval of the financial statements 2015	0	0
(I) Remuneration in the company charged to prepare the financial statements				21,333	21,333
(II) Remuneration from subsidiaries and associates					
(III) Total				**21,333**	**21,333**

Engineering do Brasil S.A.

For a breakdown of the remuneration of the members of the Board of Directors and Control Boards, general Managers and other Executives with strategic responsibilities, reference should be made to the specific tables in the Remuneration Report.

(in Euros)

Name and surname	Office	Period of office	Expiry of office	Fixed remuneration	Total
Eugenio Petrucci	Chairman of the Board of Directors - Director	In office at 31.12.2013	1.09.2014	3,726	3,726
Fernando Raul Mieli	Director	In office at 31.12.2013	1.09.2014	3,726	3,726
Fabio Buccioli	Director	In office at 31.12.2013	1.09.2014	3,726	3,726
Tommaso Leonetti	Director	In office at 31.12.2013	1.09.2014	3,726	3,726
(I) Remuneration in the company charged to prepare the financial statements					14,903
(II) Remuneration from subsidiaries and associates					
(III) Total				**-**	**14,903**

2.b Remuneration paid in 2013 of all types and forms by the Company and by the subsidiaries and associated companies.

TABLE 3B: Monetary incentive plans for the members of the Board of Directors, the General Managers and other Executives with strategic responsibilities.

(in Euros)

A	B	C	(2)			(3)			(4)
Name and surname	Office	Plan	Bonus for the year			Prior year bonus			Other Bonuses
			(A)	(B)	(C)	(A)	(B)	(C)	
			Issuable/ Issued	Deferred	Period of deferment	No longer issuable	Issuable/ Issued	Still deferred	
Alfredo Belsito	Industry and Services General Manager		128,536				138,265		
Dario Buttitta	Public Administration and Health General Manager		123,725				91,463		
Pieraldo Casini Tramite la società Pigiemme S.r.l.	Training General Manager						76,051		
Giuseppina Volpi	Finance General Manager		91,751				94,500		
Armando Iorio	CFO and Executive responsible for the preparation of the accounting documents		118,121				124,975		
Vincenzo Tartuferi	Utilities and Telco General Manager		88,359				94,500		
Orazio Viele	Research and Development General Manager		72,742				94,500		
Luigi Palmisani Saverio Tramite la società KYX S.r.l.	Personnel and Organization General Manager						109,242		
(III) Total			**623,234**				**823,516**		

Scheme no. 7-ter

TABLE 1: Shares held by members of the Board of Directors and Control Boards and General Managers.

(in Euros)

Name and Surname	Office	Company	No. of shares held at the end of the previous year	Number of shares acquired	Number of shares acquired	No. of shares held at the end of the year
Michele Cinaglia	Chairman	Engineering Ingegneria Informatica S.p.A.	2,874,934			2,874,934
Marilena Menicucci	Director	Engineering Ingegneria Informatica S.p.A.	1,496,207			1,496,207
Rosario Amodeo	Executive Vice Chairman	Engineering Ingegneria Informatica S.p.A.	33,989		33,989	0
Tommaso Amodeo	Vice Chairman	Engineering Ingegneria Informatica S.p.A.	2,012,319		1,823,691	188,628
Paolo Pandozy	Chief Executive Officer	Engineering Ingegneria Informatica S.p.A.	52,378			52,378
Costanza Amodeo	Director	Engineering Ingegneria Informatica S.p.A.	1,992,856		1,805,406	187,450
Dario Schlesinger	Director	Engineering Ingegneria Informatica S.p.A.	75			75
Gianni Fuolega	Chief Executive Officer	Nexen S.p.A.	970			970
Luigi Saverio Palmisani	Director	Engineering.IT S.p.A.	5,520			5,520
Orazio Viele	Sole Director	Engiweb Security S.r.l.	3,700			3,700
Silvano Volpe	Chief Executive Officer	Engineering Tributi S.p.A.	600			600
Armando Iorio	Director	Nexen S.p.A., Engineering.IT; Engineering.mo S.p.A.	100			100

Resolutions of the Shareholders' Meeting

The Shareholders' Annual General Meeting, held on May 15 on second call, resolved:

Point 1) of the agenda:

1. to approve the Annual Accounts as at December 31, 2013 of Engineering Ingegneria Informatica S.p.A., composed of the statement of financial position, cash flow statement, explanatory notes and all other attachments as prepared by the Board of Directors and, consequently:

    1.1 to approve the recording in the income statement, under the item personnel costs, of an amount of Euro 7,592,829 (a portion of not distributable profit) to employees, in recognition of achieved results and accordingly to the International Accounting Standards;

2. taking in consideration that the Accounts as at December 31, 2013 report a net profit of Euro 24,130,657 (also net of personnel costs as referred on point 1.1):

    2.1 to distribute as dividends a portion of net profit equal to Euro 8,000,000, based on Euro 0.6563 per share in circulation the day before that of the Board of Directors occurred on March 14, 2014;
    2.2 to allocate the remaining part of net profit for the year equal to Euro 16,130,657 to the retained earnings reserve;
    2.3 to allocate any rounding-off which may occur during the payment phase to the retained earnings reserve;
    2.4 to establish the dividend payment date as of July 10, 2014, specifying that the share will trade *ex* dividend as of July 7, 2014, with a record date on July 9, 2014.

Point 2) of the agenda:

1. to approve the proposal relating to the payment of directors' severance indemnity to the members of the Board.

Point 3) of the agenda:

1. to approve Section 1 of the Remuneration Report.

Point 4) of the agenda:

1. to appoint Christoph Sebastian Stephan Giulini e Joerg Zirener as directors until the Shareholders' Annual General Meeting approving Financial Statements as at December 31, 2014;

2. in accordance with Article 2357 of the Civil Code, to authorise the Board of Directors, represented by Michele Cinaglia, Paolo Pandozy, Armando Iorio, acting separately and up to the extent deemed appropriate, to acquire and sell ordinary shares of the Company to the maximum number allowed by the law.

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