Annual Accounts 2015

ENGINEERING

Financial Statements

ENGINEERING INGEGNERIA INFORMATICA

Deloitte.

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**INDEPENDENT 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.**

Report on the Financial Statements

We have audited the accompanying financial statements of Engineering Ingegneria Informatica S.p.A., which comprise the statement of financial position as at December 31, 2015, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11, n° 3, of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Engineering Ingegneria Informatica S.p.A. as at December 31, 2015, and of its financial performance and 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.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of Engineering Ingegneria Informatica S.p.A., with the financial statements of Engineering Ingegneria Informatica S.p.A as at December 31, 2015. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the financial statements of Engineering Ingegneria Informatica S.p.A as at December 31, 2015.

DELOITTE & TOUCHE S.p.A.

Signed by
Giovanni Cherubini
Partner

Rome, Italy
March 30, 2016

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

Directors' report on the Financial Statements as of December 31, 2015

I. Corporate boards

BOARD OF DIRECTORS

The Ordinary Shareholders' Meeting of April 24, 2015 and the resolution of the Board of Directors of April 24, 2015 re-appointed the Board of Directors for the three-year period 2015-2017 with the following members:

Michele Cinaglia	Chairman
Paolo Pandozy	Chief Executive Officer
Marilena Menicucci	Director
Armando Iorio	Executive Director
Massimo Porfiri	Independent Director
Giuliano Mari	Independent Director
Dario Schlesinger	Independent Director
Alberto De Nigro	Independent Director
Gabriella Egidi	Independent Director
Jörg Zirener	Independent Director

The so-called "one-tier" system of governance adopted by Engineering Ingegneria Informatica S.p.A. requires that the Internal Control and Risk Management Committee, established within 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
Jörg Zirener
Members
Massimo Porfiri
Gabriella Egidi

REMUNERATION COMMITTEE
Chairman
Dario Schlesinger
Members
Massimo Porfiri
Giuliano Mari
Jörg Zirener

APPOINTMENTS COMMITTEE
Chairman
Massimo Porfiri
Members
Giuliano Mari
Alberto De Nigro

COMMITTEE FOR MANAGING AND APPROVING TRANSACTIONS WITH RELATED PARTIES
Chairman
Giuliano Mari
Members
Alberto De Nigro
Dario Schlesinger

SUPERVISORY BOARD (*)
Chairman
Roberto Fiore
Members
Spartaco Pichi
Amilcare Cazzato

EXECUTIVE RESPONSIBLE
Armando Iorio

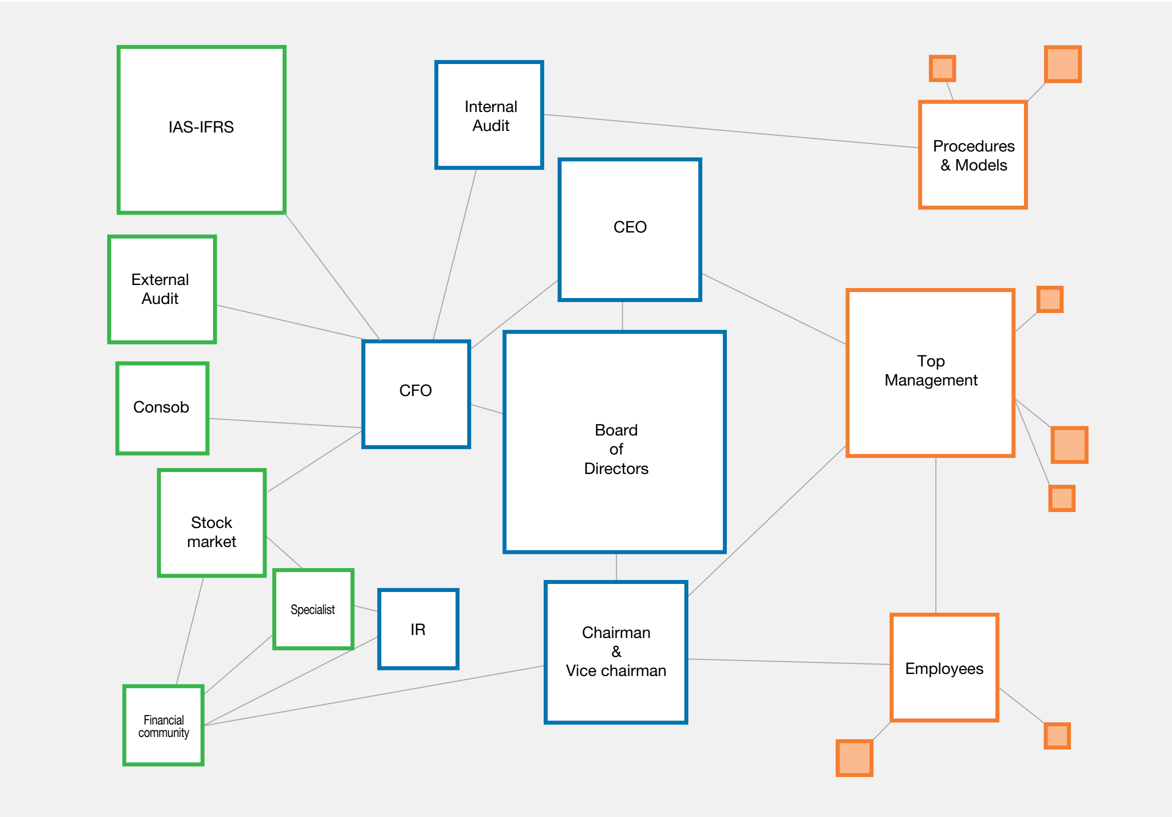
INDEPENDENT AUDITORS
Deloitte & Touche S.p.A.

SPECIALIST
Banca IMI S.p.A.

*The Supervisory Board – following the resolution of the Board of Directors of Engineering Ingegneria Informatica S.p.A. dated August 5, 2015 – has been re-appointed.

II. Corporate Governance

In 2015, the Corporate Governance system used in Engineering Ingegneria Informatica S.p.A. and in the Group companies continued to be in line with the principles and application criteria contained in the new edition of the self-governance code for Italian listed companies, drawn up by Borsa Italiana and published in December 2011, and subsequent amendments and supplements until January 2016, along with relevant Consob recommendations and international best practices more generally.
The Annual Corporate Governance report, which describes the rules and conduct adopted by the Company and the Group to ensure the efficient and transparent operation of the governance bodies and the internal control systems, is attached to these financial statements and is also available for consultation at *www.eng.it* (under Investor Relations).



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 Parent Company has adopted a one-tier system, therefore, the Internal Control and Risk Management Committee - established within the Board of Directors - is only composed of Independent Directors, providing 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. It is consolidated practice for the members of all the other committees recommended by the Corporate Governance code to be Independent Directors.

III. Introduction and general information on operations

INTRODUCTION

The report as of December 31, 2015, which is subject to the examination of the Board of Directors and subsequently of the Shareholders' Meeting, is prepared in compliance with the provisions of the Instructions to Borsa Italiana Regulations.

The financial statements for the year ended December 31, 2015 of the Engineering Ingegneria Informatica (hereafter Engineering or simply the Company) have been prepared, as they have since 2005, 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 of May 14, 1999.

For further information regarding the result and the financial position of Engineering Ingegneria Informatica S.p.A., express reference is made to the explanatory notes to the financial statements of the year.

The financial statements have been prepared in accordance with the going-concern principle, as applicable to the Company in the near future.

The detailed description of the accounting principles, assumptions and estimates adopted is provided in the explanatory notes to the financial statements as of December 31, 2015, 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 November 3, 2005. EBITDA (gross operating income), in particular, is used by the Company and its management to assess and monitor the operating performance, as it is not influenced by the volatility due to the effects of tax provisions and the policy of obsolesce of tangible and intangible assets. This indicator is determined, with reference to the income statement, as operating income before amortisation and depreciation and write-downs, financial income and charges and income taxes.

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 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 that at the end of the previous year.
Unless specified otherwise, the monetary quantities in the statements in the report are exposed in millions of Euros, and the accounting ones and the ones in the note are stated in full.

GENERAL INFORMATION ON COMPANY OPERATIONS

Engineering, founded in Padua on June 6, 1980 and listed on the FTSE Italia STAR segment of the Italian Stock Market since December 2000, is one of the largest Italian operators in Information Technology services. The business model extends into a number of sectors, including system integration, the provision of organisational consultancy and specialist services, proprietary application solutions, and application management.
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 organisation is based on four market divisions: Finance, Industry, Energy & Telco and Public Administration. Engineering covers an important position in all the vertical sectors it operates in and retains a wide range of proprietary solutions:

• banking compliance (SISBA and ELISE);
• billing and CRM for Utilities (Net@SUITE);
• integrated diagnostics and administration solutions for Healthcare (AREAS);
• mobile platforms for Telco;
• business intelligence analytics systems (SpagoBI).

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.

In over 30 years the range has been widened constantly, thanks to the domain of innovative technologies, which are the result of considerable investments in research and development and of the constant monitoring of the changes in the market. As a result of its business model, Engineering creates tangible value in its various areas of operation, and can meet the needs of its existing and potential clients and concretely define, plan and develop efficient and effective IT strategies.

IV. Market overview

ECONOMIC OVERVIEW

The year 2015 was characterized by a constant fall in the price of oil which was more accentuated in the month of January 2016. Global commerce was marked by a phase of weakness that was, in particular, linked to reduced growth in the Chinese and emerging markets, some of which even entered a recession.

The Eurozone was subject to a highly favourable monetary policy of the ECB, which allowed countries of the European continent to access financial resources at a low cost.
These monetary policies led to a depreciation of the Euro with respect to the USD and a consequent positive effect on exports.

According to the International Monetary Fund, growth in 2016 should be equal to +3.4%, with modest increases in the developed countries and a slow-down in developing countries. The forecasts on global growth, always in accordance with the IMF's analysis in the month of January 2016, were influenced by a Chinese slowdown as well as by a decrease in investments and manufacturing, due to an increase in internal consumption and demand for services, the low cost of energy and raw materials and, finally, an interest-rate increasing policy of the FED which could have important effects on the economies of central and south America.

THE ITALIAN ECONOMY

The Italian economy has begun to grow again (+0.8%), sustained by an increase in business confidence as well as due to increasing exports, investments and internal demand.

THE IT SECTOR

The 2015 Assintel Report highlighted an increase in IT expenditure of approx. +1.7%, compared to -2% reported in 2014 versus 2013. Within this environment, the IT Services segment reported a decrease of -1% compared to the previous year.

Within the IT market, the segments with strong forecasted growth are those linked to the digital transformation of companies, both private and public.

A key segment in the future will be the IoT (Internet of Things), which has already reported, in 2015, a growth rate of +16.7%; the most promising segments along with *Internet of Things* are Digital Marketing, Social CRM and e-commerce as well as, and above all, Cloud Computing.

V. Operational overview

Within Italy, the solid positioning and the trend towards market consolidation make Engineering a technological and business partner to which an increasing number of customer companies entrust the management and development of their systems.
The focus on research and innovation was again confirmed in 2015, through the allocation of an adequate level of resources, in line with previous years.
R&D projects are pivotal for the success of the Company, recognised to be a reliable partner, boasting a unique mix of process expertise and technological content aligned to the best and most modern market trends.
The efficient organisation, which is focused on skill enhancement and the centralisation of the software development activities, allows important internal synergies to be achieved, thus guaranteeing the flexible and fast execution of the numerous projects the Company is involved in, with an operating model that allows us:

- to transfer the investments in technological innovation directly to the delivery, with immediate advantages for our clients;
- to guarantee the growth and constant update of the human and professional components;
- to consolidate our domain of the most complex and performing IT architectures;
- to develop in-depth knowledge of our clients' business, whether they are in the private sector or public institutions;
- to have cutting-edge technological infrastructure capable of providing very reliable services at a competitive price;
- to offer vertical solutions capable of competing on the international playing field;
- to rapidly integrate new units as a result of acquisition initiatives.

VI. Financial highlights

KEY RESULTS

(in millions of Euros)

Description	31.12.2015	31.12.2014	Change	
			Amount	%
Total revenues	**760.8**	**709.4**	**51.5**	**+7.3**
Net Revenues	**734.0**	**679.4**	**54.6**	**+8.0**
EBITDA	**93.4**	**86.3**	**7.2**	**+8.3**
% of net revenue	12.7	12.7		
EBIT	**74.4**	**60.9**	**13.5**	**+22.2**
% of net revenue	10.1	9.0		
Net profit	**49.8**	**34.1**	**15.7**	**+46.1**
% of net revenue	6.8	5.0		
Shareholders' equity	**400.7**	**368.1**	**32.6**	**+8.9**
Net debt	**118.2**	**69.0**	**49.3**	**+71.4**
% Debt/equity				
ROE % (U.N./P.N.)	**12.4**	**9.3**	**3.2**	**+34.2**
ROI % (EBIT/C.I.N.)	**25.5**	**19.7**	**5.8**	**+29.3**
No. of employees	**6,179**	**6,122**	**57**	**+0.9**

The 2015 results illustrated below reported growth with respect to the previous year.

Total revenues came to Euro 760.8 million, an increase of Euro 51.5 million (+7.3%) compared to 2014 (Euro 709.4 million).

Net revenues of Euro 734 million increased slightly by 8% compared to 2014 (Euro 679.4 million), while EBITDA reached Euro 93.4 million, an increase compared to the previous year (Euro 86.3 million).

EBIT amounted to Euro 74.4 million, after depreciation, amortisation and provisions (Euro 19.1 million), recording an increase of Euro 13.5 million compared to 2014 (Euro 60.9 million).

The net profit as of December 31, 2015 was Euro 49.8 million, increasing by Euro 15.7 million compared to 2014.

The net financial position as of December 31, 2015 reached Euro 118.2 million compared to Euro 69 million of last year. This is a very important result, which was attained through proper management of working capital, thereby allowing for a positive cash flow despite the distribution of Euro 20 million in dividends.

Revenues per market segment

The attained results are fully in line with the forecasts of management that were communicated during the course of the year and confirm the efficacy of the management.

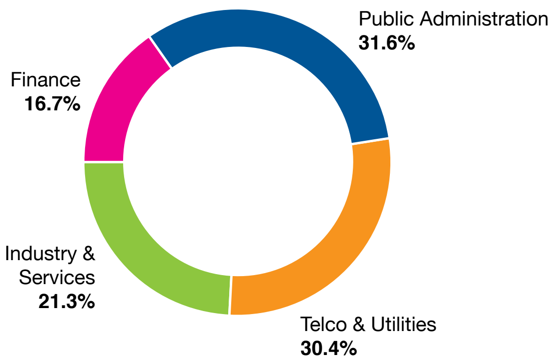
The table below summarises the breakdown of revenue by market segment.

(in Euros)

Description	31.12.2015		31.12.2014		Change
		%		%	%
Total revenues					
Finance	122,754,049	+16.7%	123,173,229	+18.1%	-0.3
Public Administration	232,007,462	+31.6%	216,289,609	+31.8%	+7.3
Industry & Services	156,569,731	+21.3%	143,574,156	+21.1%	+9.1
Telco & Utilities	222,683,070	+30.4%	196,371,773	+28.9%	+13.4
Net revenues	**734,014,313**	**+100.0%**	**679,408,767**	**+100.0%**	**+8.0**
Other revenues	26,832,584		29,969,727		-10.5
Total revenues	**760,846,897**		**709,378,494**		**+7.3**

The results which were attained – if analysed within the macroeconomic context, and taking into account that IT expenditures in 2015 within the Italian market fell by approx. 1% and that certain foreign currencies weakened, particularly the Brazilian one – were very positive and confirm the capacity for growth even in difficult market conditions.

NET REVENUES 2015



FINANCE

In 2015, the market of reference was characterised by substantial stability, even in light of the continuing difficulties, in particular, of certain important Italian markets.

Within the Finance market, the Company – during the course of 2015 - confirmed the pivotal role of specialisation and pursued a strategy with the following characteristic elements and which is part of the process of digital transformation affecting not only the market of reference but generally all sectors of the economy:

- the consolidation of the positioning within the various customers, with specific reference to the adoption of new models for managing ADM services as well as project initiatives in innovative sectors, such as those pertaining to digital transformation;
- business development with medium sized customers;
- initiation of a market penetration campaign for small sized customers;
- a commitment to strengthen the portfolio of products, with specific focus on international markets as well as the application of innovative technologies such as the Cloud and Big Data.

PUBLIC ADMINISTRATION

Trends in 2015 include an increase in revenues with respect to local public entities, in particular, where there were initial signs of recovery which we hope can further consolidate in the current year.

The Company partnered with certain metropolitan cities in the process of creating a new offer of services to the citizen that include a single portal for social assistance and employment services, cultural and entertainment services, Smart City (mobility, energy, environment, safety) and urban portals, management of residential problems due to multicultural integration. Signs of recovery were also reported in the healthcare market.

From a technological perspective, trends such as those which included the advent of big data in previous years – to cite the most prominent one – were confirmed along with other general phenomena which now characterise citizenship in an IT age – social networks and mobile – as well as the interaction between citizens and public administrations.

Demand for new IT projects within the public sector should continue to grow under the drive of a now unavoidable demand for new services on the part of citizens and companies. Even the growth drive generated from the implementation of the digital agenda will now be a project driving force with clear and executable technical features.

INDUSTRY & SERVICES

The service and manufacturing sector reported signs of recovery in investments, particularly those linked to needs for the organization of international business as well as those for upgrading production and sales processes and systems.
In this context, the Company was able to give value to the offer for which growth was reported in terms of positioning and revenues:

- technological and application outsourcing;
- ERP/CRM system management;
- factory automation;
- transportation;
- innovative solutions.

In terms of technological and application outsourcing, innovation was fundamental - due to the use of R&D activities - in enhancing our offer with added value services as well as adequately preparing the renewal of offers of cloud services, an area which will inevitably become of central concern as from 2016.

In the “ERP” sector, in addition to the traditional presence in the SAP market, a commercial action was started, dedicated to the Microsoft world - thanks to the new entry MHT S.r.l. which was “acquired in 2014” and whose process of integration was rapid and effective. With regard to SAP activities, on the other hand, significant growth in development activities, even in terms of new solutions, was reported.

Growth continued in the “Factory automation” segment for international projects, and which covers more than just the automotive area.

Finally, in terms of innovation, investments were made to position our offer towards Smart Manufacturing which, in upcoming years, will be a primary area of operation and expenditure for companies due to the spread of *Internet of Things* technologies and systems for integrating huge amounts of data that are recorded on the field as well as algorithms that are capable of effectively interpreting them.

Finally, an important acquisition provided a clienteling application, a CRM product designed for needs of companies within the luxury segment and which will be an important key to accessing this market.

In conclusion, 2015 was a year of growth which demonstrated innovative elements to the market together with an organisation that is suitable to support clients from across the world.

TELCO

In 2015 the Telco & Media market reported very positive results that were beyond expectations - both in terms of revenues as well as margins – within a sector that is characterised by strong price competition, as well as by vendor consolidation processes where the Group is a leading partner with all the primary firms.

Very important results were obtained in the management of value added services (VAS) in revenues sharing with telephone operators (Mpay, Centro Stella).

UTILITIES

2015 was a very positive year for utilities, reporting positive economic results and important investments in specific areas for innovative enrichment of the offer through the development of new patents.

Within the foreign market, activities for researching new areas of growth have continued, both in terms of participation within international tenders as well as through projects in foreign affiliated companies of large Italian groups that are already customers; particular emphasis was placed on the consolidation of areas where we are already operational, such as Spain and Brazil.

COST OF PRODUCTION

Operating expenses increased overall by approx. Euro 38 million compared to 2014; this was essentially due to an increase in production activities.

The increase primarily concerned costs for services due to the greater use of external resources which is counterbalanced by a non-significant increase in personnel costs due to an increase in staff of only 57 individuals.
Service expenses include activities pertaining to mobile payments for consumer clientele which acquired digital goods and services and which, in 2015, were successful due to our technological solution.

The item “Depreciation, amortisation and provisions” reported a decrease with respect to the previous year, primarily due to lower allocations for future risks and a decrease in depreciation/amortiation costs due to the natural decrease in the booked value of tangible and intangible assets.

(in Euros)

Description	31.12.2015	31.12.2014	Change	
			Absolute	%
Personnel costs	351,030,058	349,478,036	1,552,022	+0.4
Services	303,125,107	260,324,751	42,800,356	+16.4
Raw materials and consumables	10,298,796	10,486,159	(187,363)	-1.8
Depreciation, amortisation and provisions	19,053,987	25,397,118	(6,343,131)	-25.0
Other costs	2,979,790	2,838,923	140,867	+5.0
Total operating expenses	**686,487,737**	**648,524,986**	**37,962,751**	**+5.9**

OPERATING PROFIT AND NET PROFIT

(in Euros)

Description	31.12.2015	31.12.2014	Change %
Operating profit after depreciation/amortisation (EBIT)	**74,359,161**	**60,853,508**	**+22.2**
Financial income/(Charges)	(2,073,577)	168,088	-1,333.6
Income/(Charges) from investments	(541,466)	398,683	-235.8
Profit before taxes	**71,744,117**	**61,420,279**	**+16.8**
% of net revenue	+9.8%	+9.0%	
Income taxes	21,931,565	27,319,814	-19.7
tax rate	+30.6%	+44.5%	
Net profit	**49,812,553**	**34,100,465**	**+46.1**
% of net revenue	+6.8%	+5.0%	

Net profit before taxes totalled Euro 71.7 million and includes the item “Financial proceeds/(charges)” (Euro 2.1 million) that primarily refers to exchange rate differences; the latter resulted in a value adjustment of receivables pertaining to activities conducted abroad, particularly those relative to the subsidiary Engineering do Brasil S.A..

For details on “Proceeds and charges from shareholdings” refer to paragraph 40 of the Explanatory Notes.

The net income, following the allocation of taxes, was equal to Euro 49.8 million.
The tax rate came to 30.6%, a decrease with respect to the previous year (44.5%), and which is primarily due to the decrease in IRAP.

VII. 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 current cash and cash equivalents are thus shown.

(in Euros)

Description	31.12.2015	31.12.2014
Cash flow from operating activities		
Revenues from the sales of products/services - third parties	823,519,246	870,628,429
Revenues from the sales of products/services - Group	17,471,048	7,707,773
Costs for goods and services - third parties	(294,952,652)	(298,186,026)
Costs for goods and services - Group	(30,091,864)	(22,184,235)
Personnel costs	(360,115,575)	(360,066,799)
Interest received from operating activities	737,172	1,771,728
Interest paid for operating activities	(847,989)	(1,407,871)
Exchange differences	(45,867)	(200,151)
Income tax payments and reimbursements	(71,827,282)	(97,015,555)
Cash-pooling	5,654,434	(8,254,326)
A) Total cash flow from operating activities	**89,500,672**	**92,792,967**
Cash flow from investing activities		
Sale of tangible assets	1,534	
Purchase of tangible assets	(5,601,081)	(6,170,992)
Purchase of intangible assets	(1,409,237)	(1,823,265)
Purchase of investments in subsidiaries	(1,951,703)	(1,299,571)
Purchase of business unit	(685,769)	(586,101)
Purchase of other investments and securities		(11,400)
Sale of other investments and securities		47,246
B) Total cash flow from investing activities	**(9,646,256)**	**(9,844,082)**
Cash flow from financing activities		
New loans	32,798,281	136,819,917
Repayment of loans	(42,069,781)	(177,471,690)
Loans disbursed to third parties	(9,650,000)	(500,000)
Purchase of treasury shares	(116,980)	(1,198,329)
Dividends distributed	(19,999,981)	(7,971,767)
Interest received for financing activities	841,570	
Interest paid for financing activities	(1,333,736)	(972,854)
C) Total cash flow from financing activities	**(39,530,627)**	**(52,953,519)**
D) = (A+B+C) Change in cash and cash equivalents	**40,323,789**	**29,995,366**
E) Cash and cash equivalents at beginning of year	**121,418,653**	**85,621,954**
F) = (D+E) Cash and cash equivalents at end of year	**161,742,442**	**121,418,653**

In detail, operating cash flows recorded a positive balance of Euro 89.5 million, and from which it is necessary to deduct investment activities which totalled Euro 9.6 million and financing activities which recorded a negative balance of approx. Euro 40 million, essentially due to the balance of repayments of the credit lines used and disbursements of medium/long-term loans as well as the distribution of dividends. As a result, the total of these flows generates a positive change of Euro 40.3 million in cash flows, which, added to opening cash and cash equivalents, posts cash and cash equivalents at year-end of Euro 161.7 million.

NET FINANCIAL POSITION

The net financial position at the end of 2015 came to Euro 118.2 million, showing an improvement of Euro 49.3 million compared to 2014.
The item "Cash and cash equivalents" includes not only liquid funds at the end of the year, but also the value of own shares owned as of December 31, 2015, for an amount equal to Euro 7,998,043.

(in Euros)

Description	31.12.2015	31.12.2014
Cash	13,254	13,288
Other liquid assets	169,727,231	129,286,428
Cash and cash equivalents	**169,740,485**	**129,299,716**
Current financial receivables	**1,279,304**	**1,658,796**
Current bank payables	0	(4,437)
Current borrowing	(12,813,972)	(9,362,664)
Other current financial payables	(7,229,110)	(7,533,099)
Current borrowing	**(20,043,082)**	**(16,900,200)**
Net current financial position	**150,976,707**	**114,058,312**
Non-current borrowing	(32,330,006)	(45,064,017)
Other non-current payables	(426,460)	(36,780)
Non-current borrowing	**(32,756,466)**	**(45,100,797)**
Net financial position	**118,220,241**	**68,957,516**

CENTRALISED TREASURY

The presence of important credit lines, the now consolidated adoption of cash-pooling and an appropriate management of liquid funds have ensured adequate coverage of financial needs.

In particular, the significant levels of liquidity – after having taken into account the cyclical trends in cash inflows – are a central element of focus for financial management with respect to previous years. As a result, and during the entire year, it was not necessary to utilise short term funding operations (hot money, advances on invoices) given that, during periods of low cash flows, it was possible to utilise currently available funds. The constant interaction and communications with different bank corporations has allowed for the attainment of much more favourable conditions for demand deposits compared to those typically applied within the market and which are generally more convenient compared to proposals relating to restricted or forward operations; they are therefore preferred. This has resulted in an average annual receivable rate of approx. 1%, and the positive result has allowed used to obtain a balancing with respect to financial charges that is derived from medium to long term financing.

During the year the subsidiaries 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 and maximised efficiency in managing the working capital, thereby allowing them to exploit the best offered external conditions and on the basis of effective needs.

On December 16, 2015, a new financing contract was undersigned with the European Investment Bank (EIB) for a total of Euro 50 million in support of R&D activities. The disbursement of this financing is forecasted for January 2016 and will have a duration of six years, including one year of pre-amortization. It is important to emphasize the importance of this positive operation, particularly in terms of image and recognition of reliability given that the EIB granted the total financed amount in "direct" form.
On December 31, 2015, a previous loan, again granted by the EIB and disbursed through Unicredit S.p.A., was "replaced" with a new one stipulated with Banca Intesa Sanpaolo S.p.A.. The operation, valuated at Euro 31.5 million (residual debt of the previous one reported on that date), was stipulated in light of the better economic conditions it offered.

WORKING CAPITAL

The net working capital decreased by Euro 20 million compared to 2014 (-7.5%), amounting to Euro 251 million. The current assets increased by 2% while current liabilities increased by 10% due to improved management of payment terms for trade payables.

(in Euros)

Description	31.12.2015	31.12.2014	Change	
			Absolute	%
Current assets				
Inventories and construction contracts	102,011,310	102,030,591	(19,281)	-0.0
Trade receivables	464,072,400	451,395,799	12,676,601	+2.8
Other current assets	45,728,340	46,284,583	(556,243)	-1.2
Total	**611,812,050**	**599,710,973**	**12,101,077**	**+2.0**
Current liabilities				
Trade payables	(236,655,174)	(203,868,767)	(32,786,407)	+16.1
Other current liabilities	(124,112,844)	(124,311,372)	198,528	-0.2
Total	**(360,768,018)**	**(328,180,139)**	**(32,587,880)**	**+9.9**
Net working capital	**251,044,032**	**271,530,835**	**(20,486,803)**	**-7.5**

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

(in Euros)

Description	31.12.2015	31.12.2014	Change	
			Absolute	%
Property, plant and equipment	21,062,786	22,718,264	(1,655,478)	-7.3
Intangible assets	12,138,217	14,443,030	(2,304,813)	-16.0
Goodwill	43,648,341	43,648,341	0	+0.0
Equity investments	28,750,520	26,066,801	2,683,720	+10.3
Fixed assets	**105,599,864**	**106,876,435**	**(1,276,571)**	**-1.2**
Short-term assets	611,812,050	599,710,973	12,101,077	+2.0
Short-term liabilities	(360,768,018)	(328,180,139)	(32,587,880)	+9.9
Net working capital	**251,044,032**	**271,530,835**	**(20,486,803)**	**-7.5**
Other non-current assets	13,058,307	14,469,096	(1,410,789)	-9.8
Post-employment benefits	(57,594,691)	(63,943,686)	6,348,995	-9.9
Other non-current liabilities	(20,308,791)	(20,205,578)	(103,213)	+0.5
Net capital employed	**291,798,720**	**308,727,101**	**(16,928,381)**	**-5.5**
Total Shareholders' equity	**400,741,614**	**368,144,758**	**32,596,855**	**+8.9**
M/LT (Liquidity)Borrowing	32,756,466	45,100,797	(12,344,331)	-27.4
ST (Liquidity)Borrowing	(141,699,360)	(104,518,453)	(37,180,906)	+35.6
(Liquidity)/Borrowing	**(108,942,894)**	**(59,417,657)**	**(49,525,237)**	**+83.4**
Total sources	**291,798,720**	**308,727,101**	**(16,928,381)**	**-5.5**

The Company's statement of financial position has a highly sound structure, and is represented by the following indicators:

- a Shareholders' equity/fixed assets ratio of 3.8x;
- a positive net financial position of Euro 118 million, which, along with the availability of short-term credit lines at advantageous market conditions, provides the Company with a great deal of flexibility and the ability

to make suitable investments and sustain possible financial stress without threatening the overall capital balance;

- a net working capital of Euro 292 million equal to 38% of total revenues, compared to 44% in 2014.

VIII. Research and innovation activity

The year 2015 was a year of important novelties: the first projects financed within the new European program named Horizon 2020 were initiated and the activities pertaining to the PON REC 2007-2013 projects were completed.

More specifically, a total of approx. 90 new project proposals were presented in various areas, including Governance, Health, Security, Infrastructure, Software, Energy, Mobility, Space, Cloud, Big Data, *Interest of Things*, Smart City, Tourism, Culture, etc. with a success percentage that was double compared to European and Italian averages.

Engineering and other founding partners of the FIWARE initiative, along with the European Commission, have continued along the path of ascribing value to the platform as the enabling factor for implementation of a “single European digital market”. FIWARE has also been identified as a platform of reference for the development of services for all calls of the Horizon 2020 program during the 2016-2017 period.

We have continued to invest in new strategic initiatives for the Company. Of these, the PPP named BDVA will allow for the realization of standard solutions as of 2016 for the valorisation of Big Data for all sectors of the market of interest to our Company.

Similarly, we have continued to collaborate with the European Commission for the construction of new strategic initiatives in emerging market sectors such as CyberSecurity, *Interest of Things*, and Cloud.
From this perspective, there has also been a significant increase during 2015 of participation in tenders. Within the EIT-Digital program – whose aim is to facilitate the transfer of innovative solutions to the market – our efforts have resulted in the acquisition of a number of projects which is triple that of the previous year.

The year was also characterised by increasing integration of research activities with market lines; this was also facilitated by the creation of a new tool which was initially applied in 2014 and consolidated during 2015, i.e. the Pre-Commercial Procurement. In this case, Engineering – through the full collaboration of Research and the Business Unit – participated in the first initiatives with excellent results. 2016 should be year of Pre-Commercial Procurement for themes relating to the Italian Digital Agenda, the latter being an area of specific interest to the company.

IX. Personnel

WORKFORCE AND TURNOVER

As of December 31, 2015 the Company workforce with indefinite-term contracts numbered 6,179, of which only 40 with temporary contracts. Personnel remained essentially unchanged with respect to the previous year (+57 units).

Total personnel turnover was overall equal to 314 new hires, including 25 individuals from subsidiaries and 257 departures, of which 19 to subsidiaries.

As a result of the turnover, the structural characteristics of the workforce were as follows:

- employees with degrees totalling 55.1%;
- women totalling 31.3%;
- the number of executives was equal to 4.9%;
- the number of employees with Super Middle Management/Middle Management qualifications totalling 23.7%.

With regard to geographical location, it is distributed 42.6% in the north, 57.7% in centre/south and 0.6% abroad.

TRAINING

During 2015, 315 different editions of training courses – relative to 189 different courses - were held in the classrooms of the Engineering's IT & Management School "Enrico Della Valle", an increase of 4.1% with respect to 2014. The educational activities involved about 2,600 participants, totalling 12,400 man-days of classroom training, a 6.4% increase with respect to 2014.
There were numerous projects created specifically in 2015 which focused on specific training requirements of Group Employees. Worth mentioning among the many initiatives are the following:

- completion of the first part of the *MeM: Master Engineering in Management* whose objective is to enrich, with high-level educational contents, the CV of 54 young managers of elevated specialisation and who will assume growing responsibilities within the Group over the medium period. The Master can count on the participation of renowned University professors and testimonials from the Italian industrial sector;

- educational activities which aim to provide professional certifications for Engineering personnel in relation to the primary technologies and methodologies of the IT sector. By means of these training initiatives, 746 employees of the Group successfully passed the exams of 2015, thereby obtaining prestigious certifications such as PMP as well as ITIL, Prince2, Microsoft, Oracle, SAP, Cisco, VMware, Red Hat and others. This result was possible due to the accreditation of the School of Ferentino as official Testing Center and the continual refinement of the specific intensive exam preparation processes;

- linguistic training projects in support of the internationalization process of the Group involving executives of the Group in both individual courses of English, French and Portuguese (involving "full immersion" programs in certain major European cities), as well as in daily intensive training sessions at the workplace, even due to the use of resources of the Fondirigenti interprofessional fund;

- the Company induction program which benefits the many young new employees hired during 2015 and structured into specifically residential training courses whose objective is to illustrate the history, values and foundational principles of the "Engineering" culture in addition to developing interpersonal and teamwork skills;

- of particular note is the training activity completed within the external entities and involving 327 participating employees within 255 training courses and conferences in Italy and the EU; its themes were Methodological, Technological and Project Management.

Finally, of particular significance is the training update process implemented for individuals involved in the restructuring of Engineering.mo S.p.A. for CIGS.

X. Significant events during the year

Significant events during the year

The significant events of 2015 are detailed below:

- on January 9, 2015, JP Morgan Chase & Co. sold its shareholding in Engineering (equal to 29.158% of the share capital and owned through the company OEP Italy High Tech Due S.r.l., previously owner of a significant shareholding in Engineering) to OEP Secondary Fund GP LTD;

- on January 28, 2015, Engineering Ingegneria Informatica S.p.A. acquired control by attaining a shareholding equal to 51% of the share capital of the company WebResults S.r.l. headquartered in Treviolo (BG). The parties also agreed upon the transfer of the residual 49% to Engineering Ingegneria Informatica S.p.A. in phases and by December 31, 2017;

- on March 11, 2015, the Extraordinary Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A. proceeded with modifying the Articles of Association, increasing the number of Board members (from 11 to 13) in order to comply with the regulatory provisions pursuant to Law no. 120 of July 12, 2011 and pertaining to a balance of genders in the composition of Administration and Control Bodies;

- on March 25, 2015, Engineering Ingegneria Informatica S.p.A. founded a company in Norway, with a registered office in Oslo, named EngNor AS. By means of this operation, Engineering Ingegneria Informatica S.p.A. retains 100% of the share capital of the company;

- on April 16, 2015, Engineering Ingegneria Informatica S.p.A. proceeded with acquiring – from the minority shareholders of the company MHT S.r.l. – an additional 15% of the share capital. By means of this acquisition, Engineering Ingegneria Informatica S.p.A. now retains 85% of the share capital of the company MHT S.r.l.;

- on April 24, 2015, Engineering Ingegneria Informatica S.p.A. proceeded with acquiring the residual 10% of the share capital of the subsidiary Engi da Argentina S.A.;

- the ordinary Shareholders' Meeting of the company held on April 24, 2015, deliberated:

  - to distribute part of the net income of the year, equal to Euro 20,000,000.00 (twenty million/00), for an amount equal to Euro 1.64517 per ordinary share in circulation;
  - to pay a dividend on May 27, 2015, while specifying that the stock will be considered ex-dividend as of May 25, 2015;
  - to appoint the new Board of Directors by confirming Michele Cinaglia as the Chairman of the Board of Directors;
  - to appoint Jörg Zirener as the Chairman of the Committee for Risk Control and Management;

- during the month of July 2015, the Company exercised its withdrawal right from the agreement with Metalma in order to acquire the remaining 25% of the shareholding of Engineering do Brasil S.A.;

- on August 5, 2015, the Board of Directors modified the members of the Supervisory Body of the Company by appointing, with immediate effectiveness, Roberto Fiore (Chairman), Spartaco Pichi (member) and Amilcare Cazzato (member);

- on December 1, 2015, the Company acquired a company branch from Fast Innovation S.r.l. which is dedicated to the luxury and fashion markets and which is focused on multi-channel clienteling solutions for retail sales.

XI. Shareholders and share performance

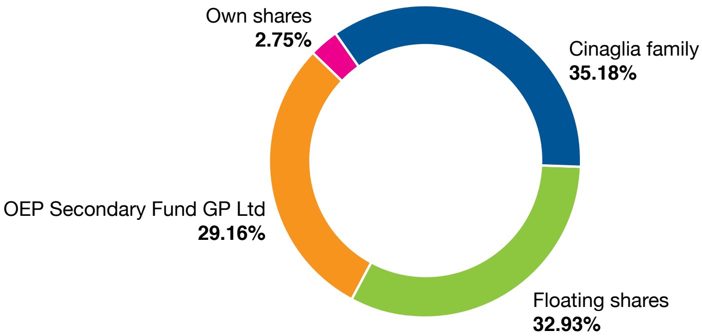
SHAREHOLDERS

The founding family is the Shareholder with the relative majority, with a share equalling 35.18%**. During 2013 the fund One Equity Partner, owned directly by JP Morgan, became a shareholder by purchasing a share equalling 29.16% of the capital.
On January 9, 2015, JP Morgan Chase & Co. sold the shareholding in Engineering (equal to 29.158% of the share capital and held through the company OEP Italy High Tech Due S.r.l., previously owner of a significant shareholding in Engineering) to OEP Secondary Fund GP Ltd.
The remaining part of the shares consists of the free float equal to 35.68%, also including the holdings in Bestinver SGIIC* for 8.5% and the shares held directly by the Company for 2.75%.

* Values based on the latest communications of the significant shareholdings from the Nb website as of March 14, 2016.

** Press release of February 8, 2016, distributed on behalf of Neuberger Berman and Apax.

12,500,000 Ordinary shares



On February 7, 2016, a *Preliminary Sale and Purchase Agreement and Coinvestment Agreement* was stipulated in order to regulate an operation for the purchase – on the part of NB Renaissance and Apax VIII (private equity funds) – of the shares owned by the following Shareholders of Engineering Ingegneria Informatica S.p.A. (henceforth, “Engineering”): Michele Cinaglia (Chairman of Engineering), Marilena Menicucci (wife of Michele Cinaglia), Paolo Pandozy (CEO of Engineering), Armando Iorio (CFO of Engineering) and Melville S.r.l. (a special purpose company controlled by NB Renaissance Partners), overall totalling 37.1% of the shareholding of Engineering Ingegneria Informatica S.p.A..

The investment agreement included shareholder agreements which regulate the governance of the companies by guaranteeing the continuity of current management (Chairman, CEO and CFO) in order to continue to implement the growth strategy of the Engineering Group in upcoming years.

All the information made public on the current date can be found within the website of Engineering Ingegneria Informatica S.p.A. under the section Investor Relations –> Press Releases and Investor Relations –> Corporate Governance –> Shareholding.

KEY FIGURES 2015

Average price of the share	Euro 53.6
Maximum price of the share	Euro 61.20 on August 5, 2015
Minimum price of the share	Euro 36.67 on January 7, 2015
Average volume of shares traded	11,544 shares
Maximum volume of shares traded	185,087 shares on December 2, 2015
Minimum volume of shares traded	950 shares on January 2, 2015

*Source: Bloomberg Finance LP.

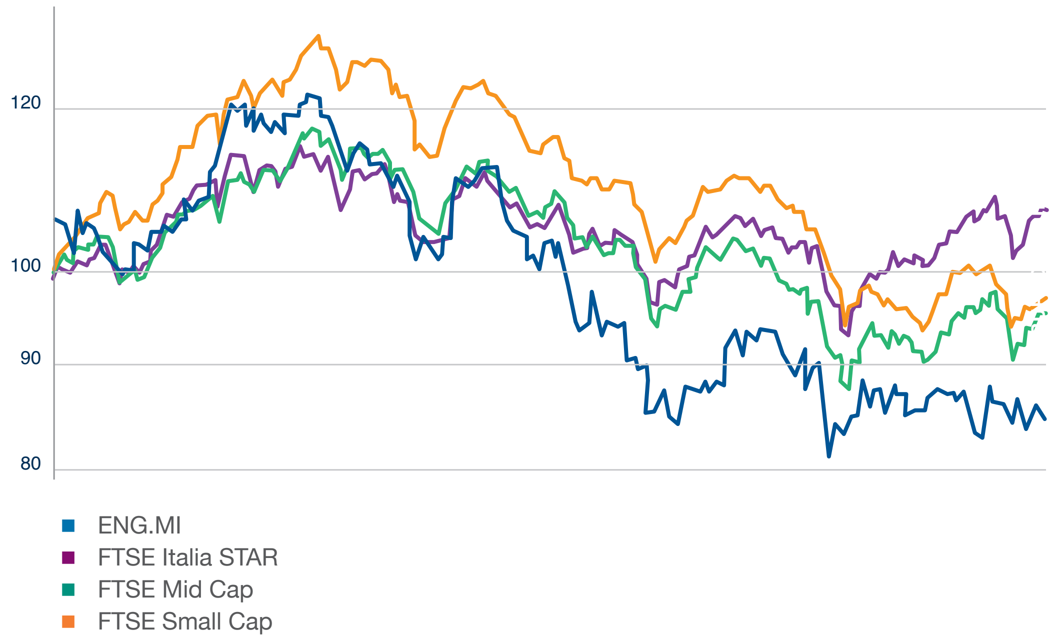
During 2015, the share maintained an average value equal to Euro 53.6 compared to Euro 44.10 in 2014 with an average capitalisation equal to Euro 670 million, with average daily trading of shares equal to 11,544 shares, up compared to 7,518 shares in 2014.
In 2015 Engineering shares recorded +58.12% in 2015 (closing value as of January 2, 2015 compared to the value of December 30, 2015), with the FTSE Italia STAR index recording +38.2%, unlike the two FTSE Small and FTSE Mid Cap indexes, which recorded -1.97% and 4.45% respectively.

If one analyzes the average trend of the stock in the last three years, it is possible to note a constant increase in value from Euro 31.51 in 2013, Euro 44.10 in 2014 and Euro 53.6 in 2015, a very positive three year performance.

During 2015, all five of the brokers that have covered the share, with research activities and notes on the Group, Banca IMI (Specialist), Intermonte, Banca Aletti, Kepler and Akros, have never issued negative recommendations, with average target prices on average higher than Stock Market value.

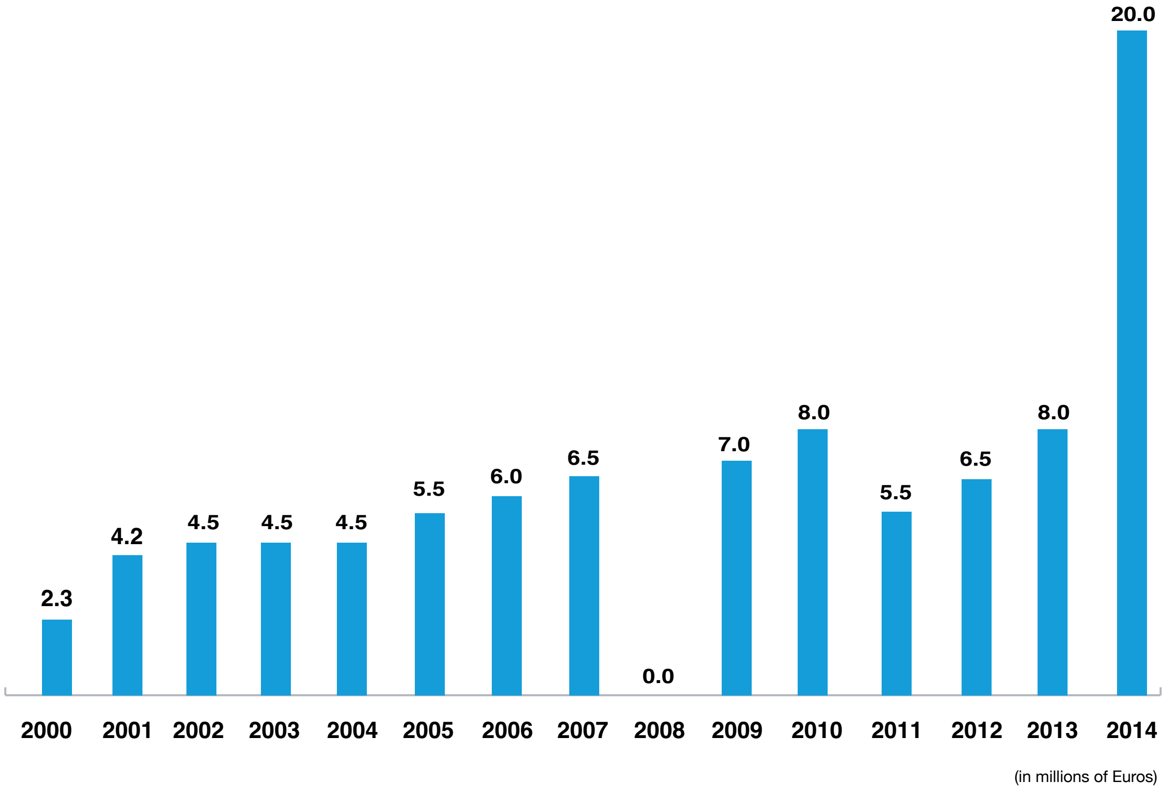
The Company continued its Investor Relations activities by participating in various national and international roadshows organised by Borsa Italiana and by the leading brokers.

As of the date of this report, the value of the share is Euro 65.40 per share, with a market capitalisation of Euro 817.5 million.



DIVIDENDS

The graph below shows the amount of the dividends distributed by the Company for the year of accrual from 2000 to 2015.



An analysis of trend of the amount of the dividend distributed shows how the Company has always followed a careful cash flow management policy; as a matter of fact, for the year 2008 it decided not to distribute a dividend because the purchase of Atos Origin Italia was being finalised in 2009, and also for the dividend regarding 2011 it decided to reduce the pay-out in light of the extraordinary charges incurred in 2012 for the personnel restructuring process.

TREASURY SHARES

On April 24, 2015, 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 as of December 31, 2015 totalled 343,213 (2.746%) for a value of Euro 7,998,042.69, recorded as a reserve under Shareholders' equity in accordance with IAS 32, at an average carrying value of Euro 23.968 per share.

As of the date of approval of this report, the number of treasury shares held in the portfolio by the Company has no been changes.

XII. Subsequent events to the year-end

It should be noted that, as of February 8, 2016, the Issuer and the market were notified of the undersigning of an investment agreement relative to the purchase of a total of 4,506,773 ordinary shares of Engineering which correspond to approx. 37.1% of the share capital on the part of the NB Renaissance and Apax VIII funds.

The aforementioned purchase, if completed, will result in the launch of a mandatory public offering, in accordance with Articles 102, paragraph 1, and 109 of the Consolidated Financial Act and involving all the ordinary shares of the Issuer. The execution of the operation is subject to the zeroing out – by September 30, 2016 – of certain conditions precedent. For more details on the investment agreement, refer to the press release of Engineering Ingegneria Informatica S.p.A. on behalf of the funds Neuberger Berman and Apax on February 8, 2016, published on the site of the issuer *www.eng.it* in the section Investor Relations.

It should be noted that, as highlighted in chapter 2, letter g) – and at the time of stipulation of the investment agreement – three shareholder agreements pursuant to Art. 122 of Leg. Decree no. 58/98 were undersigned. These agreements regulate certain aspects of the Governance of the Issuer and establish certain limits to the transfer of the respective shareholdings of the parties to the agreements themselves; the effectiveness of these agreements is conditional to the occurrence of certain conditions precedent within the investment agreement.

For more details on these shareholder agreements, refer to the essential information on each agreement and the relative extracts communicated to the Issuer and to Consob on the basis of Article 122 of Leg. Decree 58/1998, and published within *www.eng.it* –> Investor Relations –> Corporate Governance –> Shareholding.

XIII. Outlook

In 2016, the offer will focus even more on digitalisation, with specific focus on those sectors where the investments of our customers are concentrated.
Solutions for the management of customer relations are of particular importance.
Ranging from CRM to business analytics, the Engineering offer is enriched with know-how on the best market solutions and original assets which provide our services with a distinctive quality.

This applies to both the private sector as well as for Finance and Public Administration: anywhere competition moves towards product and process innovation as well as more effective management of channels for a more precise knowledge of customer needs.

The results attained in 2015 - not only in economic terms but, in particular, market positioning - allow us to forecast a consolidation of our leadership in the domestic market for 2016.

XIV. Other information

TRANSACTIONS WITH 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 the procedure for the identification and carrying out of Transactions with Related Parties. No movements with related parties were recorded.

MAIN RISKS AND UNCERTAINTIES

As in all companies, risk factors which may affect Group results exist and for this purpose numerous preventative actions have been put in place.

The internal control system and procedures referred to in this document are consistent with applicable guidelines prepared by relevant associations and international best practices.

These were fully and transparently implemented and with a sense of responsibility concerning internal and external relations, offering sufficient guarantees for correct and efficient management.

For full details, refer to paragraph XV, Other Information of the Directors' report of the consolidated financial statements.

CONSOLIDATION

The Company does not adhere to the "National tax consolidation".

TAX AUTHORITY RELATIONS

With reference to the general audit for the purposes of direct taxes, IRAP (regional operating taxes) and VAT charged to Engineering Ingegneria Informatica S.p.A. for 2009 by the Lazio Regional Authority – Office of Large-Scale Taxpayers, it is highlighted that during the first half of the year 2015 the assessment notices regarding the tax period 2010 and part of 2009 - both notified in December 2014 - were defined. The report on findings notified in December 2012, at the end of the audit, contained some claims that mainly concerned some entries regarding previous years, which did not have an impact worthy of assessment, and a claim for IRAP and VAT purposes relating to the reclassification of a contract that concerned the tax period 2008 and the tax periods after 2009.

XV. Conclusions and Shareholders' Meeting proposals

The net profit amounted to Euro 49,812,553.

The Board of Directors proposes to deliberate in favour of all the net profit of the year being carried forward (even net of personnel costs booked in recognition of employees for the attained results), even in light of the fact that the identification of a dividend amount and its distribution could interfere with the public offering which would be launched in the case of completion of the operation recently announced to the market by means of Article 115 of the Consolidated Financial Act of February 8, 2016 as well as with the performance of the Stock price.

If this proposal is accepted by the Shareholders' Meeting, the net profit will be fully allocated to the reserve of non-distributed profit.

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.	2,901,797			2,901,797
Marilena Menicucci	Director	Engineering Ingegneria Informatica S.p.A.	1,496,207			1,496,207
Paolo Pandozy	Chief Executive Officer	Engineering Ingegneria Informatica S.p.A.	52,378			52,378
Luigi Saverio Palmisani *	Consultant	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	Engineering Ingegneria Informatica S.p.A.	100			100
Dario Schlesinger	Director	Engineering Ingegneria Informatica S.p.A.	75			75

* Left the Company on May 1, 2015.
** 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	Notes	31.12.2015	31.12.2014
A) Non-current assets			
Property, plant and equipment	4	21,062,786	22,718,264
Intangible assets	5	12,138,217	14,443,030
Goodwill	6	43,648,341	43,648,341
Equity investments	7	28,750,520	26,066,801
Deferred tax assets	8	12,346,874	13,745,912
Other non-current assets	9	711,433	723,184
Total non-current assets		**118,658,171**	**121,345,531**
B) Non-current assets held for sale			
C) Current assets			
Inventories	10	90,158	52,170
Construction contracts	11	101,921,151	101,978,421
of which from related parties		10,114,194	9,882,275
Trade receivables	12	464,072,400	451,395,799
of which from related parties		95,732,582	109,660,066
Other current assets	13	45,728,340	46,284,583
Cash and cash equivalents	14	161,742,442	121,418,653
Total current assets		**773,554,492**	**721,129,627**
Total assets (A + B + C)		**892,212,663**	**842,475,158**

(in Euros)

Statement of financial position - Liabilities	Notes	31.12.2015	31.12.2014
D) Shareholders' equity			
Share capital	17	30,999,807	31,007,521
Reserves	18	211,799,788	211,799,788
Retained earnings/(losses carried forward)	19	108,129,466	91,236,985
Profit/(Loss) for the year		49,812,553	34,100,465
Total Shareholders' equity	16	**400,741,614**	**368,144,758**
E) Non-current liabilities			
Non-current financial liabilities	20	32,756,466	45,100,797
Deferred tax liabilities	21	18,595,398	19,046,246
Non-current provisions for risks and charges		0	0
Other non-current liabilities	22	1,713,393	1,159,332
Post-employment benefits	23	57,594,691	63,943,686
Total non-current liabilities		**110,659,948**	**129,250,061**
F) Current liabilities			
Current financial liabilities	24	20,043,082	16,900,200
Current tax payables	25	13,120,192	119,176
Current provisions for risks and charges	26	3,881,005	6,485,518
Other current liabilities	27	107,111,646	117,706,678
of which from related parties		925,081	1,045,099
Trade payables	28	236,655,174	203,868,767
of which from related parties		38,969,701	30,219,338
Total current liabilities		**380,811,101**	**345,080,338**
G) Total liabilities (E + F)		**491,471,049**	**474,330,400**
Total liabilities & Shareholders' equity (D + G)		**892,212,663**	**842,475,158**

INCOME STATEMENT AND COMPREHENSIVE INCOME STATEMENT

(in Euros)

Income Statement	Notes	31.12.2015	31.12.2014
A) Total revenues			
Revenues from sales and service		733,824,988	689,599,117
Cgs. finished products and construction contracts		189,324	(10,190,350)
Revenues		734,014,313	679,408,767
Other revenues	31	26,832,584	29,969,727
Total revenues	30	**760,846,897**	**709,378,494**
of which related parties		23,039,220	32,954,723
B) Operating expenses			
Raw materials and consumables	33	10,298,796	10,486,159
Services	34	303,125,107	260,324,751
Personnel costs	35	351,030,058	349,478,036
Amortisation and depreciation	36	10,774,309	12,982,507
Provisions	37	8,279,678	12,414,610
Other costs	38	2,979,790	2,838,923
Total operating expenses	32	**686,487,737**	**648,524,986**
of which related parties		49,672,891	27,366,784
C) Operating profit (A - B)		**74,359,161**	**60,853,508**
Other financial income		2,754,494	3,146,078
Other financial charges		4,828,071	2,977,990
D) Net financial income/(charges)	39	**(2,073,577)**	**168,088**
of which related parties		(11,653)	160,784
E) Income/(Charges) from investments			
Income/(Charges) from other investments	40	(541,466)	398,683
Total income/(charges) from investments		**(541,466)**	**398,683**
F) Profit before taxes (C + D + E)		**71,744,117**	**61,420,279**
G) Income taxes	41	**21,931,565**	**27,319,814**
H) Profit/(loss) from continuing operations		**49,812,553**	**34,100,465**
I) Profit/(loss) from discontinued operations			**0**
L) Profit/(loss) for the year		**49,812,553**	**34,100,465**

(in Euros)

Comprehensive Income Statement	Notes	31.12.2015	31.12.2014
L) Profit/(Loss) for the year		**49,812,553**	**34,100,465**
M) Other comprehensive income statement items			
Net actuarial gains/(losses) of employee defined plans		3,982,563	(5,974,819)
Tax effect related to other profit/(loss) which will be reclassified in profit/(loss) for the year		(1,351,321)	1,643,075
Changes in other equity reserves		0	
Tax effect of changes in other equity reserves		81,518	
Total other profit/(loss) which will not be reclassified in profit/(loss) for the year, net of tax effect		**2,712,760**	**(4,331,744)**
N) Total other profit/(loss) which will be reclassified in profit/(loss) for the year:			
Profit/(Loss) on cash flow hedge instruments		0	(242,013)
Tax effect related to other profit/(loss) which will be reclassified in profit/(loss) for the year		0	66,554
Translation gains/losses on non Euro accounts			
Taxation on translation gains/losses on non Euro accounts		0	
Total other profit/(loss) which will be reclassified in profit/(loss) for the year, net of tax effect		0	**(175,459)**
Total other profit/(loss), net of tax effect		**2,712,760**	**(4,507,203)**
O) Total comprehensive income for the year (L + M + N)		**52,525,313**	**29,593,261**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in Euros)

Description	Share capital	Reserves	Retained earnings	Profit/(Loss) for the year	Shareholders' equity
Balance as of 01.01.2014	**31,084,431**	**211,799,788**	**80,706,437**	**24,130,657**	**347,721,313**
Net profit				34,100,465	34,100,465
Other net comprehensive items		0	(4,507,203)		(4,507,203)
Comprehensive profit	**0**	**0**	**(4,507,203)**	**34,100,465**	**29,593,261**
Allocation of profit			16,130,657	(16,130,657)	0
Dividends distributed				(8,000,000)	(8,000,000)
Incr./decr. treasury shares	(76,911)		(1,092,906)		(1,169,816)
Incr./decr. Share capital	0	0	0	0	0
Transactions with Shareholders	**(76,911)**	**0**	**15,037,751**	**(24,130,657)**	**(9,169,816)**
Other changes	0	0	(0)	0	(0)
Balance as of 31.12.2014	**31,007,521**	**211,799,788**	**91,236,985**	**34,100,465**	**368,144,758**
Net profit				49,812,553	49,812,553
Other net comprehensive items		0	2,712,760		2,712,760
Comprehensive profit	**0**	**0**	**2,712,760**	**49,812,553**	**52,525,313**
Allocation of profit			14,100,465	(14,100,465)	0
Dividends distributed				(20,000,000)	(20,000,000)
Incr./decr. treasury shares	(7,714)		(109,267)		(116,980)
Incr./decr. Share capital	0	0	0	0	0
Transactions with Shareholders	**(7,714)**	**0**	**13,991,198**	**(34,100,465)**	**(20,116,980)**
Other changes	0	0	188,523	0	188,523
Balance as of 31.12.2015	**30,999,807**	**211,799,788**	**108,129,466**	**49,812,553**	**400,741,614**

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.

(in Euros)

Description	31.12.2015	31.12.2014
Cash flow from operating activities		
Revenues from the sales of products/services - third parties	823,519,246	870,628,429
Revenues from the sales of products/services - Group	17,471,048	7,707,773
Costs for goods and services - third parties	(294,952,652)	(298,186,026)
Costs for goods and services - Group	(30,091,864)	(22,184,235)
Personnel costs	(360,115,575)	(360,066,799)
Interest received from operating activities	737,172	1,771,728
Interest paid for operating activities	(847,989)	(1,407,871)
Exchange differences	(45,867)	(200,151)
Income taxes	(71,827,282)	(97,015,555)
Cash pooling	5,654,434	(8,254,326)
A) Total cash flow from operating activities	**89,500,672**	**92,792,967**
Cash flow from investing activities		
Sale of tangible assets	1,534	
Purchase of tangible assets	(5,601,081)	(6,170,992)
Purchase of intangible assets	(1,409,237)	(1,823,265)
Purchase of investments in subsidiaries	(1,951,703)	(1,299,571)
Purchase of business unit	(685,769)	(586,101)
Purchase of other investments and securities		(11,400)
Sale of other investments and securities		47,246
B) Total cash flow from investing activities	**(9,646,256)**	**(9,844,082)**
Cash flow from financing activities		
New loans	32,798,281	136,819,917
Repayment of loans	(42,069,781)	(177,471,690)
Loans disbursed to/received from Group companies	(9,650,000)	(500,000)
Loans granted to third parties		(1,658,796)
Purchase of treasury shares	(116,980)	(1,198,329)
Dividends distributed	(19,999,981)	(7,971,767)
Interest received from financing activities	841,570	
Interest paid for financing activities	(1,333,736)	(972,854)
C) Total cash flow from financing activities	**(39,530,627)**	**(52,953,519)**
D) = (A+B+C) Change in cash and cash equivalents	**40,323,789**	**29,995,366**
E) Cash and cash equivalents at beginning of the period	**121,418,653**	**91,423,287**
F) = (D+E) Cash and cash equivalents at end of the period	**161,742,442**	**121,418,653**

NET FINANCIAL POSITION

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

The net financial position came to Euro 118,220 thousand, with an improvement of Euro 49,263 thousand compared to 2014, thanks to quicker collections from clients in the last quarter of 2015.

Total liquidity includes, in addition to the cash and cash equivalents at year-end, also the value of treasury shares held as of December 31, 2015 equal to Euro 7,998,043.

(in Euros)

Description	31.12.2015	31.12.2014
Cash	13,254	13,288
Other liquid assets	169,727,231	129,286,428
Cash and cash equivalents	**169,740,485**	**129,299,716**
Current financial receivables	1,279,304	**1,658,796**
Current bank payables	-	(4,437)
Current borrowing	(12,813,972)	(9,362,664)
Other current financial payables	(7,229,110)	(7,533,099)
Current borrowing	**(20,043,082)**	**(16,900,200)**
Net current financial position	**150,976,707**	**114,058,312**
Non-current borrowing	(32,330,006)	(45,064,017)
Other non-current payables	(426,460)	(36,780)
Non-current borrowing	**(32,756,466)**	**(45,100,797)**
Net financial position	**118,220,241**	**68,957,515**

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 (local and central Public Administration).

Since December 12, 2000, Engineering has been listed in the FTSE Italia STAR sector of the Italian Stock Exchange.

The publication of the annual separate financial statements for the financial year ended December 31, 2015 was authorised by the Board of Directors on March 15, 2016, and will be presented for approval at the Shareholders' Meeting scheduled for April 29, 2016 (first call) and May 20, 2016 (second call).

1.2 SIGNIFICANT OPERATIONS

The year just ended was marked by no significant operations. However, it is worth noting that in December the Business Unit related to the "Luxury fashion" sector, within the Industry sector, was acquired by the company Fast Innovation S.r.l for the price of Euro 500 thousand. In addition to contracts, the BU includes fixed assets amounting to Euro 551 thousand and liabilities for payables due to personnel totalling 51 thousand.

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 February 28, 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, 2014, 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 used in the normal business 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 and Executives with strategic responsibilities. Please see paragraph 3.28.

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 Company 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

According to IFRS 3, business combinations are defined as “a transaction or an event in which a purchaser 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 using 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 at their book value. Any difference (negative) represents the goodwill (badwill).
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 equity 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 net realisable value. The net realisable 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 with a specific use.

3.16 RETAINED EARNINGS/(LOSSES CARRIED FORWARD)

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, added of any directly attributable transaction costs, and subsequently 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 as of 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 on an accrual basis.

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

Revenues generated from the sale of goods are 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
Adopted 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 shareholders' 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 XX 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 of Directors 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, 2015

The accounting principles adopted for the drawing up of these annual consolidated financial statements are the same as those used for the Group annual consolidated financial statements as of December 31, 2014, with the exception of the standards and interpretations listed below:

- ***"IFRIC 21 - Levies"***
  On May 20, 2013, the interpretation IFRIC 21 – Levies was published; it provides clarifications on the moment of booking of a liability linked to taxes (other than income taxes) payable to a government entity. The principle covers both liabilities for taxes which fall within the realm of application of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets as well as those for taxes whose timing and amount are certain. The interpretation is applied retrospectively for the years starting no later than June 17, 2014 or after.
  The adoption of this new interpretation has not resulted in effects on the financial statements of the Group.

- *"Annual Improvements to IFRSs: 2011-2013 Cycle"*
  On December 12, 2013, the IASB published the **"Annual Improvements to IFRS's document: 2011-2013 Cycle"**, which includes the amendments to the standards within the annual improvement process. The main amendments involve:
  - IFRS 3 *Business Combinations – Scope exception for joint ventures*. The amendment clarifies that all types of joint arrangements are excluded from the realm of application of this principle, as defined by IFRS 11;
  - IFRS 13 *Fair Value Measurement – Scope of portfolio exception*. The amendment clarifies that the portfolio exception applies to all contracts included within the scope of application of IAS 39, regardless of whether these satisfy the definition of financial assets and liabilities supplied by IAS 32;
  - IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40*. The amendment clarifies that IFRS 3 and IAS 40 are not mutually exclusive and that, in order to determine whether the purchase of a real estate property falls within the application scope of either IFRS 3 or IAS 40, it is necessary to refer to the special indications given in IFRS 3 or IAS 40, respectively.

Amendments are applicable as of the fiscal years beginning on or after January 1, 2015. The adoption of the new amendments had no impact on the Company's financial statements.

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

- *"Annual Improvements to IFRSs: 2010-2012 Cycle"*
  On December 12, 2013, the **"Annual Improvements to IFRS's document: 2010-2012 Cycle"** was published and includes the amendments to certain standards within the annual improvement process. The main amendments involve:
  - IFRS 2 *Share Based Payments – Definition of vesting condition*. Amendments to definitions of "vesting condition" and "market condition" were made and further definitions of "performance condition" and "service condition" (previously included in the definition "vesting condition") were added;
  - IFRS 3 *Business Combination – Accounting for contingent consideration*. The amendment clarifies that a contingent consideration, within a business combination classified as financial asset or liability, should be remeasured at fair value at each financial statement closing date and changes in fair value should be recognised in the income statement or amongst the components of the comprehensive income statement, pursuant to requirements set out by IAS 39 (or IFRS9);
  - IFRS 8 *Operating segments – Aggregation of operating segments*. The amendments require that an entity shall disclose any valuations made by management in applying the criteria of operating segment aggregation, including a description of the aggregated operating segments and economic indicators considered in determining whether such operating segments are similar;
  - IFRS 8 *Operating segments – Reconciliation of total of the reportable segments' assets to the entity's assets*. The amendment requires the reconciliation of segment assets to total assets is to be provided solely where the total assets of the operating segments are regularly reviewed by the entity's top management;
  - IFRS 13 *Fair Value Measurement – Short-term receivables and payables*. The Basis for Conclusions was changed in order to clarify that, with the release of IFRS 13, and consequent amendments to IAS 39 and IFRS 9, the possibility to record trade receivables and payables is still effective without recognising the effects of discounting, if such effects are not material;
  - IAS 16 *Property, plant and equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortisation*. The amendments eliminated inconsistencies in the recognition of accumulated amortisation/depreciation when a tangible or intangible asset is revalued. The requirements envisaged by amendments clarify that the gross carrying amount should be accordingly consistent with the write-up of the carrying value of assets and that the accumulated amortisation/depreciation should be equal to the difference between gross carrying amount and the carrying amount, net of recorded impairment losses;
  - IAS 24 *Related Parties Disclosures – Key management personnel*. The standard clarifies that, if the services of key management personnel are rendered by an entity (and not a physical individual), this entity is to be considered a related party in any case.

Amendments are applicable at the latest to accounting periods beginning on or after February 1, 2015. Directors deem that the adoption of these amendments will have no material impact on the Company's financial statements.

- ***Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions".***
  On November 21, 2013, the IASB published the amendment to **IAS 19 - *"Defined Benefit Plans: Employee Contributions"***, which aims at describing the contribution (related only to the service rendered by the employee during the year) paid by the employees or third parties to defined benefit plans to reduce the service cost for the year in which this contribution is paid. The necessity of this proposal arose with the introduction of the new IAS 19 (2011), where such contributions are to be interpreted as part of a post-employment benefit, rather than a short-time benefit and, therefore, this contribution should be apportioned along the entire service period of the employee.
  Amendments are applicable at the latest to accounting periods beginning on or after February 1, 2015.
  The Directors are currently evaluating the possible impact of the amendment on the Company's financial statements.

- ***Amendment to IFRS 11 "Joint Arrangements – Accounting for acquisitions of interests in joint operations".***
  On May 6, 2014, the IASB published an amendment to **IFRS 11 *"Joint Arrangements – Accounting for acquisitions of interests in joint operations"*** which concerns the booking of the acquisition of interests in a joint operation whose operations constitute a business according to the meaning of IFRS 3. The amendments require that, in these cases, the principles reported by IFRS 3 relative to the booking of effects of a business combination are applied.
  Amendments are applicable as of January 1, 2016 but early application is allowed.
  The Directors deem that the adoption of these amendments will not have a significant effect on the Company's financial statements.

- ***Amendments to IAS 16 "Property, plant and Equipment" and to IAS 38 Intangibles Assets – "Clarification of acceptable methods of depreciation and amortisation".***
  On May 12, 2014, the IASB issued certain amendments to **IAS 16 *"Property, plant and Equipment" and to IAS 38 Intangibles Assets – "Clarification of acceptable methods of depreciation and amortisation"***. The amendments to IAS 16 state that the criteria for depreciation/amortisation which are determined on the basis of revenues are not appropriate given that, according to the amendment, the revenues generated from an asset which includes the use of assets subject to depreciation/amortisation generally reflect factors that are not limited to the sole consumption of economic benefits of the asset itself- a requirement which, on the other hand, is required for depreciation/amortisation. Amendments to IAS 38 introduce a relative presumption according to which a depreciation/amortisation criterion based on revenues is considered typically inappropriate for the same reasons outlined by the changes introduced to IAS 16. In the case of intangible assets, this presumption can moreover be overcome but only in limited and specific circumstances.
  Amendments are applicable as of January 1, 2016 but early application is allowed.
  The Directors are currently evaluating the possible impact of the amendment on the Company's financial statements.

- ***"Annual Improvements to IFRSs: 2012-2014 Cycle"***
  On September 25, 2014 the IASB published the ***"Annual Improvements to IFRS's document: 2012-2014 Cycle"***. The amendments introduced by the document must be applied as of the years which start on January 1, 2016 or on a subsequent date. The document introduces modifications to the following principles:
  - IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The amendment to the principle introduces specific guidelines in the case that an entity reclassifies an asset (or a disposal group) from the held-for-sale category to the held-for-distribution category (or vice versa) or when the requirements for classification of an asset as held-for-distribution cease to be applicable. The changes define that (i) the same criteria for classification and valuation require valid for these re-classifications; (ii) the assets which no longer comply with the classification criteria for the held-for-distribution category should be booked in the same manner as an assets which ceases to be classified as held-for-sale;
  - IFRS 7 – *Financial Instruments: Disclosure*. The amendments regulate the introduction of additional guidelines in order to clarify whether a servicing contract constitutes a residual involvement in an asset transferred for the purposes of the requested information and in relation to the transferred assets. In addition, a clarification is made that the reported information on the compensation of financial assets and liabilities is not typically requested for interim financial statements, except in the case of significant information;

- IAS 19 – *Employee Benefits*. The document introduces amendments to IAS 19 in order to clarify that the high quality corporate bonds used to determine the post-employment benefits discount rate should be in the currency used for the payment of the benefits. The amendments specify that the extent of the high quality corporate bonds to consider should be in terms of currency and not the country of the entity subject to reporting;
- IAS 34 – *Interim Financial Reporting*. The document introduces modifications in order to clarify the requirements which must be complied within in the case that the requested information is presented within the interim financial report but outside of the interim financial statements. The modification specifies that this information should be included through a cross-reference from the interim financial statements to other parts of the interim financial report and that these documents should be available to readers of the financial statements with the same modalities and with the same time periods as the interim financial statements.

The Directors are currently evaluating the possible impact of the introduction of these amendments on the Company's financial statements.

- ***Amendment to IAS 1 - Disclosure Initiative***

As of December 18, 2014, the IASB issued the amendment to **IAS 1 - *Disclosure Initiative***. The objective of the amendments is to provide clarifications in relation to reporting elements which could be perceived as impediments to the clear and intelligible preparation of financial statements. The applied changes are as follows:

- materiality and aggregation: it is clarified that an entity must not hide information by aggregating or de-aggregating it and that any considerations pertaining to materiality are applicable to financial statement outlines, explanatory notes and specific reporting requirements of the IFRS. The document specifies that the disclosures which are specifically requested by the IFRS must only be supplied if the information is material;
- statement of financial position and statement of comprehensive income: it is clarified that the lsit of items specified by IAS 1 for these statements can be de-aggregated and aggregated, depending on the case. In addition, a guideline for the use of subtotals within the statements is also supplied;
- reporting of elements of *Other Comprehensive Income* ("OCI"): it is clarified that the quota of OCI of associated companies and joint ventures – valuated according to the equity method – must be reported as an aggregate figure within a single item and in turn subdivided between components which can or can not be re-classified in the future to the income statement;
- explanatory notes: it is clarified that the entities retain flexibility in defining the structure of the explanatory notes and supply guidelines on how to establish a systematic order for the notes themselves, for example:
  - by giving precedence to those which are most relevant for the purposes of understanding the financial position (e.g. by grouping information on specific assets);
  - grouping items that are measured by the same criterion (e.g. assets measured at fair value);
  - following the order of the elements reported in the statements.

The amendments introduced by the document are applicable as of the years beginning on or after January 1, 2016.
The Directors are currently evaluating the possible impact of the introduction of these amendments on the Company's financial statements.

- ***Amendment to IAS 27 Equity Method in Separate Financial Statements.***

On August 12, 2014, IASB published the amendment to **IAS 27 - *Equity Method in Separate Financial Statements***. The document introduces the option of utilising – within the separate financial statements of an entity – the equity method for the valuation of the shareholdings in subsidiaries, joint ventures and affiliated companies. As a result, and following the introduction of the amendment, an entity must book these shareholdings within its separate financial statements either:

- at cost; or
- in accordance with the provisions of IFRS 9 (or IAS 39); or
- by utilising the equity method.

Amendments are applicable as of January 1, 2016 but early application is allowed.
The Directors are currently evaluating the possible impact of these amendments on the Company's financial statements.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

As of the date of reference of these annual financial statements, the competent bodies of the European Union had not yet completed the process of approval that is necessary for the adoption of the amendments and principles described below.

- On January 30, 2014, the IASB published the principle **IFRS 14 – *Regulatory Deferral Accounts*** which allows only those parties which adopt the IFRS for the first time to continue to book the amounts relative to activities subject to regulated rates ("Rate Regulation Activities") according to the previously adopted accounting standards. Given that the Group is not a first-time adopter, this principle is not applicable.

- On May 28, 2014, the IASB published the principle **IFRS 15 – *Revenue from Contracts with Customers*** which aims to replace the principles *IAS 18 – Revenue and IAS 11 – Construction Contracts as well as the interpretations IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services*. The principle establishes a new model for revenue recognition which will be applied to all contracts stipulated with customers, with the exception of those falling within the realm of application of other IAS/IFRS principles such as leasing, insurance and financial instrument contracts. The fundamental steps for booking revenues according to the new model are as follows:
  - identification of the contract with the customer;
  - identification of the performance obligations of the contract;
  - price determination;
  - allocation of the price to the performance obligations of the contract;
  - criteria for registration of the revenue when the entity satisfies each performance obligation.

  The principle is applicable as of January 1, 2018 but early application is allowed.
  The directors forecast that the application of IFRS 15 can have a significant impact on the amounts booked as revenues as well as on the relative information reported in the financial statements of the Company. However, it is not possible to supply a reasonable estimate of the effects until the Group has completed a detailed analysis of the contracts with customers.

- On July 24, 2014, the IASB published the final version of **IFRS 9 - *Financial Instruments***. The document incorporates the results of the phases relative to classification and valuation, impairment and hedge accounting as well as the project of the IASB which aims to replace IAS 39. The new principle, which replaces the previous versions of IFRS 9, must be applied by the financial statements as of January 1, 2018 or after.
  The principle introduces new criteria for the classification and valuation of financial assets and liabilities. In particular, and in the case of financial assets, the new principle utilises a unique approach based on the modalities for management of financial instruments and on the characteristics of contractual cash flows of the financial assets themselves in order to determine the valuation criterion, thereby replacing the various rules provided for by IAS 29. In the case of financial liabilities, on the other hand, the primary modification concerned the booking of changes in the fair value of a financial liability classified as a financial liability and valuated at fair value in the income statement in the case that these changes were due to a change in the credit rating of the issuer of the liability itself. According to the new principle, these changes must be booked in the *Other comprehensive income* and no longer in the income statement.
  With reference to impairment, the new principle requires that the estimate of losses on receivables must be implemented on the basis of the model of expected losses (and not the model of incurred losses utilised by IAS 39) by using supportable information that is available without unreasonable charges or efforts and which include historical, current or forecasted data. The principle requires that this impairment model be applicable to all financial instruments, ie to financial assets valuated at their amortised cost as well as those valuated at fair value through other comprehensive income, receivables deriving from rental contracts and trade receivables.
  Finally, the principle introduces a new model of hedge accounting in order to adjust the requirements needed by the current IAS 39 which are occasionally considered too strict and unsuitable to reflect the risk management policies of companies. The primary novelties within the document include the following:
  - an increase in the type of transactions eligible for hedge accounting, even including the risks of non-financial assets/liabilities which are eligible to be managed in hedge accounting;
  - a change in the modalities for booking forward contracts and options when these are included in a hedge accounting relationship and in order to reduce the volatility of the income statement;

- changes to the efficacy test through the replacement of the current modalities based on the 80-125% parameter with the principle of the “economic relationship” between the hedged item and hedging instrument; in addition, a evaluation of the retrospective efficacy of the hedging relationship will no longer be requested.

The increased flexibility of the new accounting rules is counterbalanced by additional requests for reporting on the risk management activities of the Company.

The Directors expect that the application of IFRS 9 can have a significant impact on the amounts as well as on the information reported within the financial statements of the Company. However, it is not possible to provide a reasonable estimate of the effects until the Company has completed a detailed analysis.

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

  The new principle provides a new definition of lease and introduces a criterion based on control (right of use) of a good in order to distinguish leasing contracts from service contracts while identifying the following as discriminating factors: identification of the good, the right of replacement of the latter, the right to substantially obtain all the economic benefits deriving from the use of the good and the right to manage the use of the good underlying the contract.

  The principle provides for a single model for the recognition and valuation of leasing contracts for the lessee and which includes the booking of the assets subject to even an operating lease under assets and with an offsetting item equal to a financial payable, thereby providing for the possibility of not recognizing contracts which involve low-value assets, as well as leases with a contractual duration equal to or less than 12 months, as leasing contracts. On the contrary, the standard does not include significant changes for lessees.

  The principle is applicable as of January 1, 2019 but early application is allowed solely for companies which applied IFRS 15 - *Revenue from Contracts with Customers in advance.*

  The Directors expect that the application of IFRS 16 can have a significant impact on the booking of leasing contracts as well as on the relative information reported in the financial statements of the Company. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of the relative contracts.

- On September 11, 2014, the IASB published an amendment to **IFRS 10** and **IAS 28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture***. The document was published for the purposes of resolving the current conflict between IAS 28 and IFRS 10.

  In accordance with the provisions of IAS 28, the profit or loss resulting from the transfer or conferment of a non-monetary asset to a joint venture or associate company in exchange for a share capital quota of the latter is limited to the quota retained in the joint venture or associate by other investors which are external to the transaction. On the contrary, the principle IFRS 10 provides for the booking of the entire profit or loss in the case of loss of control of a subsidiary, even if the entity continues to retain a non-controlling quota and including in this case even the transfer or conferment of a subsidiary company to a joint venture or associate.

  The changes that were introduced provide that – in the case of a transfer/conferment of an asset or of a subsidiary company to a joint venture or associate – the amount of profit or loss to report in the financial statements of the transferor/conferring party depends on whether the assets or the transferred/conferred subsidiary constitute a business according the definition of IFRS 3. In the case that the assets or the transferred/conferred subsidiary represent a business, the entity must book the profit or loss for the entire quota that was previously owned; if not, the quote of profit or loss relative to the quota still retained by the entity must be eliminated. At the moment, the IASB has suspended the application of this amendment.

  The Directors are currently evaluating the possible impact of the introduction of these amendments on the Company’s financial statements.

3.30 SEASONALITY OF COMPANY OPERATIONS

The activities of the Company are not subject to seasonality.

Statement of financial position

A) Non-current assets

4 Property, plant and equipment

(in Euros)

Description	31.12.2015	31.12.2014	Change
Property, plant and equipment	21,062,786	22,718,264	(1,655,478)

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 as of 01.01.2014	**8,570,760**	**2,749,481**	**9,878,756**	**1,592,637**	**0**	**1,252,054**	**24,043,688**
Increase	166,800	1,486,095	2,998,259	717,721	0	128,611	5,497,486
Decrease	0	(21,649)	(270,428)	(35,791)	0	(78,220)	(406,088)
Increase of acc. depreciation	0	(11,265)	0	0	0	0	(11,265)
Decrease of acc. depreciation	0	19,141	261,995	32,454	0	25,190	338,780
Depreciation	(294,957)	(625,918)	(4,745,781)	(427,797)	0	(649,886)	(6,744,338)
Balance as of 31.12.2014	**8,442,604**	**3,595,884**	**8,122,802**	**1,879,224**	**0**	**677,749**	**22,718,264**
Increase	14,000	607,807	3,143,963	353,383	0	0	4,119,154
Decrease	0	(31,189)	(1,119,255)	(54,844)	0	(149)	(1,205,437)
Decrease of acc. depreciation	0	31,189	1,110,733	54,844	0	149	1,196,915
Depreciation	(295,754)	(716,970)	(4,168,485)	(445,314)	0	(139,587)	(5,766,109)
Balance as of 31.12.2015	**8,160,850**	**3,486,722**	**7,089,758**	**1,787,294**	**0**	**538,162**	**21,062,786**

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

The increases were substantially due to asset purchases carried out in 2015 and decreases from the sale of obsolete assets.

The increase in "Plant and machinery", equal to Euro 608 thousand, mainly relates to the extraordinary design of new hydronic plants, as well as the installation of new air conditioning and cooling systems in the Data Centres and telecommunication plants in some Company offices.

The increase in "Industrial and commercial equipment", equal to Euro 3,144 thousand, relates to the purchase of hardware for internal use while the decreases are due to scrapping and/or donation of obsolete and/or fully depreciated computers.

The increase in "Other assets", amounting to Euro 353 thousand, refers to the purchase of furniture and furnishings. The decrease is due to the disposal of obsolete furniture.

5 Intangible assets

(in Euros)

Description	31.12.2015	31.12.2014	Variazione
Intangible assets	12,138,217	14,443,030	(2,304,813)

The changes in intangible assets are detailed as follows:

(in Euros)

Description	Development costs	Industrial patents and Intellectual property	Concessions, licences and trademarks	Assets in progress	Other assets	Total
Balance as of 01.01.2014	**301,900**	**9,822,994**	**0**	**0**	**8,379,725**	**18,504,619**
Increase	0	1,347,185	0	829,394	0	2,176,579
Decrease	0	(9,225)	0	0	0	(9,225)
Decrease of Acc. amortisation	0	9,225	0	0	0	9,225
Amortisation	(301,900)	(3,308,835)	0	0	(2,627,433)	(6,238,169)
Balance as of 31.12.2014	**0**	**7,861,344**	**0**	**829,394**	**5,752,292**	**14,443,030**
Increase	1,036,625	1,442,506	0	224,255	0	2,703,386
Decrease	0	0	0	0	0	0
Amortisation	(74,653)	(2,375,307)	0	0	(2,558,240)	(5,008,199)
Balance as of 31.12.2015	**961,971**	**6,928,544**	**0**	**1,053,649**	**3,194,052**	**12,138,217**

The increase in development costs, amounting to Euro 1,037 thousand, is due to the internal development of a payroll system on SAP architecture. The previous year this asset was recognised under assets in progress. From this year on, this asset is in use and is being amortised.

The increase of Euro 1,443 thousand recorded in item “Industrial patents and intellectual property”, related to the purchase of software programmes, includes the “my clienteling” product, amounting to Euro 550 thousand, purchased through the BU Fast Innovation S.r.l.. The value of Euro 550 thousand represents the fair value of the intangible asset acquired, pursuant to the international accounting principle IFRS 3.

The net increase of item “Assets in progress” is due to the capitalisation of costs for the development of two software’s that are expected to be completed within June 30, 2016 and to be used since July 2016.
The two products are included in the finance area: one is aimed at rendering the Governance, Risk and Compliance of Engineering (GRACE) platform accessible to customers in Cloud and integrated with SpagoBD, the other is targeted to support the financial bodies in fulfilling the new Basel III regulation.

The “Other assets” item, less the amortisation portion for the year, remained unchanged. These assets mainly refer to allocations, made in previous years, of goodwill recorded upon the acquisition of Business Units of the company Opera 21 and the company Software e Sistemi Avanzati S.p.A. (“S.E.S.A. Business Unit”). The residual period of amortisation is 2 years.

The average residual amortisation period is as follows:

(in Euros)

Description	Amortisation, remaining years	Remaining Amount
Development costs	3	961,971
Total development costs		961,971
Industrial patents and intellectual property	5	6,928,544
Total industrial patents and intellectual property		**6,928,544**
Other assets	2	3,194,052
Total ither assets		**3,194,052**
Total intangible assets		**11,084,567**

6 Goodwill

(in Euros)

Description	31.12.2015	31.12.2014	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	31.12.2015	31.12.2014	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 as of December 31, 2015, disclosed in the statement of financial position, amounted to Euro 43,648 thousand and remained unchanged with respect to the previous year.

An analysis of the total value of goodwill was made as per IAS 36 and IFRS 3 revised; the value of the goodwill as of December 31, 2015, tested for impairment, was Euro 43,648 thousand.

Based on the tests carried out according to the methods described above and according to special modalities described hereunder, the aggregate value of the goodwill tested for impairment was deemed as adequately supported in terms of expected economic results and related cash flows.

There is no evidence at the present date for the Group to proceed with 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 2014, 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 possible 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 28, 2016 > 0.42%;
- risk premium equal to market Equity Risk Premium > 7%;
- cost of debt equal to the average debt (long and short-term) of the Group > 1%;
- Beta unlevered, equal to 1;
- LTG, equal to 0.5%;

and a WACC with a prevalence of 7.42%.

Expected future cash flows include a Terminal Value used to estimate the future results beyond the time period explicitly considered. The component of the Terminal Value was in any case 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	31.12.2015	31.12.2014	Change
Equity investments	28,750,520	26,066,801	2,683,720

CHANGES IN INVESTMENTS

(in Euros)

Investments in	Value as of 31.12.2014	Exchange difference effect	Increase	Decrease	Write-downs	Value as of 31.12.2015
In subsidiary companies	25,944,478		3,011,720		(325,000)	28,631,197
In associated companies	122,323				(3,000)	119,323
Total	**26,066,801**	**-**			**(328,000)**	**28,750,520**

a) Subsidiaries

(in Euros)

	Value as of 31.12.2014	Increase	Decrease	Write-downs	Value as of 31.12.2015
Engineering Tributi S.p.A.	10,000,000				10,000,000
OverIT S.r.l.	1,297,893				1,297,893
Nexen S.r.l.	3,647,533				3,647,533
Engineering International Inc.	7				7
Engineering do Brasil S.A.	6,455,973				6,455,973
Engineering.mo S.p.A.	1				1
MHT S.r.l.	3,616,571	647,681			4,264,252
Engineering Excellence Center S.r.l.	200,000				200,000
WebResults S.r.l.		1,530,000			1,530,000
EngNor AS		3,522			3,522
Sicilia e-Servizi Venture S.c.r.l.	195,000			(195,000)	
Engineering International Belgium S.A.	61,500				61,500
Engiweb Security S.r.l.	450,000	700,000			1,150,000
Engineering Sardegna S.r.l.	20,000	130,000		(130,000)	20,000
Engineering da Argentina S.A.		517			517
Total	**25,944,478**	**3,011,720**		**(325,000)**	**28,631,197**

Equity investments in subsidiaries recorded a total increase of Euro 2,687 thousand due:

- in the amount of Euro 1,530 thousand, to the acquisition of the control interests, equal to 51%, of the investee WebResults S.r.l.. As regards this equity investment, in fact, the Company, when acquiring its control, signed a purchase commitment with minority shareholders with reference to the Non Controlling interests, pursuant to provisions set out by IAS 39, the valuation of which is nil;
- in the amount of Euro 700 thousand, to the recapitalisation of Engiweb Security S.r.l.;
- in the amount of Euro 648 thousand, to the acquisition of a further 15% of the subsidiary MHT S.r.l., whose equity investment is now equal to 85%. As regards this equity investment, in fact, the Company, when acquiring its control, signed a purchase commitment with minority shareholders with reference to the Non Controlling interests, pursuant to provisions set out by IAS 39, the valuation of which is nil;
- in the amount of Euro 4 thousand, to the establishment of EngNor AS, 100% investee;
- in the amount of Euro 517, to the acquisition of 10% of the Engi da Argentina S.A., already indirectly controlled, by effect of the equity investment, equal to 90% of Engineering do Brasil S.A..

The decreases are related to the write-down of the total value of equity investments in Sicilia e-Servizi Venture S.c.r.l., in liquidation (Sisev) and in Engineering Sardegna S.r.l.. As regards the latter, in 2016 its losses will be entirely covered and the capital of Euro 20 thousand will be re-established.

International accounting standards, and IAS 36 in particular, establish the rules that 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 that 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).

It is should be noted that, due to the occurrence of a negative difference between the pro rata Shareholders' equity and the corresponding carrying amount of MHT S.r.l. and Engineering Excellence Center S.r.l., the Company performed impairment tests on the value of these equity investments. The identification of the Enterprise value (from which the Net Financial Position is deducted to determine the Equity Value of the related companies) was obtained through discounting the cash flows (DCF Model) extrapolated from the four year business plans drawn up by the management.

Moreover, in the impairment test the following parameters were taken into account:
- risk free rate equal to the gross yield of BTP 5 years sold on January 28, 2016 > 0.42%;
- risk premium equal to market Equity Risk Premium > 7%;
- cost of debt equal to the average debt (long and short-term) > 1%;
- Beta unlevered, equal to 1;
- LTG, equal to 0.5%;

for a WAAC equal to 7.42%.

Based on test performed, consistently with provisions set out by IAS 36, the value of the equity investments in question was deemed as adequately supported in terms of expected economic results and related cash flows.

As regards the negative Shareholders' equity of the subsidiary Engineering Sardegna S.r.l., the Company allocated Euro 203 thousand under current liabilities, as required to cover the deficit equity.

It is worth noting that, following the partial write-down of receivables from the Sicilian Region - as specified more in detail in paragraph Receivables from subsidiaries - Sicilia eServizi S.c.r.l., in liquidation, reported a deficit equity. To this purpose, the portion of credit standing to the subsidiary, equal to Euro 4,987 thousand, was partially written-down, taking into account its interests (65%).

Lastly, with respect to the negative difference between Shareholders' equity and the cost related to the equity investment in WebResults S.r.l., the latter should be evaluated while considering that the Company has been acquired in the current year and the related differential is supported by the value of contract portfolio owned by WebResults S.r.l., which was assessed by an independent expert. The positive outcome for the year, at both operating level and net result level, should be also taken into account.

Investments in subsidiaries are detailed as follows:

(in Euros)

	City	Assets	Liabilities	Share capital	Shareholders' equity	Revenues	Net profit/ (loss)	Value as of 31.12.2015	%
Engineering Sardegna S.r.l.	Cagliari	1,370,371	1,574,076	20,000	(203,705)	758,788	(237,784)	20,000	+100
Engineering tributi S.p.A.	Trento	45,367,954	29,806,631	10,000,000	15,561,322	29,690,203	501,418	10,000,000	+100
Engiweb Security S.r.l.	Trento	8,894,943	7,592,598	50,000	1,302,345	9,695,462	660,469	1,150,000	+100
Nexen S.p.A.	Padua	8,103,649	2,766,124	1,500,000	5,337,525	6,383,685	700,765	3,647,533	+100
OverIT S.p.A.	Fiume V. (PN)	21,165,437	10,802,033	300,000	10,363,404	23,059,852	1,484,462	1,297,893	+95
Sicilia e-Servizi Venture S.c.r.l.	Palermo	98,868,954	106,542,583	300,000	(7,673,629)	914,464	(9,430,689)	0	+65
Engineering do Brasil S.A.	San Paolo (Brasil)	38,932,067	29,285,161	5,985,115	9,646,906	50,992,849	(590,309)	6,455,973	+75
Eng. International Belgium S.A.	Brussels	5,209,958	4,763,571	61,500	446,387	10,267,385	(878,518)	61,500	+100
Engineering International Inc.	Delaware (USA)	2,653,590	2,180,232	9	473,358	1,588,958	63,595	7	+100
Engineering.mo S.p.A.	Pont-Saint -Martin (AO)	56,180,286	27,186,051	1,000,000	28,994,235	32,125,331	(1,225,868)	1	+100
Engi da Argentina S.A.	Buenos Aires	7,463,217	7,780,685	3,547	(317,468)	4,223,064	(492,362)	517	+78
MHT S.r.l.	Lancenigo (TV)	9,126,650	5,657,521	52,000	3,469,128	13,731,143	1,056,157	4,264,252	+85
Engineering Excellence Center S.r.l.	Rome	2,470,954	2,454,018	10,000	16,936	2,347,838	(8,851)	200,000	+100
WebResults S.r.l.	Treviolo (BG)	2,286,775	1,368,094	10,000	918,681	3,810,505	386,241	1,530,000	+51
EngNor AS	Oslo	616,655	605,852	3,124	10,804	673,834	8,240	3,522	+100

(in Euros)

	City	Assets	Liabilities	Share capital	Shareholders' equity	Revenues	Net profit/ (loss)	Value as of 31.12.2014	%
Engineering Sardegna S.r.l.	Cagliari	3,009,025	3,106,384	20,000	(97,359)	1,077,191	(139,985)	20,000	+100
Engineering tributi S.p.A.	Trento	43,018,879	28,008,902	10,000,000	15,009,976	24,890,572	34,298	10,000,000	+100
Engiweb Security S.r.l.	Trento	3,956,370	4,053,256	50,000	(96,887)	947,935	(330,383)	450,000	+100
Nexen S.p.A.	Padua	7,697,320	3,117,933	1,500,000	4,579,387	7,228,534	224,114	3,647,533	+100
OverIT S.p.A.	Fiume V. (PN)	19,327,812	10,459,123	98,800	8,868,689	22,037,973	1,869,236	1,297,893	+95
Sicilia e-Servizi Venture S.c.r.l.	Palermo	107,633,404	105,876,344	300,000	1,757,060	4,610,009	(872,159)	195,000	+65
Engineering do Brasil S.A.	San Paolo (Brasil)	36,828,941	23,252,141	8,012,550	13,576,800	57,938,283	4,184,018	6,455,973	+75
Eng. International Belgium S.A.	Brussels	9,013,282	7,688,378	61,500	1,324,905	17,536,318	442,295	61,500	+100
Engineering International Inc.	Delaware (USA)	2,596,454	2,230,104	8	366,350	2,708,910	344,229	7	+100
Engineering.mo S.p.A.	Point-Saint -Martin (AO)	71,462,758	41,298,484	1,000,000	30,164,273	51,998,151	2,867,925	1	+100
MHT S.r.l.	Lancenigo (TV)	7,927,204	5,557,425	52,000	2,369,779	11,132,142	666,543	3,616,571	+70
Engineering Excellence Center S.r.l.	Rome	640,942	619,742	10,000	21,201	817,317	25,136	200,000	+100

c) Associated companies

(in Euros)

	Value as of 31.12.2014	Increase	Decrease	Write-downs	Value as of 31.12.2015
CENTO-6 Società Consortile a r.l.	5,000				5,000
Si Lab – Calabria S.c.a.r.l.	7,200				7,200
Si Lab – Sicilia S.c.a.r.l.	3,525				3,525
Consorzio Sirio	78,598				78,598
Consorzio Sanimed Group	3,000				3,000
Consorzio Engbas in liquidation	25,000			(3,000)	22,000
Total	**122,323**			**(3,000)**	**119,323**

Associated companies reported a decrease due to the write-down of Euro 3 thousand of the company "Consorzio Engbas", in liquidation.

Investments in associated companies are as follows:

(in Euros)

	City	Assets	Liabilities	Share capital	Shareholders' equity	Revenues	Net profit/ (loss)	Value as of 31.12.2015	%
Consorzio Engbas in liquidation	Florence	46,301	2,262	50,000	44,038		(5,375)	22,000	+50
CENTO-6 Società consortile a.r.l.	Milan	13,970	68	20,000	13,902	10,000	8,693	5,000	+25
Si Lab – Calabria S.c.a.r.l.	Rende	25,297	4,978	30,000	20,319	1	(6,717)	7,200	+24
Consorzio Sirio	Palermo	384,868	214,976	5,000	169,892	106,802	15,244	78,598	+49
Si Lab – Sicilia S.c.a.r.l.	Palermo	31,244	1,065	30,000	30,179	10,400	179	3,525	+24
Consorzio Sanimed Group								3,000	+25

(in Euros)

	City	Assets	Liabilities	Share capital	Shareholders' equity	Revenues	Net profit/ (loss)	Value as of 31.12.2014	%
Consorzio Engbas in liquidation	Florence	49,420	6	50,000	49,414		(1,619)	25,000	+50
CENTO-6 Società Consortile a.r.l.	Milan	5,248	4,040	20,000	1,208		(2,913)	5,000	+25
Si Lab – Calabria S.c.a.r.l.	Rende	29,127	2,090	30,000	27,037		(2,964)	7,200	+24
Consorzio Sirio	Palermo	310,869	156,222	5,000	154,647	19,921	(553)	78,598	+49
Si Lab – Sicilia S.c.a.r.l.	Palermo	30,323	323	30,000	30,000			3,525	+24
Consorzio Sanimed Group								3,000	+25

Note: The figures refer to the latest approved financial statements.

d) Companies under indirect control

(in Euros)

	City	Assets	Liabilities	Share capital	Shareholders' equity	Revenues	Net profit/ (loss)	%
Engi da Argentina S.A.	Buenos Aires	7,463,217	7,780,685	3,547	(317,468)	4,223,064	(492,362)	+67.5
MHT Balkan d.o.o.	Belgrade (SRB)	192,618	18,293	3,722	174,325	371,681	97,549	+85

As regards the negative Shareholders' equity of the indirect subsidiary Engi da Argentina S.A., the company Engineering do Brasil S.A. (direct parent entity) allocated a provision necessary to cover the deficit equity.

8 Deferred tax assets

(in Euros)

Description	31.12.2015	31.12.2014	Change
Deferred tax assets	12,346,874	13,745,912	(1,399,038)

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 or 24% for taxes that will be reversed as from 2017, and based on regional rates for IRAP) and recorded in the entries shown in the table hereunder.

(in Euros)

Description	31.12.2015		31.12.2014	
	Amount of timing differences	Tax effect	Amount of timing differences	Tax effect
Prov. employee bonus	2,070,838	497,001	1,422,484	391,183
IAS amortisations	3,664,735	1,007,802	4,488,546	1,234,350
Goodwill	5,341	1,677	165,587	51,994
Directors' fees	854,695	235,041	1,042,181	286,600
Derivative fair value	0	0	260,032	71,509
Doubtful debt provision	23,000,371	6,325,102	19,184,758	5,275,808
Provisions for risks	6,213,246	1,941,155	6,033,845	1,894,627
Leaving incentives	1,294,644	356,027	3,435,656	944,805
Adjustments for IFRS	0	0	12,723	3,995
Adjustments for IFRS IAS 19	7,317,604	1,756,225	11,300,167	3,107,546
Other	824,886	226,844	1,758,161	483,494
Total	**45,246,360**	**12,346,874**	**49,104,139**	**13,745,912**

Changes in deferred tax assets are detailed below:

(in Euros)

Description	
Balance as of 01.01.2014	**19,671,774**
Increase	5,246,674
Decrease	(11,172,536)
Balance as of 31.12.2014	**13,745,912**
Increase	2,269,182
Decrease	(3,668,220)
Balance as of 31.12.2015	**12,346,874**

The decrease for the year is mainly attributable to the adjustment of the post-employment benefits based on provisions set out by IAS 19 and the incentive to leave, while the increase is mainly attributable to the taxed surplus of the doubtful debt provision.

9 Other non-current assets

(in Euros)

Description	31.12.2015	31.12.2014	Change
Other non-current assets	711,433	723,184	(11,751)

The balances are comprised of:

(in Euros)

Description	31.12.2015	31.12.2014	Change
In other companies	385,487	395,487	(10,000)
Non-current financial assets	325,946	327,697	(1,751)
Total	**711,433**	**723,184**	**(11,751)**

a) Investments in other companies

Investments in other companies recorded a decrease of Euro 10 thousand due to the write-down of the equity investment in Roma Capitale Investments Foundation.

(in Euros)

Equity investments in other companies	Value as of 31.12.2014	Increase	Decrease	Svalutazioni Write-downs	Value as of 31.12.2015
B.ca Popolare Di Credito E Servizi	7,747				7,747
Comitato Prom. B.Ca Dell'Urbe	6,197				6,197
B.Ca Cred. Cooperativo Roma	1,033				1,033
Terzo Millennio S.r.l.	1,033				1,033
Consorzio Foodnet	700				700
Global Riviera	1,314				1,314
Tecnoalimenti S.c.p.a.	65,832				65,832
Gene. S.I. S.c.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
Consorzio Cefriel	43,512				43,512
Consorzio Abi Lab	1,000				1,000
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
Partec. Cons. Cuea	7,747				7,747
Partec. Cons. Appel	1,033				1,033
Partecip. Cf Pro (AO)	1,833				1,833
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
M2Q S.c.a.r.l.	3,000				3,000
Seta S.r.l.	82,192				82,192
Roma Capitale Investments Foundation	10,000			10,000	
Total	**395,487**			**(10,000)**	**385,487**

b) Non-current financial assets

(in Euros)

Description	31.12.2015	31.12.2014	Change
Security deposits	325,946	327,697	(1,751)
Total	**325,946**	**327,697**	**(1,751)**

Non-current financial assets are related to security deposits on rented real estate properties and various utilities.

C) Current assets

10 Inventories

(in Euros)

Description	31.12.2015	31.12.2014	Change
Inventories	90,158	52,170	37,988

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

11 Construction contracts

(in Euros)

Description	31.12.2015	31.12.2014	Change
Construction contracts	101,921,151	101,978,421	(57,270)

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

(in Euros)

Description	31.12.2015	31.12.2014	Change
Opening construction contracts	101,978,421	115,661,636	(13,683,215)
Adjustments and changes in work in progress	(208,606)	(3,520,688)	3,312,082
Costs incurred plus profits booked according to percentage completion net of losses	289,149,645	284,735,449	4,414,196
Invoicing progress of work	(288,998,309)	(294,897,976)	5,899,667
Total	**101,921,151**	**101,978,421**	**(57,270)**

Construction contracts concern projects in the course of completion based on long-term contracts. They include adjustments for projects for which critical issues emerged as regards possible realisable value. The related amount is the best estimate made based on the information available to us.

12 Trade receivables

(in Euros)

Description	31.12.2015	31.12.2014	Change
Trade receivables	464,072,400	451,395,799	12,676,601

Trade receivables as of December 31, 2015 are as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Customers	361,876,184	336,096,467	25,779,717
Subsidiaries	95,732,582	109,660,066	(13,927,484)
Others	6,463,634	5,639,266	824,368
Total	**464,072,400**	**451,395,799**	**12,676,601**

a) Customers

(in Euros)

Description	31.12.2015	31.12.2014	Change
Receivables on invoices issued	322,638,854	304,792,541	17,846,313
of which overdue	121,376,026	128,851,304	(7,475,278)
Invoices to be issued	62,597,921	55,064,212	7,533,709
Credit notes to be issued	(293,474)	(211,780)	(81,693)
Doubtful debt provision	(21,694,681)	(22,174,065)	479,383
Provision for interest in arrears	(1,372,436)	(1,374,441)	2,005
Total	**361,876,184**	**336,096,467**	**25,779,717**

Receivables from customers, net of the doubtful debt provision (Euro 23,067 thousand), amounted to Euro 361,876 thousand.

The doubtful debt provision was increased by Euro 1,202 thousand in order to adjust it to the estimated realisable value of receivables. The use, over the year, amounted to Euro 1,681 thousand, after the settlement of legal disputes, whose risks were allocated over the previous year.

Overdue receivables by sector are shown in the following table:

(in Euros)

Description	Days falling due					Total as of 31.12.2015
	30	60	90	120	over 120	
Public Administration	9,443,642	5,561,869	4,064,286	4,021,650	37,292,163	60,383,612
Finance	3,416,363	2,554,919	1,291,980	711,554	2,611,545	10,586,362
Industry & Services	13,691,740	4,983,665	532,031	352,783	10,983,302	30,543,522
Telco & Utilities	7,008,682	3,463,578	2,099,925	1,808,816	5,481,530	19,862,530
Total	**33,560,428**	**16,564,032**	**7,988,222**	**6,894,803**	**56,368,540**	**121,376,026**

(in Euros)

Description	Days falling due					Total as of 31.12.2014
	30	60	90	120	over 120	
Public Administration	11.722.567	7.718.920	5.172.424	3.252.576	35.884.594	63.751.081
Finance	3.673.971	2.512.818	656.959	409.525	3.314.880	10.568.152
Industry & Services	14.026.654	4.070.774	1.462.035	542.234	11.556.523	31.658.220
Telco & Utilities	7.117.375	3.883.105	1.956.705	3.412.340	6.504.327	22.873.851
Total	**36.540.566**	**18.185.617**	**9.248.123**	**7.616.674**	**57.260.324**	**128.851.304**

This year again, the level of overdue receivables improved on all market segments. As regards the overdue amounts related to the previous year, amounts collected reported a good performance with a 5.8% decrease, equal to Euro 7.5 million.
No insolvency risks are reported except for the amount allocated to the doubtful debt provision, after a careful analysis of exposures related to each single customer.

b) Subsidiaries

These receivables refer to the following:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Receivables on invoices issued	68,170,955	71,640,561	(3,469,607)
Invoices to be issued	21,336,143	24,540,304	(3,204,161)
Cash Pooling	6,808,967	12,143,313	(5,334,345)
Doubtful debt provision	(4,987,859)	-	(4,987,859)
Credit notes to be issued	(26,666)	(26,666)	-
Loans receivable	4,159,979	1,109,979	3,050,000
Others	271,063	252,575	18,488
Total	**95,732,582**	**109,660,066**	**(13,927,484)**

For further details reference should be made to paragraph 43 of the present notes “Transactions with related parties”, where a list of subsidiaries and related receivables by type and amount is included.

Receivables as of December 31, 2015 from the company Sicilia e-Servizi Venture S.c.r.l., in liquidation, equal to Euro 62,058,067 (net of the doubtful debt provision), in addition to Euro 8,630,249 for construction contracts, were related to the IT activities connected with the building of an integrated IT platform for the Sicilian Region within specifications and provisions set out in the convention signed between the Sicilian Region, Sicilia e-Servizi S.p.A. and Sicilia e-Servizi Venture S.c.r.l. in liquidation (“SISEV”) on May 21, 2007 and expired on December 22, 2013.
The doubtful debt provision was established by Engineering Ingegneria Informatica S.p.A. during the year, according to the deficit equity reported by the company SISEV, in liquidation, and after partially writing-down its receivables from Sicilia e-Servizi S.p.A., as better specified below.

As regards SISEV receivables, no specific critical issues or formal claims related to the correct execution of services and good quality of products delivered were highlighted by Sicilia e-Servizi S.p.A. and/or the Sicilian Region.

It should be however noted that, in the mutual interest, on October 9, 2012, SISEV, the Sicilian Region and Sicilia e-Servizi S.p.A. signed an “Agreement” which regulated the repayment of SISEV receivable, indicating the final repayment date on December 31, 2013. Moreover, this agreement outlined that the Sicilia Region was undertaking to carry out controls and provide Sicilia e-Servizi S.p.A. 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. Sicilia e-Servizi S.p.A. and the Sicilian Region 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.

On December 22, 2013, upon expiration of the Framework Agreement, the Regional Administration asked the company SISEV, as aforesaid, to guarantee its services.

Given Sicilia e-Servizi S.p.A.’s failure to pay, SISEV filed a petition for an order of payment before the Court of Palermo. Sicilia e-Servizi S.p.A. then asked and, on October 2, 2013, obtained the interim enforcement of the order for payment for an amount of Euro 93,163,203. After the transfer by SISEV of the entire shareholding to the Sicilian Region, Sicilia e-Servizi S.p.A. unjustifiably left the lawsuit started by the previous Director to obtain the payment of the aforesaid amount from the Sicilian Region.

Therefore, to safeguard its rights, on July 18, 2014 SISEV applied for a distraint order over all receivables from the Sicilian Region to Sicilia e-Servizi S.p.A., up to the entire amounts receivable accrued by the company. On November 10, 2014, the Court of Palermo rejected SISEV’s request while underlying that *“given that, besides Sicilia e-Servizi S.p.A., also the Sicilian Region (via its accountant general), an undoubtedly solvent entity, is directly committed with respect to Sicilia e-Servizi Venture S.c.r.l. -... Omitted ... there is no urgency (periculum* *in mora) ...”*. In other words, the Judge reported no credit risk, while highlighting the “guarantor” role played by the Sicilian Region in favour of SISEV.

In the last two months of 2014, with the new office of Councillor Responsible for Balance, the dialogue with SISEV, the Sicilian Region and Sicilia e-Servizi was re-opened to find an amicable settlement of the outstanding issues and, in particular, the issue related to the payment of services rendered by SISEV to Sicilia e-Servizi S.p.A. and the Sicilian Region after the expiration of the Framework Convention, and the issue related to the payment of the large amount receivables due.

At the same time, Sicilia e-Servizi provided for the payment to SISEV of a total amount of Euro 3,841,328.

With respect to the aforesaid request, SISEV continued and still continues to render the aforesaid services on a reduced basis and with the exclusive intent to avert the total interruption of the services to citizens. This availability was granted against a renewed positive willingness expressed by the Sicilian Region and Sicilia e-Servizi S.p.A. to fulfil their obligations and in particular the payment of the large amount, as well as to formalise the services rendered by the company after the expiration of the Framework Convention. This positive attitude was also expressed during the meetings held at the Prefecture of Palermo on February 1 and May 29, 2014. On February 1, 2014, in fact, the parties (Sicilian Region, SISE and SISEV) were summoned by the prefect of Palermo. 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.

During the year, negotiations were carried out in order to achieve the amicable settlement of the entire complex issue. However, the decision-making deadlock of the Sicilian Region and the company Sicilia e-Servizi S.p.A. on the one hand, and the further change in the Regional Council and the replacement of the Manager of the Office for Coordination of IT Services of the Sicilian Region on the other hand, did not allow for the amicable settlement despite the advanced phase of negotiations.
With the aim of starting an amicable proceeding again, on September 15, 2015, SISEV sent to the Sicilian Region and Sicilia e-Servizi S.p.A. a formal economic proposal in order to achieve an amicable settlement of the entire issue with the proposal to pay the entire amount against the waive of both interest in arrears and 5% of the principal accrued as of September 2015, while specifying that the formulation of the proposal did not entail any waive. Neither the Sicilian Region, nor Sicilia E-Servizi S.p.A. endorsed this proposal, which was then subsequently revoked with formal notice.
After temporarily suspending the services on November 30, 2015, SISEV restarted to render the same on December 1. Lastly, since December 7, Sicilia e-Servizi S.p.A. started a plan for the transfer of the structure related to services rendered by us at our Data Center in Pont Saint Martin to the company’s Data Center.
Within this framework, on February 18, 2016, SISEV sent a writ of summons to obtain the payment of the entire amount of receivables (around Euro 80 million, including the works recognised in the financial statements to complete the amount already requested with an appeal for an order of payment) as the company deems, as already stated, that these amount were correctly originated and are correctly payable, also pursuant to provisions contained in the trilateral agreement signed on October 9, 2012 by the Sicilian Region, Sicilia E-Servizi S.p.A. and SISEV.

To this purpose, it should be noted that, as regards the judgement of opposition to the first order decree, deposited on June 26, 2013, obtained in the amount of around Euro 30 million, the Judge has recently ordered an Office Technical Expertise aimed, but not limited to evaluate the effective services rendered by SISEV, which are related to the invoicing subject to the order of payment.

Given the correctness of credit lines and the correct execution of services, and despite the positive opinion of the legal adviser on the total collectability of receivables in question, within the above-mentioned context, taking account of the continuous changes in the institutional interlocutors and acknowledging the difficulties in achieving an amicable settlement, in view of a legal dispute, in its financial statements the subsidiary SISEV therefore recognised the interest accrued by law until December 31, 2015 (around Euro 18 million) in the income statement, under financial income. The company also allocated an amount of around Euro 27 million to the doubtful debt provision (around 20% of total exposure), which includes the total impairment of the aforesaid interest set out by law and recognised in the financial statements and, for the remaining portion, the impairment of the nominal value of the receivable.

c) Other

(in Euros)

Description	31.12.2015	31.12.2014	Change
Prepayments	943,631	1,451,502	(507,872)
Others	5,520,003	4,187,764	1,332,239
Total	**6,463,634**	**5,639,266**	**824,368**

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.

13 Other current assets

(in Euros)

Description	31.12.2015	31.12.2014	Change
Other current assets	45,728,340	46,284,583	(556,243)

The other current assets are broken down as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Current financial assets	13,043,052	13,417,556	(374,504)
Others	32,685,287	32,867,027	(181,739)
Total	**45,728,340**	**46,284,583**	**(556,243)**

a) Current financial assets

Current financial assets are broken down as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Tax receivables	12,961,046	12,709,906	251,140
Social security institutions	82,006	707,650	(625,644)
Total	**13,043,052**	**13,417,556**	**(374,504)**

The tax receivables mainly relate:
- for Euro 7,565 thousand, to the request, lodged in 2012, 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 2,517 thousand, to the residual prepayment of IRAP tax, after offsetting the provision for taxes calculated as of December 31, 2015;
- for Euro 2,528 thousand, to receivables for taxes paid abroad;
- for Euro 246 thousand, to receivables from the Inland Revenue Office for recoverable VAT.

Receivables from welfare and social security institutions are related to receivables to INAIL and INPS to be recovered in future years.

b) Others

The “Others” item includes:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Applied research grants	30,631,920	30,641,474	(9,554)
Prepaid expenses	399,325	20,709	378,616
Others	1,654,043	2,204,843	(550,801)
Total	**32,685,287**	**32,867,027**	**(181,739)**

Receivables for applied research grants are receivables yet to be paid relating to projects financed by national public authorities and by the European Union, and that show no risks of non-payment.

14 Cash and cash equivalents

(in Euros)

Description	31.12.2015	31.12.2014	Change
Cash and cash equivalents	161,742,442	121,418,653	40,323,789

The balance includes cash and cash equivalents and postal and bank current accounts. Bank and postal deposits are remunerated at interest rates in line with the market.

Cash and cash equivalents consist of the following:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Bank and postal deposits	161,729,188	121,405,365	40,323,823
Cash and cash equivalents	13,254	13,288	(34)
Total	**161,742,442**	**121,418,653**	**40,323,789**

Cash and cash equivalents include Euro 7 million of escrow accounts related to payments made in advance to the European Community for research activities. Under net financial position, amounts were deducted from item “Other current financial payables”.

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.

(in Euros)

Items at 31.12.2015	Assets valued at FV in P&L	Investments held to maturity	Loans and receivables	Financial assets available-for-sale
Other non-current assets			711,433	
Trade receivables			464,072,400	
Other current assets			45,728,340	
Cash and cash equivalents			161,742,442	
Total			**672,254,616**	

(in Euros)

Items at 31.12.2014	Assets valued at FV in P&L	Investments held to maturity	Loans and receivables	Financial assets available-for-sale
Other non-current assets			723,184	
Trade receivables			451,395,799	
Other current assets			46,284,583	
Cash and cash equivalents			121,418,653	
Total			**619,822,219**	

D) Shareholders’ equity

16 Information on Shareholders’ equity

(in Euros)

Description	31.12.2015	31.12.2014	Change
Shareholders’ equity	400,741,614	368,144,758	32,596,855

The changes are shown in the table below:

(in Euros)

Shareholders’ equity	Value as of 31.12.2014	Increase	Decrease	Value as of 31.12.2015
Share capital	31,875,000	0	0	31,875,000
Treasury shares in portfolio	(867,479)	0	(7,714)	(875,193)
Share capital unpaid		0	0	
Total share capital	**31,007,521**	**0**	**(7,714)**	**30,999,807**
Legal reserve	6,375,000	0	0	6,375,000
Reserve acquisition treasury shares	87,978,827	0	0	87,978,827
Share premium reserve		0	0	
Merger reserve	116,044,240	0	0	116,044,240
Difference of exchange conversion IAS 21		0	0	
Other reserves	1,401,721	0	0	1,401,721
Total reserves	**211,799,788**	**0**	**0**	**211,799,788**
Prior years' undistributed profits	93,987,415	18,233,393	(109,267)	112,111,542
First-time application of IAS/IFRS	5,805,572	81,518	(4,132,928)	1,754,162
IAS 19 actuarial gains/(losses)	(8,367,479)	2,887,358	(256,116)	(5,736,237)
Fair value cash flow hedge reserve	(188,523)	188,523	0	0
Retained earnings	**91,236,985**	**21,390,792**	**(4,498,311)**	**108,129,466**
Profit/(Loss) for the year	**34,100,465**	**49,812,553**	**(34,100,465)**	**49,812,553**
Total Shareholders' equity	**368,144,758**	**71,203,345**	**(38,606,490)**	**400,741,614**

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 343,213 treasury shares in portfolio, valued at acquisition cost, and totalling Euro 7,998,043. They are recognised for the par value as a reduction of the share capital (Euro 875,193) and for the remaining part (Euro 7,122,850) as a reduction of the retained earnings, as established by the provisions introduced by IAS 32. The average book value was Euro 23.3034 per share.

On April 24, 2015, 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:
  Euro 116,044,240 relate to mergers of subsidiaries, occurred from 2003 to 2009 and 2013, the reserve refers to profits gained by the incorporated companies over the years before 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 neither available nor distributable.

19 Retained earnings

Retained earnings of Euro 108,129,466 include:

- Prior years' undistributed profits of Euro 112,111,542.
  The reserve increased due to the allocation of profits of Euro 14,100,465 and the release of IAS reserves amounting to Euro 4,132,928, while decreased of Euro 109,267 for the purchase of treasury shares.
  The reserve is available and distributable.

- First-time IAS/IFRS application of Euro 1,754,162.
  The reserve decreased by Euro 4,132,928, due to the release of some entries which completed their tax effects, while the increase is due to the decrease of the IRES rate used for the calculation of deferred taxes.
  The reserve is neither available nor distributable.

- Actuarial gains/(losses) of Euro (5,736,237).
  The reserve changed by Euro 2,631,242, less deferred taxes, of which Euro 256,116 related to the effect of the adjustment to the IRES tax.

- Fair value cash flow hedge reserve for the effective part.
  The reserve changed by Euro 188,523, collected changes in fair value of the hedging derivative signed on July 1, 2014 with Unicredit S.p.A. (Interest Rate Swap), which, in this year, was recognised under financial charges after the redemption of the loan granted by Unicredit S.p.A. related to the hedging.

E) Non-current liabilities

20 Non-current financial liabilities

(in Euros)

Description	31.12.2015	31.12.2014	Change
Non-current financial liabilities	32,756,466	45,100,797	(12,344,331)

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

(in Euros)

Description	31.12.2015	31.12.2014	Change
Payables to lenders	32,330,006	45,064,017	(12,734,011)
Other non-current financial liabilities	426,460	36,780	389,680
Total	**32,756,466**	**45,100,797**	**(12,344,331)**

Borrowing from lenders as of December 31, 2015 is as follows:

Lender	Year of maturity	Interest rate	Within 1 year	Over 1 year
Attività prod. Mcc/Ex Esel	2016	0,790000	99,948	
Svil. Econ. Pia E-Gov	2018	0,740000	192,117	388,510
Svil. Econ. Pia Ex Engisud	2016	0,960000	221,986	
Svil. Econ. Pia Odcdn	2018	0,740000	172,592	349,025
Svil. Econ. Pia Sinim	2018	0,740000	199,018	402,466
Miur Prog.3354/E/1 Eureka	2016	0,250000	84,588	
Miur Prog.6636/1 Siege	2017	0,250000	274,062	550,181
Bei/Serapis N. 82199	2018	Euribeur363m+1,99100	3,750,000	5,625,000
Miur Prog. 1084 Wise	2016	0,250000	115,458	
Miur Prog. 28953 Foodsys	2019	0,250000	143,465	434,720
Miur Prog. 28953 Foodsys	2019	2,9500000		80,104
Miur Prog.3633 Itea-Agile	2016	0,250000	44,619	
Miur Prog.23272 X.Net-Lab	2016	0,250000	516,118	
Intesa Sanpaolo Fin.83817	2016	0,7180000	3,500,000	
Intesa Sanpaolo Fin.83817	2020	Euribeur363m+0,85000	3,500,000	24,500,000
Total			**12,813,972**	**32,330,006**

Borrowings from lenders totalled Euro 45,144 thousand, of which Euro 32,330 thousand are loans due beyond 12 months and Euro 12,814 thousand for loans due within 12 months recorded as current financial liabilities.

On December 31, 2015 a previous loan, of original Euro 35 million, granted by the European Investment Bank (EIB) and supplied through Unicredit S.p.A., was redeemed. This loan was replaced by a new loan, entered with Banca Intesa Sanpaolo S.p.A. for the amount of Euro 31.5 million (residual amount due from the previous loan), with better economic terms and conditions.

The contracts related to the two variable rate loans granted by the European Investment Bank (EIB) to support research and development activities amounted, respectively, to Euro 15 million paid in a direct credit line on January 30, 2013 and to Euro 31.5 million paid by Banca Intesa Sanpaolo S.p.A. on December 30, 2015. They envisage the fulfilment of some financial obligations. Notwithstanding some financial obligations in addition to those required by relevant laws in relation to public disclosure by the issuer of financial instruments and its controllers, Engineering Ingegneria Informatica S.p.A. committed itself that the following financial parameters be complied with:

- as regards the loan granted by the European Investment Bank (EIB):
  - net financial debt/EBITDA not higher than 2.0 (two);
  - Debt service cover Ratio (DSCR), not lower than 5.0 (five);

- as regards the loan granted by Banca Intesa Sanpaolo S.p.A.:
  - net financial position/EBITDA lower than 2.2 (two point two);

The bank undertook to revaluate and allow for the amendment of the parameter until a maximum of 3.5x should conditions change;

- EBITDA/net financial charges higher than 5.0 (five).

The financial parameters 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 for the EIB and 60 (sixty) following business days for the loan of Banca Intesa Sanpaolo S.p.A. and both values are not fulfilled, may give the banks 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 parameters envisaged in the agreement have been fulfilled.

The provision “Change of control” is envisaged in the agreement related to the EIB loan.

All the other loans indicated in the table are at a subsidised fixed rate and are always linked to the development of research projects.

The other non-current financial liabilities are as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Derivative (cash flow hedge)	410,962	260,032	150,930
Security deposits	115,750	115,750	-
Value of financial debt at amortised cost	(100,252)	(339,002)	238,750
Total	**426,460**	**36,780**	**389,680**

The other current liabilities item includes the fair value of the derivative, signed on July 1, 2014 with Unicredit S.p.A. (Interest Rate Swap), recognised under financial charges after the redemption of the loan granted by Unicredit S.p.A. related to the hedging.

21 Deferred tax liabilities

(in Euros)

Description	31.12.2015	31.12.2014	Change
Deferred tax liabilities	18,595,398	19,046,246	(450,848)

Deferred tax liabilities, calculated at the current rates (i.e. 27.5% or 24% for those that will be reversed as from 2017 for IRES, while for IRAP they are based on regional rates) have been calculated on the following items.

(in Euros)

Description	31.12.2015		31.12.2014	
	Amount of timing differences	Tax effect	Amount of timing differences	Tax effect
Goodwill	9,033,404	2,520,320	8,171,624	2,565,890
Research grants	1,798,570	564,751	2,790,526	876,225
Research grants taxed in 5 years	56,147,119	14,826,233	0	0
Research grants taxed in 5 years only IRES	0	0	52,356,645	14,398,078
Real estate leases	0	0	1,284,786	403,423
IFRS adjustments	2,438,256	684,094	2,547,431	799,893
Other	**0**	**0**	**8,717**	**2,737**
Total	**69,417,348**	**18,595,398**	**67,159,730**	**19,046,246**

Movements in deferred tax liabilities are illustrated below:

(in Euros)

Description	
Balance as of 01.01.2014	**16,797,986**
Increase	7,448,334
Decrease	(5,200,075)
Balance as of 31.12.2014	**19,046,246**
Increase	6,004,609
Decrease	(6,455,457)
Balance as of 31.12.2015	**18,595,398**

The decrease and increase for the year are mainly due to the effect of research contributions.

22 Other non-current liabilities

(in Euros)

Description	31.12.2015	31.12.2014	Change
Other non-current liabilities	1,713,393	1,159,332	554,061

The change reported in item “Other non-current liabilities” is related to payables for a non-competition agreement signed with the top management.

23 Post-employment benefits

(in Euros)

Description	31.12.2015	31.12.2014	Change
Post-employment benefits	57,594,691	63,943,686	(6,348,995)

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 accrued 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 is 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 by using 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 0.392% to 3.065 % 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%
	-10%	57,886,036	789,782	57,096,254	(769,356)	56,326,898
		(509,508)	291,345	(498,437)	(1,267,793)	(487,732)
Infl.	100%	58,395,544	800,853	57,594,691	(780,061)	56,814,630
		515,558	1,316,411	504,337	(286,614)	493,447
	+10%	58,911,102	812,074	58,099,028	(790,951)	57,308,077

Description		Discounting				
		-10%		100%		+10%
	-10%	+100.51%	+1.37%	+99.13%	-1.34%	+97.80%
		-0.88%	+0.51%	-0.87%	-2.20%	-0.85%
Infl.	100%	+101.39%	+1.39%	+100.00%	-1.35%	+98.65%
		+0.90%	+2.29%	+0.88%	-0.50%	+0.86%
	+10%	+102.29%	+1.41%	+100.88%	-1.37%	+99.50%

Actuarial profits and losses are recognised under Shareholders' equity on an accrual basis, while interest cost was recognised in the income statement under financial charges.

Changes are detailed below:

(in Euros)

Description	
Balance as of 01.01.2014	**60,237,744**
Provisions	16,466,569
Amounts paid to social security institutions + INPS	(17,026,758)
Actuarial profits/(losses)	5,974,819
Benefits paid	(1,789,054)
Indemnities on acquisition of Group business units/subsidiaries	80,365
Balance as of 31.12.2014	**63,943,686**
Provisions	**16,128,435**
Amounts paid to social security institutions + INPS	(16,940,889)
Actuarial profits/(losses)	(3,982,563)
Benefits paid	(1,687,900)
Indemnities on acquisition of Group business units/subsidiaries	248,315
Transfer payables of Group business units/subsidiaries	(114,393)
Balance as of 31.12.2015	**57,594,691**

Note: The “Accruals” item comprises the interest cost for an amount equal to Euro 27,980.

F) Current liabilities

24 Current financial liabilities

(in Euros)

Description	31.12.2015	31.12.2014	Change
Current financial liabilities	20,043,082	16,900,200	3,142,883

Current financial liabilities amount to Euro 20,043 thousand and primarily relate to:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Lenders	12,813,972	9,362,664	3,451,309
Bank payables	-	4,437	(4,437)
Other current financial liabilities	7,229,110	7,533,099	(303,989)
Total	**20,043,082**	**16,900,200**	**3,142,883**

Payables to lenders amounted to Euro 12,814 thousand and relate to the short-term portion of payables to lenders for which reference is made to paragraph 20 “Non-current financial liabilities”.

Other current financial liabilities relate to:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Other grants	6,979,093	7,533,099	(554,005)
Equity investments	250,017	-	250,017
Total	**7,229,110**	**7,533,099**	**(303,989)**

“Other grants” relate to amounts received for research projects to be reversed to other Partner subjects.
The “Equity investments to be paid” item refers to the amount still to be paid to the subsidiary WebResults S.r.l., to re-establishment of the share capital of the subsidiary Engineering Sardegna S.r.l., as well as to the purchase of a further 10% of the equity investment in Engi da Argentina S.A..

25 Current tax payables

(in Euros)

Description	31.12.2015	31.12.2014	Change
Current tax payables	13,120,192	119,176	13,001,016

(in Euros)

Description	31.12.2015	31.12.2014	Change
IRES	13,120,192	(34,928)	13,155,120
IRAP	-	154,104	(154,104)
Total	**13,120,192**	**119,176**	**13,001,016**

The change is attributable to a higher IRES burden, compared to the previous year, inclusive of the recovery of tax losses of the incorporated company Engineering.it.

26 Current provisions for risks and charges

(in Euros)

Description	31.12.2015	31.12.2014	Change
Current provisions for risks and charges	3,881,005	6,485,518	(2,604,513)

The current provision for risks and charges is broken down as follows:

(in Euros)

Description	31.12.2014	31.12.2013	Change
Provisions for risks and charges	2,397,136	4,957,377	(2,560,241)
Provision for losses on projects	1,483,869	1,528.141	(44,272)
Total	**3,881,005**	**6,485,518**	**(2,604,513)**

The Current provision for risks and charges, equal to total Euro 3,881 thousand, covers both risks of special projects (Euro 1,484 thousand), and risks linked to early leaves of employees (Euro 1,295 thousand) and other risks amounting to Euro 1,102 thousand, of which Euro 382 thousand relate to the tax dispute that arose as a result of the tax assessment performed by the General Management of the Inland Revenue office in 2012, and Euro 682 thousand related to the improbable collection of old research projects financed with European funds.

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

(in Euros)

Description	
Balance as of 01.01.2014	**10,305,632**
Increase	1,165,949
Decrease	(4,986,063)
Balance as of 31.12.2014	**6,485,518**
Increase	862,602
Decrease	(3,467,115)
Balance as of 31.12.2015	**3,881,005**

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

The increase is due to the adjustment of the provision to cover probable future charges, which will have to be borne, and especially refers to projects where some critical issues emerged.

The allocated amount is the best estimate made based on the current information available to the Company.

27 Other current liabilities

(in Euros)

Description	31.12.2015	31.12.2014	Change
Other current liabilities	107,111,646	117,706,678	(10,595,031)

This item is broken down as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Directors and Statutory Auditors	925,081	1,045,099	(120,017)
Consultants	27,090	123,688	(96,598)
Acquisition of business unit	12,615	225,518	(212,903)
Withholding taxes	169,155	174,651	(5,497)
Tax payables	22,853,537	34,457,468	(11,603,931)
Due to RTI partners	1,187,279	808,776	378,503
Social security institutions	14,096,549	13,905,974	190,575
Others	4,312,029	4,458,600	(146,571)
Employees	60,993,730	59,764,388	1,229,341
Partners for research projects	2,376,426	2,482,330	(105,904)
Accrued m/l loan interest	50,059	145,650	(95,591)
Deferred income	108,096	114,535	(6,439)
Total	**107,111,646**	**117,706,678**	**(10,595,031)**

The aggregate change of Euro 10,595 thousand is positive and represents the total reduction of payables shown in the table, compared to the previous year, especially tax payables, whose reduction is due to the new mechanism of VAT Split Payment envisaged by the Stability Law, in force for transactions as from January 1, 2015.

Detail of tax payables:

(in Euros)

Description	31.12.2015	31.12.2014	Change
VAT	11,125,929	13,464,383	(2,338,455)
Suspended VAT	2,772,659	12,153,250	(9,380,591)
IRPEF	8,954,949	8,839,834	115,115
Total	**22,853,537**	**34,457,468**	**(11,603,931)**

The significant change in suspended VAT refers to the application of the Split Payment, which led to the reduction of amounts due to the Inland Revenue Office.

28 Trade payables

(in Euros)

Description	31.12.2015	31.12.2014	Change
Trade payables	236,655,174	203,868,767	32,786,407

The balance as of December 31, 2015 is broken down as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Suppliers	161,835,795	138,322,868	23,512,928
Subsidiaries	38,969,701	30,219,338	8,750,363
Others	35,849,678	35,326,561	523,117
Total	**236,655,174**	**203,868,767**	**32,786,407**

a) Suppliers

(in Euros)

Description	31.12.2015	31.12.2014	Change
Due to Italian suppliers	122,281,808	103,664,160	18,617,648
Due to foreign suppliers	6,889,237	4,149,247	2,739,990
Invoices to be received	32,893,758	30,707,332	2,186,426
Credit notes to be received	(229,008)	(197,871)	(31,137)
Total	**161,835,795**	**138,322,868**	**23,512,928**

b) Subsidiaries

(in Euros)

Description	31.12.2015	31.12.2014	Change
Invoices to be received	21,184,764	9,931,976	11,252,788
Invoices received	17,468,331	20,290,354	(2,822,023)
Credit notes to be received	(8,276)	(14,772)	6,496
Deferred income	4,794	11,781	(6,987)
Cash Pooling	320,089	-	320,089
Total	**38,969,701**	**30,219,338**	**8,750,363**

The change in cash pooling payables relates to the subsidiary Engineering.mo S.p.A. that, as of December 31, 2015, reported an amount payable to the Parent Company.

c) Others

(in Euros)

Description	31.12.2015	31.12.2014	Change
Advances for future work	35,849,678	35,326,561	523,117
Total	**35,849,678**	**35,326,561**	**523,117**

29 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 31.12.2015	Liabilities valued at FV in P&L	Liabilities relating to hedging instruments	Liabilities recorded at amortised cost
Non-current financial liabilities		410,962	32,345,504
Other non-current liabilities			1,713,393
Current financial liabilities			20,043,082
Other current liabilities			107,111,646
Trade payables			236,655,174
Total	**0**	**410,962**	**397,868,800**

(in Euros)

Items at 31.12.2014	Liabilities valued at FV in P&L	Liabilities relating to hedging instruments	Liabilities recorded at amortised cost
Non-current financial liabilities		260,032	44,840,765
Other non-current liabilities			1,159,332
Current financial liabilities			16,900,200
Other current liabilities			117,706,678
Trade payables			203,868,767
Total	**0**	**260,032**	**384,475,742**

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) Total revenues

(in Euros)

Description	31.12.2015	31.12.2014	Change
Total revenues	760,846,897	709,378,494	51,468,404

30 Total revenues

(in Euros)

Description	31.12.2015	31.12.2014	Change
Revenues from sales and service	733,824,988	689,599,117	44,225,871
Cgs. finished products and construction contracts	189,324	(10,190,350)	10,379,675
Other revenues	26,832,584	29,969,727	(3,137,142)
Total	**760,846,897**	**709,378,494**	**51,468,404**

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

31 Other revenues

(in Euros)

Description	31.12.2015	31.12.2014	Change
Other revenues	26,832,584	29,969,727	(3,137,142)

The breakdown of other revenues is as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Grants	14,376,781	16,996,797	(2,620,015)
Other income	8,269,455	8,463,347	(193,892)
Other income from subsidiaries	4,186,348	4,509,583	(323,234)
Total	**26,832,584**	**29,969,727**	**(3,137,142)**

Other revenues refer mainly to grants for research projects financed by national bodies and by the European Community, up due to higher investments in research. For further information, reference should be made to paragraph IX of the Directors' report.

The "Other income" item is related to revenues of various types, including re-invoicing of fringe benefits to employees for company cars and mobile telephones.

The "Other income" item from subsidiaries is mainly attributable to re-invoicing of general expenses.

B) Operating expenses

32 Operating expenses

(in Euros)

Description	31.12.2015	31.12.2014	Change
Operating expenses	686,487,737	648,524,986	37,962,751

The breakdown of operating expenses is as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Raw materials and consumables	10,298,796	10,486,159	(187,363)
Services	303,125,107	260,324,751	42,800,356
Personnel costs	351,030,058	349,478,036	1,552,022
Amortisation and Depreciation	10,774,309	12,982,507	(2,208,198)
Provisions	8,279,678	12,414,610	(4,134,933)
Other costs	2,979,790	2,838,923	140,867
Total	**686,487,737**	**648,524,986**	**37,962,751**

33 Raw materials and consumables

(in Euros)

Description	31.12.2015	31.12.2014	Change
Raw materials and consumables	10,298,796	10,486,159	(187,363)

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

(in Euros)

Description	31.12.2015	31.12.2014	Change
Hardware	3,346,407	4,599,445	(1,253,038)
Software	6,350,702	5,499,978	850,724
Consumables	601,686	386,736	214,951
Total	**10,298,796**	**10,486,159**	**(187,363)**

34 Service costs

(in Euros)

Description	31.12.2015	31.12.2014	Change
Services	303,125,107	260,324,751	42,800,356

Service costs include the following:

(in Euros)

Description	31.12.2015	31.12.2014	Change
EDP purchases, services and data lines	2,807,605	3,269,318	(461,713)
Insurance	2,864,716	2,754,749	109,967
Bank charges and commissions	1,522,877	940,362	582,515
Technical support and consultancy	170,886,305	146,065,873	24,820,431
Consultancy from subsidiaries	47,905,913	22,768,817	25,137,096
Legal and administrative consultancy	1,667,284	1,597,093	70,191
Training and refresher courses	2,623,030	2,106,168	516,862
Consultants	519,082	2,692,664	(2,173,582)
Cost of corporate boards	2,549,326	1,756,741	792,585
Building rental	9,926,422	9,737,857	188,566
Maintenance of fixed assets	17,060,386	19,099,206	(2,038,820)
Canteen and other personnel expenses	5,433,010	5,510,505	(77,495)
Automotive expenses	9,468,523	10,220,995	(752,472)
Hardware and software rental	2,842,402	3,008,131	(165,729)
Services from subsidiaries	1,565,426	3,621,300	(2,055,873)
Maintenance and security services	3,302,490	2,911,684	390,806
Advertising and sales rep. expenses	1,060,296	968,114	92,181
Travel costs	11,872,628	12,716,223	(843,594)
Postage and shipping expenses	653,404	862,997	(209,593)
Utilities	6,119,335	7,446,213	(1,326,878)
Other	474,647	269,740	204,906
Total	**303,125,107**	**260,324,751**	**42,800,356**

The main changes are attributable to item “Technical support and consultancy”, whose increase is due to the increase in production activities, which required the use of external resources, as well as item “Consultancy from subsidiaries”, related to new hiring by Group companies that allowed for the use of a higher number of resources for the implementation of the projects of the Parent Company.

The following table shows the remuneration paid to the Independent Auditors of these financial statements, in accordance with article 149-*duodecies* of the Consolidated Law on Finance.

(in Euros)

Type of services	Provider	Customer	Remuneration
Audit	Deloitte & Touche S.p.A.	Engineering Ingegneria Informatica S.p.A.	260,000
Other services*	Deloitte & Touche S.p.A.	Engineering Ingegneria Informatica S.p.A.	50,000
Other services	Deloitte & Touche Network	Engineering Ingegneria Informatica S.p.A.	109,000

Note: Remuneration is net of Consob contribution and expenses.

* Services related to the internal control system to support the management (i.e. testing activities carried out according to performance modalities defined by the management).

35 Personnel costs

(in Euros)

Description	31.12.2015	31.12.2014	Change
Personnel costs	351,030,058	349,478,036	1,552,022

Personnel costs consist of:

(in Euros)

Description	31.12.2014	31.12.2013	Change
Salaries and wages	260,282,777	260,013,701	269,076
Social security expenses	73,210,292	71,943,612	1,266,680
Post-employment benefits	16,100,454	16,211,563	(111,109)
Restructuring and reorganising personnel	126,574	157,227	(30,653)
Other personnel costs	1,309,961	1,151,933	158,028
Total	**351,030,058**	**349,478,036**	**1,552,022**

The wages and salaries item includes costs related to holidays and leave pays, indemnities, overtime and bonuses.
The change is mainly due to the difference between contract increases and the strong reduction of costs related to holidays and leaves (around Euro 3.5 million), due to a higher number of holidays and leaves enjoyed.

The item “Other personnel costs” is related, in the amount of Euro 853 thousand, to the cost for the negotiation of a non-competition agreement signed with the top management and that will be developed over the next 3 years, as shown in paragraph 22 herein. The remaining portion is related to other sundry costs, including scholarships.

Data on the average staff number are shown hereunder:

(units)

Average number of employees	31.12.2015	31.12.2014	Change
Executives	299	294	5
Managers	1,404	1,360	44
Other employees	4,403	4,418	(15)
Total	**6,106**	**6,072**	**34**

For further information reference should be made to paragraph IX of the 2015 Directors’ report.

36 Amortisation and Depreciation

(in Euros)

Description	31.12.2015	31.12.2014	Change
Amortisation and Depreciation	10,774,309	12,982,507	(2,208,198)

The breakdown is as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Depreciation of property, plant and equipment	5,766,109	6,744,338	(978,229)
Amortisation of intangible assets	5,008,199	6,238,169	(1,229,969)
Total	**10,774,309**	**12,982,507**	**(2,208,198)**

37 Provisions and write-downs

(in Euros)

Description	31.12.2015	31.12.2014	Change
Provisions	8,279,678	12,414,610	(4,134,933)

The breakdown is as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Doubtful debt provision	7,417,075	11,248,662	(3,831,586)
Risk provision	862,602	1,165,949	(303,346)
Total	**8,279,678**	**12,414,610**	**(4,134,933)**

The increase in the doubtful debt provision is primarily due to the allocation related to the impairment loss of receivables from the subsidiary Sicilia e-Sevizi S.c.r.l., in liquidation, as widely described in section 14 herein.

The allocation of Euro 863 thousand to the provision for losses on projects was made with respect to probable future charges which will be incurred mainly on projects in which difficulties have arisen.

Amounts recognised in the financial statements are the best estimates and assumptions based on the best information available at the reporting date.

38 Other costs

(in Euros)

Description	31.12.2015	31.12.2014	Change
Other costs	2,979,790	2,838,923	140,867

Other costs are broken down as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Dues and subscriptions	501,719	440,890	60,829
Taxes	1,102,624	1,146,958	(44,334)
Gifts and donations	190,448	191,028	(580)
Charges for social causes	448,721	369,962	78,760
Other	736,278	690,086	46,193
Total	**2,979,790**	**2,838,923**	**140,867**

39 Financial income/(charges)

(in Euros)

Description	31.12.2015	31.12.2014	Change
Financial income/(charges)	(2,073,577)	168,088	(2,241,665)

Financial income is broken down as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Interest income	1,558,576	3,003,859	(1,445,283)
Fair value gain (differential from derivative)	841,570	-	841,570
Other income	354,348	142,219	212,128
Total	**2,754,494**	**3,146,078**	**(391,585)**

Interest income relate to bank interest for bank current accounts, interest in arrears acknowledged by our customers and interest in subsidiaries which use the cash pooling (Paragraph 43 “Transactions with related parties”).

Financial charges consist of:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Interest expense	2,708,770	2,937,482	(228,712)
Other	2,119,301	40,508	2,078,793
Total	**4,828,071**	**2,977,990**	**1,850,081**

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 28 thousand.

The change of Euro 2,079 thousand is mainly due to economic adjustments of foreign receivables, due to exchange differences.

40 Income/(Charges) from investments

(in Euros)

Description	31.12.2015	31.12.2014	Change
Income/(Charges) from investments	(541,466)	398,683	(940,149)

The breakdown is as follows:

(in Euros)

Description	31.12.2015	31.12.2014	Change
Gains on equity investments		544,085	(544,085)
Write-down of equity investments	(541,705)	(145,912)	(395,794)
Non-recurring income (charges)	239	510	(270)
Total	**(541,466)**	**398,683**	**(940,149)**

Charges from investments are related:

- in the amount of Euro 195 thousand, to the write-down of the equity investment in the subsidiary Sicilia e-Servizi Venture S.c.r.l., in liquidation;
- in the amount of Euro 334 thousand, to costs resulting from the equity investment in the subsidiary Engineering Sardegna S.r.l., related to the write-down of the investment itself (Euro 130 thousand) and the cover of losses (Euro 204 thousand).
- in the amount of Euro 10 thousand, to the write-down of the equity investments in the company Roma Capitale Investments Found, stated under “Investments in other companies”;
- in the amount of Euro 3 thousand, to the subsidiary Consorzio Engabas.

Details are shown in the tables in paragraphs 7 and 9.

41 Taxes

(in Euros)

Description	31.12.2015	31.12.2014	Change
Taxes	21,931,565	27,319,814	(5,388,249)

The breakdown of taxes is as follows:

(in Euros)

Descrizione	31.12.2015	31.12.2014	Change
Current	22,324,687	17,436,064	4,888,623
Deferred	(393,122)	9,883,750	(10,276,872)
Total	**21,931,565**	**27,319,814**	**(5,388,249)**

Reconciliation between the theoretical and effective IRES tax rate is shown below:

(in Euros)

	31 December 2015		31 December 2014	
Profit/(Loss) before taxes	**71,744,117**		**61,420,279**	
Ordinary rate applied	**19,729,632**	**+27.5%**	**16,890,577**	**+27.5%**
Income taxable in prior years	3,505,325	+4.9%	4,348,333	+7.08%
Income not taxable	(5,051,599)	-7.0%	(6,069,069)	-9.88%
Expenses not deductible	3,667,466	+5.1%	5,084,113	+8.28%
Deductible expenses not charged to Inc. St.	(4,489,269)	-6.3%	(6,823,545)	-11.11%
Utilisation of previous years tax losses	0	+0.0%	(8,179,188)	-13.32%
Total assessable IRES	**63,132,925**		**19,095,341**	
Tax/Tax rate	**17,361,554**	**+27.5%**	**5,251,219**	**+27.5%**

Deferred taxes were calculated taking into consideration the accumulated sum of all temporary differences based on 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.

42 Other information

COMMITMENTS UNDERTAKEN

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

(in Euros)

Description	31.12.2015
Third party sureties	219,187,736
Bank sureties in favour of other companies	11,326,977
Bid Bonds and Performance Bonds	2,337,961
Total commitments undertaken	**232,852,674**

OPERATING LEASES:

The operating leases principally concern rental contracts for transport vehicles.

(in Euros)

Description	31.12.2015	31.12.2014
Liability remaining as of January, 1	15,284,611	13,804,440
Amount of contracts agreed in year	11,017,443	11,428,107
Amount of fees paid in year	(9,141,469)	(9,947,936)
Amount of fees still due	**17,160,584**	**15,284,611**

(in Euros)

Description	31.12.2015	31.12.2014
Within 1 year	7,630,440	6,770,048
Over 1 year	9,530,144	8,514,563
Over 5 years		
Total	**17,160,584**	**15,284,611**

43 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
Engineering Sardegna S.r.l.	280,097	463,904	10,530	422,173	380,856	961,082	
Engineering Tributi S.p.A.	4,134,672	1,073,139	69,812	13,237,629	1,401,242	919,415	
Engiweb Security S.r.l.	325,032	9,553,366	26,791	370,270	7,174,972	4,928,471	
Nexen S.p.A.	911,553	4,199,483		520,347	4,326,823		
OverIT S.p.A.	400,728	19,611,442	5,041	609,234	12,885,149		
Sicilia e-Servizi Venture S.c.r.l.	1,430,769			62,058,067	33,294		
Engineering do Brasil S.A.	4,601,342	2,055,927	93,995	5,411,253	2,576,297		
Eng. International Belgium S.A.	2,214,513	3,548,543		2,929,887	2,229,298		
Engineering International Inc.	1,128,415		3,092	1,798,234	4,912		
Engineering.mo S.p.A.	5,041,559	3,866,266	(224,472)	3,077,880	3,899,488		320,089
Engi da Argentina S.A.	1,781,548			7,507,077			
MHT S.r.l.	87,470	2,343,344		129,215	2,048,441		
Engineering Excellence Center S.r.l.	121,970	2,123,341	3,287	334,522	1,075,862		
EngNor AS	540,752		271	591,023			
WebResults S.r.l.	38,800	701,348		41,000	547,441		
MHT Balkan d.o.o.		132,786			65,535		
Total	**23,039,220**	**49,672,891**	**(11,653)**	**99,037,809**	**38,649,612**	**6,808,967**	**320,089**

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 Executives 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 22 herein.

Declaration on financial statements in accordance with Article 81-*ter* of CONSOB Regulation no. 11971 of May 14, 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 Ingegneria Informatica S.p.A., affirm, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of February 24, 1998:

   – the adequacy of the information on Company operations and
   – the application of the administrative and accounting procedures for the preparation of the consolidated financial statements for the Engineering during the year 2015.

2. It is also noted that:

   2.1 The financial statements for the year closing as of December 31, 2015:

   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 July 19, 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 they are exposed.

Rome, March 15, 2016

The Chief Executive Officer

Mr. Paolo Pandozy

Executive Responsible for the preparation of the accounting documents
Mr. 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: 2015
Date of approval of the Report: March 15, 2016

Glossary

Code: the Corporate Governance Code for listed companies approved in March 2006 by the Corporate Governance Committee, modified in March 2010 and updated in the months of December 2011, July 2014 and July 2015.

Civil 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 Instructions to 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 Issuers' Regulations: the Issuers' Regulations issued by Consob Resolution No. 11971 of 1999.

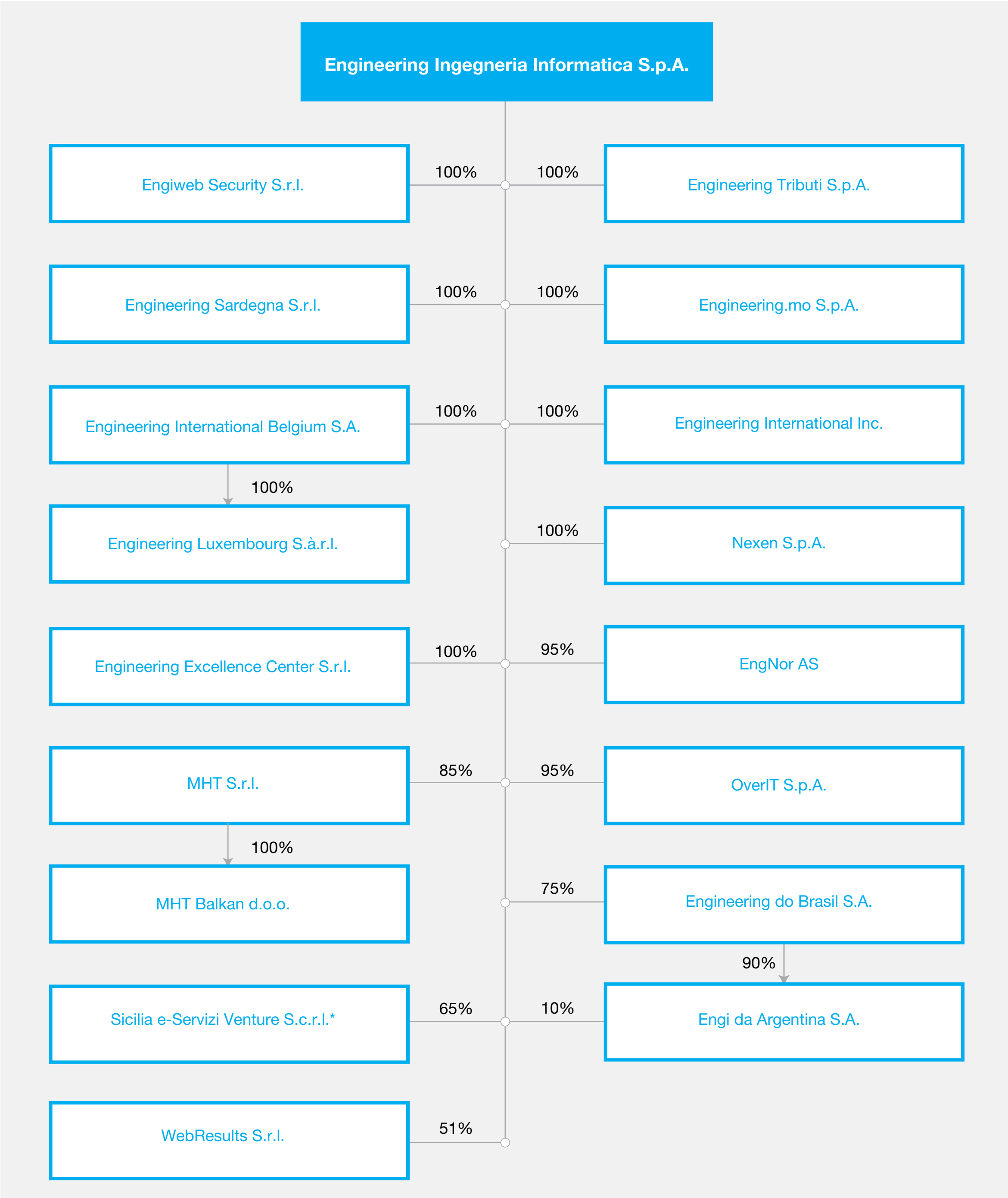
Consob Market regulations: the Market Regulations issued by Consob Resolution No. 16191 of 2007.

Report: the Corporate Governance report that companies need to prepared in accordance with Articles 123-*bis* of the Consolidated Law on Finance, 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 Issuer 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 & Administrative Index RM no. 531128, heads a group composed of 17 companies structured as follows:



*The company Sicilia e-Servizi Venture S.c.r.l. was placed in liquidation during the course of 2014.

Engineering Ingegneria Informatica S.p.A. (hereafter the "Issuer" and/or the "Company") has adopted a Corporate Governance model that is in line with the principles in the Code, with the aim of guaranteeing correct and transparent information on the Company while creating value for the Shareholders.
The Company's Corporate Governance system is an organised and homogenous set of rules of conduct regarding both the organisational structure and the relations with shareholders, in compliance with the latest Governance standards and, as specified, the principles and application criteria recommended by the Corporate Governance Code.

The Issuer is organised according to the one-tier control and administration model[1] which requires the following as corporate bodies: the Shareholders' Meeting, the 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.
Governance also includes the internal control system, the Organisation, management and control model pursuant to Art. 6 of Legislative Decree no. 231/2001 and the structure of the powers and delegations, as illustrated below.
The Issuer currently holds a share of about 10% 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.
As of 2013, the Engineering Group has been drafting the Corporate Social Responsibility report which was prepared in accordance with the Core Level of the new "G4 Sustainability reporting guidelines" guidelines published by the Global Reporting Initative (GRI). In order to incorporate the recommendations of the new G-4 guidelines – which provide for a focus on reporting of material topics – Engineering conducted an internal and external auditing process aimed at identifying the most significant themes which served as guidelines in order to construct the structure and contents of the document.

2 Information on the ownership structure
(as per Art. 123 bis par. 1, CLF)

At the date of adoption of this Report it is noted that:

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 shares 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.
As of December 31, 2015 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
As of December 31, 2015, the significant investments in the Issuer's share capital resulting from notices made according with Art. 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 Secondary Fund GP LTD	Oep Italy High Tech Due S.r.l.	29.158*	29.974
Michele Cinaglia	Michele Cinaglia	23.214**	23.864
Marilena Menicucci	Marilena Menicucci	11.970**	12.305
Bestinver Gestion, SGIIC, S.A.	Bestinver Gestion, SGIIC, S.A.	8.500**	8.74
Treasury Shares of Engineering Ingegneria Informatica S.p.A.	Treasury Shares of Engineering Ingegneria Informatica S.p.A.	2.746	0

* Source: significant shareholdings communicated to Consob.
** Press release distributed on February 8, 2016.
*** Re-calculated with respect to the shares in circulation on December 31, 2015.

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

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

e) Employee shareholdings

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 aware of three shareholders agreements pursuant to Art. 122 of Leg. Decree no. 58/98 which were undersigned in relation to an investment operation on the part of the funds NB Renaissance and Apax VIII for the purchase of a shareholding equal to approx. 37.1% of Engineering Ingegneria Informatica S.p.A. and for which all the formalities pursuant to currently effective legal and regulatory provisions have been fulfilled (for more information on the investment operation, refer to chapter 18).

More specifically, on February 7, 2016, a shareholder agreement was undersigned along with the aforementioned investment agreement which regulates, amongst other items, certain governance elements of the Issuer and establishes certain limits on mutual shareholdings of the parties of the agreement; as of the date of undersigning, none of the parties to the agreement retained shares of the Issuer (the so-called “Topco Agreement”).

Again, on February 7, 2016, a shareholder agreement was undersigned along with the aforementioned investment agreement on the basis of which Bestinver Gestion SGIIC S.A, a fund which manages approx. 8.5% of the share capital of Engineering, undertakes, at certain conditions, to participate in the potential mandatory offer provided by offering investors and pursuant to the investment agreement (the so-called “participation agreement”).

The Issuer is also aware of an additional shareholder agreement – again in relation to the investment agreement – which regulates certain governance elements of the Issuer itself. As of today’s date, this agreement was not undersigned but subject to the occurrence of certain conditions precedent pursuant to the investment agreement (the so-called “Holdco Agreement”).

For more details on these shareholder agreements, refer to the essential information on each agreement and the relative extracts communicated to the Issuer and to Consob on the basis of Art. 122 of Leg. Decree 58/1998, and published within *www.eng.it* –> Investor relations –> Corporate Governance –> Shareholding.

h) Change of control clauses and provisions of the Articles of Association concerning Public Purchase Offers

The Issuer and some of its subsidiaries have some significant contracts in place that, in the event of change of control of the Company and/or its subsidiaries, give the other contracting party the right to withdraw. 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 Art. 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 Art. 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 Directors of the Issuer does not have the power to increase the share capital as per Art. 2433 of the Civil Code nor to issue financial instruments.

The Shareholders’ Meeting of the Issuer held on April 24, 2015 authorised the purchase of treasury shares as per Art. 2357 of the Civil Code establishing that (i) a maximum total number of shares may be acquired (including treasury shares in portfolio), i.e. 2,500,000 ordinary shares within the limit 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 Art. 4.1.12 of the Stock Exchange Regulation) 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.

As of December 31, 2015 treasury shares in the portfolio of Engineering numbered 343,213, equal to 2.746% of the share capital.

For further information, reference should be made to the minutes of the above-mentioned Shareholders' Meeting downloadable on the website *www.eng.it* in the Shareholders' Meetings Section.

l) Management and co-ordination activities (as per Art. 2497 et. seq. of the Civil Code)
The issuer is not subject to management and co-ordination pursuant to Art. 2497 et seq. of the Civil Code.

* * * * *

The information required in accordance with Art. 123-*bis*, first paragraph, letter (i) is contained in the Remuneration Report published in accordance with Art. 123-*ter* of the CLF to which reference should be made; (ii) the information required by Art. 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 Corporate Governance Code promoted by Borsa Italiana S.p.A. and accessible on the website *www.borsaitaliana.it* 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 Art. 14 of the Articles of Association, as last amended by the Extraordinary Shareholders' Meeting of March 11, 2015, 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 Art. 2409-*sexiesdecies* et. seq. of the Civil Code.

Art. 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 13 (thirteen) members. In consideration of the fact that the Issuer belongs to the FTSE Italia STAR segment, in the appointment and replacement of the corporate boards the provisions of Art. 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 and shall terminate at the date of the Shareholders' Meeting called to approve the financial statements relating to the last year of office.

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

The lists 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 list must contain a maximum of 11 candidates, listed by progressive numbering.

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

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

Furthermore, the lists that have a number of candidates equal to or higher than three must include candidates of a different gender, in accordance with the indications in the notice of convocation of the meeting, so as to ensure that the composition of the board complies with the *pro tempore* provisions in force with regard to the balance between genders.

All those with the right to vote may vote on only one list 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 list.

The Directors elected shall be: (i) candidates on the list 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 list; (ii) the first candidate on the list that has obtained the second highest number of votes who meets the requirements to hold office on the Control Committee.

If the list 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 list will not be appointed and the entire Board of Directors will be elected from the first list by number of votes according to progressive number by which the candidates are listed.
If only one list is presented, the entire Board of Directors will be elected from the only list according to progressive numbering by which the candidates are indicated.

If, as the outcome of the voting and operations above, the *pro tempore* regulations on the balance between genders are not complied with, the candidates of the most represented gender, elected
last according to the progressive order of the list that came first in terms of votes, shall become invalidated in a number that is needed to ensure compliance with the requirements, and be replaced by the first candidates of the less represented gender not elected from the same list and according to the progressive order. If this procedure does not ensure the results specified above, the Meeting integrates the Board with the legal majority after the presentation of the candidates of the less represented gender, so as to ensure that the requirement is satisfied.

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.

4.2 COMPOSITION

The Board of Directors was appointed with Shareholders' Meeting resolution of April 24, 2015 and its mandate will conclude with the approval of the financial statements as of December 31, 2017.

The Board of Directors is composed of: Marilena Menicucci (Director), Paolo Pandozy (Executive Director), Armando Iorio (Executive Director), Giuliano Mari (Independent Director), Alberto De Nigro (Independent Director), Massimo Porfiri (Independent Director), Dario Schlesinger (Independent Director), Gabriella Egidi (Independent Director), Jörg Zirener (Independent Director) and Michele Cinaglia, who was confirmed as Chairman of the Board of Directors.

The Chairman and the first eight listed directors are drawn from the list of candidates presented by the Cinaglia family while Jörg Zirener is from the list of the shareholder OEP Italy High Tech Due S.r.l.).

The Directors Giuliano Mari, Alberto De Nigro, Massimo Porfiri, Dario Schlesinger, Gabriella Egidi and Jörg Zirener have certified that they possess independence requirements pursuant to Art. 148, paragraph three, of Leg. Decree no. 58/1998 and its subsequent amendments and supplements (CLF) (referenced by Article 147-ter, paragraph f, of the CLF) of the Corporate Governance Code promoted by Borsa Italiana S.p.A. as well as by the Articles of Association.

The Board is therefore composed of six independent directors out of a total of ten.

Thus, refer to Table 2 attached to this report for the composition of the Board of Directors in office as of December 31, 2015.

* * * * *

Summarised information is reported below on the personal and professional background of the members of the Board of Directors of the Company currently in office.

Michele Cinaglia

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. In 1980 Cerved Engineering was established out of Cerved (60%), Cinaglia and Abati, Cerved's Technical Director (40%). With a management buy-out transaction in 1985, he took over the majority shareholding from Cerved, and Cerved Engineering changed to Engineering Ingegneria Informatica, of which he is the Chairman.
He is currently the Chairman of the Board of Directors of Engineering Ingegneria Informatica S.p.A. and the subsidiary company Engineering.mo S.p.A..

Paolo Pandozy

Born in Anzio (RM) on August 19, 1950, 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 Roman office of the Parent Company.
He has been a Director of Engineering since April 28, 2005, and currently holds the office of Chief Executive Officer of Engineering Ingegneria Informatica S.p.A., Engineering.mo S.p.A., President of MHT S.r.l. and WebResults S.r.l. in addition to being a Director in companies in which Engineering has minority holdings.

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 superintendence 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 Noi Donne, Leggendaria.
After the transfer to Rome she stopped her teaching activities to dedicate herself completely to writing and journalism, contributing to agencies, magazines and the leading Italian newspapers: Corriere della sera, Messaggero and Paese Sera.
She has published six essays: (Educazione e Igiene mentale (1971), Handicappato! (1981), L'altra capitale (1995), the above-stated La sarta argentina (1998) and L'Educativo creativo (2001). 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). Two testimonies, Memorie di lavoro e di vita (2007), La colonia - dal ventennio fascista al secondo dopoguerra (2010).
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 Director for administration, finance and control of the Engineering Group, Director of Nexen S.p.A., Engineering.mo S.p.A., Engineering Exellence Center S.r.l., OverIT S.p.A. and MHT S.r.l..

Dario Schlesinger

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 SGRpA, Quadrivio Capital SGR S.p.A., B.I.P. – Business Integration Partners S.p.A..

Alberto De Nigro

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 also an independent director of Rai Way S.p.A., Chairman of the Board of Statutory Auditors of Banca Finnat Euramerica S.p.A. and statutory auditor of Atlantia S.p.A., as well 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 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. He became a partner in 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 graduated in Chemical Engineering at La Sapienza University of Rome in 1968; he acquired expertise as an analyst and credit risk assessor at the Inspectorate Service of IMI. In 1986 he became the head of the Credit Department of IMI, first with reference to the SME sector and afterwards for the large manufacturing and service companies. From 1992 to 1995 he was the head of the Corporate Finance Department of IMI, entrusted by IRI and Eni with the advisory for privatisations through trade sale and for the corporate and financial restructuring plans.
In the same period he was the Chief Executive Officer of Sige Investimenti, the investment bank of the IMI group.
In 1995 he moved to the Merchant Banking division of IMI, which he headed until 1999, when he became the Chief Executive Officer and Director General of Nuova Holding SANPAOLOIMI (now IMI Investimenti), a company that manages all non-financial investments of the SANPAOLOIMI Group.
From 1999 to 2002 he was the Chief Executive Officer and Director General of IMI Investimenti; from 2003 to 2005, Director General of Cofiri.

Since 2009 he has been the Chairman of the Board of Directors of Assietta Private Equity SGR and a Director of Atlantia S.p.A.; as part of this Board, Chairman of the Control, Risk and Corporate Governance Committee, Chairman of the Committee for Transactions with Related parties and Director in charge of the Internal Control System.

Gabriella Egidi
The attorney Gabriella Egidi is an expert in corporate law and the regulation of financial markets, with specific reference to the regulation of listed issuers.
She has worked at Borsa Italiana S.p.A. and Mercato dei Titoli di Stato S.p.A., as well as in international industrial companies and has attained significant experience in major law firms.
She is currently of counsel within the Pollari Maglietta firm and provides legal consultancy and assistance in these areas, particularly with regard to issues concerning corporate governance and compliance.
She was awarded a degree in law with honours from the University "LUISS Guido Carli" of Roma in addition to attaining a Master (LL.M.) in International Business Law from the University of London – Queen Mary and Westfield College.
She is an independent director of B&C Speakers S.p.A.; in the latter she is also a member of the Control and Risks Committee, the Appointments Committee and Remuneration Committee.
She is the Chairman of the Supervisory Body of Cassa di Compensazione e Garanzia S.p.S., as well as a member of the Supervisory Body of Borsa Italiana S.p.A., di MTS S.p.A., EutoTLX SIM S.p.A., Monte Titoli S.p.A., BiT Market Service S.p.A..

Jörg Zirener
He has been a Director of Engineering since May 15, 2014 as well as the Chairman of the Committee for Risk Management and Control. He obtained a Kaufmann diploma, equivalent to a MBA, from the European Business School and subsequently attained a PhD in "Business Administration" from the Europa Universitat Viadrina, Frankfurt, with dissertation on reorganisation of bankrupt companies.
As of October 2010, he has been a member of the Steering Committee of the company Library Solutions in Amsterdam. The company is a leader in the supply of automated "end-to-end" solutions for libraries. Always from October 2010, he has been a member of the Supervisory Board as well as the Committee for Strategy and Remuneration and Chairman of the Internal Control Committee of Smartrac N.V. in Amsterdam. The company is a leader in the development and production of RFID inserts. As of February 2015, he has also been member of the Supervisory Board of the company Duran Group GmbH of Magonza, a leader in the supply of glass objects.
From 2008 to 2011 he was an Alternate Member of the Supervisory Board of Sud-Chemie AG of Munich, a multinational company operating in the chemical sector.
From November 2010 to December 2013 he was a Member of the Supervisory Board of the Board of Auditors of the company Constantia Flexbles GmbH in Vienna, a global group leading in the flexible packaging sector.
Since November 2010 to May 2015 he has been a Member of the Supervisory Board and the Board of Auditors of the company Duropack GmbH in Vienna. This is a company leading in the manufacture of corrugated cardboard in south-eastern Europe.
Since November 2006 he has been Chief Executive Officer and a Partner of One Equity Partners in Frankfurt, a company specialised in the search for, finalisation, development and management of Private Equity transactions/investments.

With reference to Art. 1.C.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 the maximum number of director or audit offices to 13 (thirteen) 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 Art. 148-*bis* of CLF and Art. 144 terdecies of the Consob Issuers' Regulations are exclusively applied for the members of the Management Control Committee.

For the purposes of the information required by Art. 1.C.2 of the Code, the offices of director or internal auditor held in 2015 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 of Engineering Ingegneria Informatica S.p.A..
ii. Paolo Pandozy is the Chief Executive Officer of Engineering Ingegneria Informatica S.p.A..

iii. Giuliano Mari is the Chairman of the Board of Directors of Assietta Private Equity SGR and a Director of Atlantia S.p.A..
iv. Alberto De Nigro is an Independent Director of Rai Way S.p.A., Chairman of the Board of Statutory Auditors of Banca Finnat Euramerica S.p.A. and statutory auditor of Atlantia S.p.A., as well as 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.
v. Massimo Porfiri is a member of the Board of Directors of several religious organisations, with specific reference to the communications sector, and is a member of the Board of Statutory Auditors of Rai Way S.p.A..
vi. Dario Schlesinger is the Chairman of the Board of Statutory Auditors of Quadrivio SGR S.p.A., Statutory Auditor of Ver Capital SGR S.p.A.. He holds offices also in Quadrivio Capital SGR S.p.A. and is the Chairman of the Board of Statutory Auditors of Business Integration Partners S.p.A..
vii. Armando Iorio is a Director of Engineering Ingegneria Informatica S.p.A..
viii. Gabriella Egidi is an independent member of the Board of Directors of B & C Speakers S.p.A..
ix. Jörg Zirener is the Chief Executive Officer and a Partner of One Equity Partners in Frankfurt, a member of the Steering Committee of Library Solutions in Amsterdam; a Member of the Supervisory Board and the Strategic/Remuneration Committee as well as the Chairman of the Board of Auditors of Smartrac N.V. in Amsterdam; a Member of the Supervisory Board of Duran Group GmbH in Vienna.

The Chairman supported the participation of the directors, after their appointment and during their term, in initiatives aimed at providing them with suitable knowledge of the business sector the Company is engaged in, of the Company performance and its development and of the reference regulatory framework (Application criterion 2.C.2). In consideration of the composition of the Board, which comprises people specialised in the ITC sector boasting over twenty years of experience in the IT segment, the principle is applied in particular through discussions and follow-up meetings with the management, with the assistance of the other (3) executive directors who are managers and/or executives of the Company.

4.3 OPERATION OF THE BOARD OF DIRECTORS

The Board meets at least quarterly. There were 9 (nine) meetings in the course of 2015. The average duration of the meetings was 2.5 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 six (6) meetings for 2016. 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 March 14, 2016, two meetings have been held, including the one held on that same day.
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 vested with particular assignments approved by the Management Control Committee and determination of any remuneration for the Management Control Committee (in addition to the one due to them as Directors), and for the entire board if the Shareholders Meeting has so voted, between 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 the accounting documents;
- the approval of operations of significant economic, capital and financial impact, in relation to transactions with related parties.

In compliance with the Corporate Governance Code, the Board shall specifically:
(i) examine and approve strategic, business and financial plans of the Issuer and the Group, with specific attention to budgets, monitoring and implementation thereof;
(ii) assess the adequacy of the organisational, administrative and accounting structure, with special reference to the internal control and risk management system;
(iii) assess the general performance of operations and examine and approve in advance the 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 2011 the Board adopted the "Guidelines for identification and performance of significant and related-party transactions" (see part 13 of the report for more information); the procedure was most recently evaluated and updated by the Board of Directors on August 5, 2015.

In the meeting of March 9, 2016 the Board assessed the general organisational, administrative and accounting structure, with particular reference to the internal auditing system and the management of risks, deeming it to be substantially adequate in consideration of the Company's characteristics and the risk profile assumed, compatible with the corporate objectives and effective. 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.

Again in the meeting of March 9, 2016, the Board defined the nature and level of risk compatible with the strategic objectives of the Issuer, looking for possible updates and/or developments in the risk profile also compared to the outcome of the previous assessment.

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 first useful 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 Corporate 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 Corporate 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 9, 2016, the Board conducted an overall assessment of its size, composition, as well as operation and gender diversity, 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. They believe this will continue in the future.

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

4.6 EXECUTIVE BOARDS

Chairman and Chief Executive Officer
During its meeting of April 24, 2015 the Board of Directors granted Michele Cinaglia the broadest powers of ordinary and extraordinary management, with the exclusion of those matters which, by law or by Articles of Association provisions cannot be delegated and are reserved for the Board of Directors or the Shareholders' Meeting. In the same meeting, the broadest powers of ordinary and extraordinary management of the Issuer were assigned to the CEO, Paolo Pandozy.

The definition of these powers is in line with past practice; in fact, the Appointments Committee – already in 2012, after having evaluated the significant current and future commitment for 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.
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.
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 2015, 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.

4.7 OTHER EXECUTIVE DIRECTORS

Another Executive Director in the reference year is Armando Iorio, Chief Financial Officer of the Company.

4.8 INDEPENDENT DIRECTORS

The current Board of Directors includes 6 (six) Directors that meet independence requirements:

- Giuliano Mari (Lead Independent Director, Chairman of the Committee for the Management and Approval of Procedures with Related Parties, member of the Remuneration Committee).
- Massimo Porfiri (Chairman of the Appointments Committee, member of the Internal Control and Risk Management Committee).
- Dario Schlesinger (Chairman of the Remuneration Committee, member of the Committee for the Management and Approval of Procedures with Related Parties).
- Alberto De Nigro (member of the Committee for the Management and Approval of Procedures with Related Parties, member of the Appointments Committee).
- Jörg Zirener (Chairman of the Internal Control and Risk Management Committee, member of the Remuneration Committee).
- Gabriella Egidi (member of the Internal Control and Risk Management Committee).

The Independent Directors make up the Remuneration Committee and the Internal Control and Risk Management Committee, the Committee for the Management and Approval of Procedures 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) is not, or has not been in the previous three financial years, a representative of the issuer, of a subsidiary having strategic significance or of a company under shared 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;
c) does not have, and has not had in the previous year, directly or indirectly (for example, through subsidiary companies or companies in which they hold significant positions;
d) 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 relevant members;
   - 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) 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) was not a director of the Issuer for more than nine years of the past twelve years;
g) is not an executive director in another company in which an Executive Director of the Issuer is a Director;
h) is not a shareholder or Director of a company or of an entity belonging to the network of the auditors of the Issuer;
i) is not a close family member 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, 2015 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 by the Board at least once a year.

Under the procedure followed by the Board in verifying independence, the existence of the requirement is declared by the director when the list 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 any failure to meet the requirement, so that necessary measures may be taken. Following appointment the Board of Directors again asks for a declaration of independence from Directors once a year and verifies the independence requirements are met, as recommended in Art. 3.C.4. of the Code.

On March 9, 2016, during its annual verification, the Board examined whether said non-executive Directors met the independence requirements. It should be noted that the Board of Directors – as part of its evaluation of the independence of some of its members – Dario Schlesinger, Massimo Porfiri and Alberto De Nigro – decided to not apply one of the valuation parameters pursuant to criterion 3.C.1 of the Corporate Governance Code. More specifically, the Board did not apply the criterion pursuant to Art. 3.C.1, letter e) of the duration of "more than nine years" by noting the opportunity to not automatically take into account this criterion while considering, on the other hand, it necessary to only take into account professional experience and competencies.

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 once 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 requirements for the term of their offices and to resign in the event that they are no longer independent.

4.9 LEAD INDEPENDENT DIRECTOR

The Board has appointed Giuliano Mari as Lead Independent Director, to represent 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 July 23, 2015.

This procedure covers the roles, responsibilities and operative methods of managing price sensitive information and the 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.

In compliance with the Corporate Governance Code as well as the provisions of Articles 114, paragraph seven, and 115-*bis* of the CLF, in addition to Articles 152-*bis*, 152-*sexies* et seq. of the Issuers Regulations, the Issuer has adopted a register of all persons with access to price sensitive information and follows the procedure set down in the CLF (Art. 114, par.7) and by Consob in relation to notification of transactions of Engineering shares executed by relevant persons (internal dealing).

6 Internal committees

A Remuneration Committee, an Internal Control and Risk Management 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, 2015. The Committee is composed of three non-executive and Independent Directors as follows: Chairman Massimo Porfiri, members Giuliano Mari and Alberto De Nigro.
The work of the Committee is co-ordinated by the Chairman Massimo Porfiri.
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 3 (three) 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 3 (three) meetings, of which 1 (one) meeting already held before the approval of the present Report, which included the participation of non-Committee members.
For further information relating to the functioning and the Committee Meetings, reference should be made to Table 2 attached to the present report.

8 Remuneration committee

The Board set up the Remuneration Committee with Board Resolution of April 24, 2015. The Committee is composed of three non-executive and Independent Directors as follows: Chairman Dario Schlesinger, member Massimo Porfiri, member Giuliano Mari and member Jörg Zirener, all with adequate accounting and financial knowledge.

During the year, the Remuneration Committee met 4 (four) times with an average duration of 2 hours. The minutes of Committee meetings were regularly taken and the work was co-ordinated by the Chairman Dario Schlesinger. The participation percentage of individuals in the meetings
To perform its functions, the Remuneration Committee has access to the information and company functions needed to carry out its work as well as the assistance of external consultants, within 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 executives with strategic responsibilities;
- utilising for this latter issue the information provided by the Chief Executive Officers and draws up for the Board of Directors related proposals;
- present proposals to the Board of Directors on the remuneration of executive directors and other directors holding particular offices as well as establish the performance objectives 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 objectives.

The Committee does not utilise external consultants and, in any case, has the faculty to use the services of a consultant in order to obtain information on market practices concerning remuneration policies, preliminarily verifying that they do not relate to situations in which 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 Art. 123 of the CLF.

9 Remuneration of Directors

For the information pursuant to this section, reference is made to the Remuneration Report as per Art. 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 of the preparation of the accounting documents are in line with the responsibilities assigned.

10 Control and Risk Committee

The Control and Risk Committee is composed of three members, Jörg Zirener (Chairman), Massimo Porfiri and Gabriella Egidi, 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, as well as the functions that the Corporate Governance Code assigns to the Committee for the Management and Approval of Procedures with Related Parties.

This overlapping of roles – suggested for companies with a one-tier system by Article 10.C.2. b) of the Code – is due initially to the configuration and structure of the one-tier system audit 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 Art. 19 of Legislative Decree 39/2010, attributing however further supervisory duties in relation to financial reporting and auditing processes.
Therefore each time the Management Control Committee meets, it also performs the functions and checks of the Control and Risk Committee. For this reason, separate minutes are not taken for the meetings of the Control and Risk Committee.
The Committee held 8 (eight) meetings of an average duration of 2 (two) hours; the effective members took part in all the meetings.
During the course of the year, the Committee has planned 8 (eight) meeting, 2 (two) of which have already been held prior to the approval of this Report and to which no external members of the committee itself participated.
No non-members attended the Committee meetings, with the exception of the Chief Executive Officer, the Executive Responsible for the preparation of the 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 appointed by the Board in relation to internal control and has the ability 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 with the purposes of preparing the consolidated financial statements for 2015 with Deloitte & Touche S.p.A. and the Executive Responsible for the preparation of the corporate accounting documents.

At the request of the Executive Director in charge of supervising the operation 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 on the adequacy of the internal control and risk management system.

11 Committee for the Management and Approval of Procedures with Related Parties

The Committee for the Management and Approval of Procedures with Related Parties, appointed by the Board of Directors in the meeting of April 24, 2015, comprises three non-executive, Independent Directors: Giuliano Mari (Chairman), Alberto De Nigro and Dario Schlesinger. At the Board of Directors meeting of November 12, 2011, the Board, following approval of the Committee, approved the procedure for transactions with related parties; the procedure was most recently evaluated and updated by the Board of Directors on August 5, 2015.

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

12 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 Control and Risk 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 the meeting of March 9, 2016 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 the meeting of March 9, 2016, the Board of Directors expressed a positive assessment on the subject;
- approves, at least annually, the work plan prepared by the Audit Manager, having heard the opinion of the Management Control Committee and the Executive Director in charge of supervising the operation of the internal control and risk management system. In this regard, again in the Meeting of March 9, 2016, 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.

Lastly, based on a proposal by the Executive Director in charge of supervising the operation of the internal control and risk management system and having obtained the favourable opinion of the Control and Risk 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.
The Management Control Committee in its report to the Board judged the Issuer's internal audit 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.

12.1 DIRECTOR IN CHARGE OF SUPERVISING THE OPERATION OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

To comply with the provisions of art. 7.P.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 in charge of supervising 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 periodic reports prepared by the Supervisory Board (pursuant to Legislative Decree 231/2001);
- exchanges information with the Internal Control and Risk Management Committee and reports on problems and critical issues arising.

12.2 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 Risk Committee acting as Management 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.
The Internal Audit function, overall or in relation to operational segments, was not awarded to external parties.

12.3 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 known, Legislative Decree 231/01 (“Governance on administrative responsibility of legal persons, of companies and of associations even without legal identify” of June 8, 2001) sanctions the principle for which Legal Entities will respond, in the manner and terms indicated, to offenses committed by personnel of the enterprise, in the interest of or to the advantage of the enterprise, concerning offenses specifically indicated in the Decree.
Legislative Decree 231/2001 therefore incorporated the principle in which also “legal persons” respond directly to 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 with the aid of the Supervisory Board (SB).

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 what could be the manner and circumstances in which one or more persons, operating within the organisation of the Company, could undertake 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 provide protection from a specific risk.
In 2015, an overall update was applied to the model in order to comply with the new criminal offences introduced by Leg. Decree 231/2001. The "Organisation and Management Model, as per Legislative Decree 231/2001" is available on the Issuer's website *www.eng.it* in the Investor Relations –> Download Center –> Corporate Governance section.

12.4 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 auditing company, which carries out periodic checks on regular bookkeeping, from the list of companies registered with the Consob; the Shareholders' Meeting also determines the amount of remuneration.
The current Audit Company Deloitte & Touche S.p.A. was appointed by the Shareholders' Meeting of April 24, 2012 and ends with the approval of the financial statements as of December 31, 2020.

12.5 EXECUTIVE RESPONSIBLE FOR THE PREPARATION OF THE 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 the accounting and Company documents, appointed by the Board of Directors on April 24, 2015 and until the expiration of the current Board of Directors as of December 31, 2017.
In accordance with Art. 17 of the Articles of Association, the Executive Responsible for the preparation of the accounting documents is appointed by the Board, which verifies that such person possesses the following professional requirements:
(i) university degree or secondary school diploma; and
(ii) at least three years of experience in management in the administrative 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 the 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 managers or middle management, indicating their functions and powers;
(iii) approval of Company procedures which have an impact on the financial statements, including consolidated, and documents subject to certification;
(iv) participation in the design of information technology systems which may have an impact on the economic, equity and financial situation, including consolidated, 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.

12.6 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 Executive Director in charge of the internal control and risk management system;
- the Control and Risk 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 Directors of the Production Divisions and General Management of the Company, as involved in the control and risk management activities of the Company.

The General Directors of the Divisions report directly to the Director responsible for the internal control system; the exchange of information is undertaken in an informal but continual 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 compliance with law, regulations and contracts;
- the timely identification of any risks;
- the operation and growth of the organisational structure.

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

- reports in the Audit minutes the principal findings and issues arising; the minutes are sent to all the hierarchical structures relating to the departments audited, and are made available to the Control and Risk Committee and the Supervisory Board (as per Legislative Decree 231/01);
- participates in the meetings of the Supervisory Board and the Control and Risk Committee, and at these meetings 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 information in order to evaluate any specific aspects relating to the internal control and risk management system.

13 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 November 12, 2010, and most recently updated in the Board meeting of August 5, 2015, available on the website *www.eng.it* section Investor Relations/Corporate Governance.

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 2015 the Issuer did not complete any transactions with related parties which were required to be reported under the terms of Art. 71-*bis* of the Consob Issuers' Regulations.

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 is given in a general and concise manner.

14 Appointment of the Risk Management and Control Committee

The members of the Risk Management and Control Committee are directors of the Issuer and therefore they are elected with the list system described in paragraph 4.1 of the present report.
Art. 22 of the Articles of Association governs the appointment of the Management Control Committee, as well as the independence, integrity and professionalism, which its members must possess.
In compliance with the provisions of Articles 147-*ter* and 148 of the CLF and the provisions of the referenced Art. 22 of the Articles of Association, the Ordinary Shareholders' Meeting proceeds with appointing a Chairman of the aforementioned Committee from the list which has obtained the second highest number of votes.

After appointment of the Board, the latter elects the other members of the Committee within it. On April 24, 2015, the Board of Directors elected both the Chairman, Jörg Zirener who was appointed by the ordinary Shareholders' Meeting that was held on the same day, and Massimo Porfiri and Gabriella Egidi.

The Risk Management and Control Committee substantially performs all of the functions of the Board of Statutory 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 Risk Management and 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 legal and Code requirements applicable to auditors shall also apply, insofar as compatible, to the Risk Management and Control Committee members.

As previously reported, it should be noted that the aforementioned Committee is also delegated the functions which the Corporate Governance Code assigns to the control and risks committee.
There were 8 (eight) meetings of the Management Control Committee during the financial year and minutes were regularly taken.
Reference should be made to Table 2 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 Risk Management / Control Committee members.
There were no changes in the composition of the Risk Management and Control Committee as of the closing date of the year.

15 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 Art. 125-*quater* of the CLF. Both sections are 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* –> InvestorRelations) 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.

Engineering has a department that is entrusted with managing shareholder relations and has entrusted the manager of this Investor Relations department, Marco Cabisto, with the responsibility of managing relations with institutional investors.

16 Shareholders' Meetings

In accordance with the Articles of Association, Shareholders' Meetings are called with a notice published on the Company's website, in a national newspaper and with the other methods established by the applicable regulation. The Company also makes the documents relating to the agenda available to the public by filing the documents at the registered office, forwarding them via SDIR-NIS, publishing them on the Company website and sending them to the storage mechanism "1info".

The first and second call of Ordinary Shareholders' Meetings is convened and makes 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 declaration, 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 declaration 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 format is available on the site *www.eng.it*).

The operations of the Shareholders' Meeting are regulated by Art. 8 of the Articles of Association and by the Shareholders' Meeting Regulation adopted by the Issuer, available on the site of the Issuer *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 and the exercise of voting rights by Shareholders, Art. 8 of the Articles of Association allows for Directors to provide in the notice of convocation, that the Shareholders' Meeting may take place via telecommunication media, with an indication of the locations connected by the Issuers, in which holders of voting rights can take part.

During the course of the year there were no changes in the shareholding structure but it should be reported that, on January 9, 2015, JP Morgan Chase & Co. Sold the shareholding in Engineering (equal to 29.158% of the share capital and held through the company OEP Italy Hight Tech Due S.r.l., previously the owner of a significant shareholding in Engineering) to the OEP Secondary Fund GP LTD.

17 Additional corporate governance practices

There are no additional practices relating to Corporate Governance.

18 Changes since year-end

There have been no changes in the corporate governance structure since year-end.

It should be noted that, as of February 8, 2016, the Issuer and the market were notified of the undersigning of an investment agreement relative to the purchase of a total of 4,506,773 ordinary shares of Engineering which correspond to approx. 37.1% of the share capital on the part of the NB Renaissance and Apax VIII funds.
The aforementioned purchase, if completed, will result in the launch of a mandatory public offering, in accordance with Articles 102, 106, paragraph 1, and 109 of the CLF and involving all the ordinary shares of the Issuer. The execution of the operation is subject to the zeroing out – by September 30, 2016 – of certain conditions precedent. For more details on the investment agreement, refer to the press release of Engineering Ingegneria Informatica S.p.A. on behalf of the funds Neuberger Berman and Apax on February 8, 2016, published on the site of the Issuer *www.eng.it* –> Investor Relations.
It should be noted that, as highlighted in chapter 2, letter g) – and at the time of stipulation of the investment agreement – three shareholder agreements pursuant to Art. 122 of Leg. Decree no. 58/98 were signed.

These agreements regulate certain aspects of the governance of the Issuer and establish certain limits to the transfer of the respective shareholdings of the parties to the agreements themselves; the effectiveness of these agreements is conditional to the occurrence of certain conditions precedent within the investment agreement.

For more details on these shareholder agreements, refer to the essential information on each agreement and the relative extracts communicated to the Issuer and to Consob on the basis of Art. 122 of Leg. Decree 58/1998, and published within *www.eng.it* under the section Investor Relations –> Corporate Governance –> Shareholding.

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

TABLES
Table 1: Information on ownership structure
Table 2: Structure of the Board of Directors and Committees, Risk Management and Control Committee
Table 3: Structure of the Management and Control Committee

Rome, March 14, 2016

For the Board of Directors
The Chairman

Attachment 1

Main characteristics of the internal control and risk management system in relation to the financial disclosure process

INTRODUCTION

The internal control and risk management system and its 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 Risk Committee).
In line with principle 7.P.3 (i) of the *Corporate 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.C.1 of the above mentioned *Corporate Governance Code* the Board, on the proposal of the ICRMS Director appointed, with the prior favourable approval of the Control and Risk Committee, appointed the Internal Audit Manager, operating under the Auditing and Quality management at Group level.
The Internal Audit function 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 is it 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 managementsystem

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), a universally proven framework for the design and assessment of risk management and control systems adopted by companies.

It should be noted that, during the course of 2014, the Company had implemented a process of revision of its ICRMS; at the end of this process of assessment, it was concluded that the ICRMS was in compliance with the most recently issued version of the framework of reference (“COSO 2013”).

SUMMARY COMMENTS ON THE APPLICATION OF THE ENGINEERING ICRMS FRAMEWORK

As mentioned, Engineering Ingegneria Informatica S.p.A. adopted CoSO 2013 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 frequent specific references to ethical principles and behaviour regulations repeatedly emphasized by managers during internal meetings, it should be noted that the Engineering Board of Directors:

- on November 14, 2003, adopted the Management and Organisational Model as per Legislative Decree 231/01;
- on February 13, 2004, approved and published the Engineering Group Code of Ethics, which has become part and parcel of “Model 231”.

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 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 Auditors 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 that 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 control and risk management system.

Monitoring activities
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;
- the 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 2110/160, ISO 27001, CMMi Dev Lev. 3, ISO 14001, ISO 20000-1.

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 RISK 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 at 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 considers, 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;
- 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-compliances 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-compliance) the corrective actions agreed with the representatives following the checks;
- send the report to the Chief Executive Officer, the Manager in Charge 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., is a primary source of information.
At least twice a year, the AQD manager sends a summary report on the checks made during the period, any non-conformity and the principal corrective actions agreed with the representatives to the ICRMS Director in charge of the Parent Company (appointed by the Board). 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 the 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.

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, and the following shall be specified:

- Structure Divisions: the O.U.s appointed to conduct 1st level operation controls. "Process owners" operate within these divisions (responsible for correct process running). Report to Divisions 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 Division: 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. It is a centralized structure at a Group level.
- Management Control Committee (also comprising the Control and Risk Committee): a Parent Company Body.
- ICRMS Director in charge: an Executive Director of the Parent Company.
- AQD: a centralized structure at Group level.

(N.B.: 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 Division	P	X	X	X	P
Management Control Committee				P	
ICRMS Director appointed	P	P		X	
AQD		P	P	P	X

It should be noted that the auditing activity, at Group level, performed by the Auditing and Quality Division (AQD) in 2015, together with the updating to the Organisation and Management Models (as per Legislative Decree 231/01) amounted to 1,838 work-days. In the same year 270 Audits were carried out in the Group.
109 non-compliances (or irregularities) were identified and classified under two distinct levels of severity, with an average of 0.40 non-compliances 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.

The AQD, at the time of defining the annual Audit plan, uses an algorithm that:
- based on the seriousness 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 this annual plan in relation to the Company risks and, in general, in relation to the objectives of the ICRMS.

Table 1: Information on shareholding structure

Structure of the share capital	No. of shares	% compared to SC	Listed (specify market) Not listed	Rights and obligations
Ordinary shares	12,500,000	100	Electronic Equity Market	-
Shares with multiple votes	-	-	-	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-
Other	-	-	-	-

Significant shareholdings

Declaring party	Direct Shareholder	% quota in ordinary share capital	% quota in voting share capital***
OEP Secondary Fund GP LTD	Oep Italy High Tech Due S.r.l.	29.158*	29.974
Michele Cinaglia	Michele Cinaglia	23.214**	23.864
Marilena Menicucci	Marilena Menicucci	11.970**	12.305
Bestinver Gestion, SGIIC, S.A.	Bestinver Gestion, SGIIC, S.A.	8.500**	8.74
Treasury shares of Engineering Ingegneria Informatica S.p.A.	Treasury shares of Engineering Ingegneria Informatica S.p.A.	2.746	0

* Source: significant shareholdings communicated to Consob.
** Press release distributed on February 8, 2016.
*** Recalculated on the basis of the shares in circulation as of December 31, 2015.

Table 2: Structure of the board of Directors and Committees

Board of Directors

Office	Members	In office as of	In office until	List (M/m) *	Executive
Chairman	Michele Cinaglia	06.06.1980	Approval Accounts 31.12.2017	M	X
CEO	Paolo Pandozy	29.04.2005	Approval Accounts 31.12.2017	M	X
Director	Marilena Menicucci	24.04.2012	Approval Accounts 31.12.2017	M	
Director	Armando Iorio	24.04.2012	Approval Accounts 31.12.2017	M	X
Director	Dario Schlesinger	21.04.2006	Approval Accounts 31.12.2017	M	
Director	Alberto De Nigro	21.04.2006	Approval Accounts 31.12.2017	M	
Director	Massimo Porfiri	21.04.2006	Approval Accounts 31.12.2017	M	
Director	Giuliano Mari	21.04.2005	Approval Accounts 31.12.2017	M	
Director	Gabriella Egidi	24.04.2015	Approval Accounts 31.12.2017	M	
Director	Jörg Zirener(1)	15.05.2014	Approval Accounts 31.12.2017	m	
No. of meetings held during the reference year				Board of Directors: 9	

1 Mr. Jörg Zirener is Chairman of the Control and Risk Committee, 2% calculated on the basis of the total of nine except for Ms. Egidi who took office on 24 April 2015.

* This column states M/m according to whether the member was elected by the majority list (“M”) or the minority list (m).
** This column reports the percentage of participation of directors in meetings of the Board and Committees, respectively (no. in attendance, no. of meetings held during the effective period of office of the party in question).
*** This column indicates the number of offices of Director or Auditor covered by the subject concerned in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large-sized companies.
**** This column specifies, with an “X”, whether the member of the Board is part of the Committee.

Table 3: Structure of the management and Control Committee

Office	Members	Year of birth	Date of first appointment*	In office since	In office until	List **	Indep. Code	Participation in the meetings of the Committee ***	No. other offices ****
Chairman	Jörg Zirener	1972	24.04.2015	24.04.2015	31.12.2017	m	Y	8/8	4
Members	Massimo Porfiri	1956	21.04.2006	24.04.2015	31.12.2017	M	Y	8/8	1
Members	Gabriella Egidi	1970	24.04.2015	24.04.2015	31.12.2017	M	Y	8/8	1
MEMBERS DISCONTINUED DURING THE REFERENCE YEAR									
Chairman	Massimo Porfiri	1956	21.04.2006	21.04.2012	24.04.2015	M	Y		
Members	Dario Schlesinger	1960	21.04.2006	21.04.2012	24.04.2015	M	Y		
Members	Alberto De Nigro	1958	21.04.2006	21.04.2012	24.04.2015	M	Y		
Number of meetings held during the reference year: 8									
Specify the quorum required for the presentation of the slates by the minorities for the election of one or more members (as per Art. 148 CLF): 2.50%									

NOTES
* Date of first appointment of each Auditor means the date when the auditor was appointed the first time (in absolute terms) in the Board of Statutory Auditors of the Issuer.
** This column contains the list each auditor comes from (“M”: majority list; “m”: minority list).
*** This column indicates the participation of the Auditor in the meetings of the Board of Statutory Auditors (specify the number of meetings attended compared to the overall number of meetings that should have been attended; e.g. 6/8; 8/8 etc.).
**** This column indicates the number of offices of Director or Auditor covered by the subject concerned pursuant to Art. 148-*bis* of the CLF and the relevant implementing provisions contained in Consob Issuers’ Regulations. The complete list of offices is published by Consob on its website pursuant to Art. 144-*quinquiesdecies* of Consob Issuers’ Regulations.

Non executive	Indep. pursuant to code	Indep. pursuant to CLF	(%) **	No. of other offices ***	Control and Risk Committee (****)	Control and Risk Committee (**)	Remuneration Committee ****	Remuneration Committee **	Appointments Committee ****	Appointments Committee **
			100	-						
			90	-						
X			80	-						
			100	-						
X	X	X	100	-			X	100		
X	X	X	100	4					X	100
X	X	X	100	1	X	100	X	100	X	100
X	X	X	100	2			X	100	X	100
X	X	X	100	1	X	100				
X	X	X	56	4	X	100	X	100		
	Control and Risk Committee: 8					Remuneration Committee:4			Appointments Committee: 3	

Report of the Internal Control and Risk Management Committee to the Shareholders' Meeting of Engineering Ingegneria Informatica S.p.A., pursuant to Art. 153 of Leg. Decree no. 58/98.

Dear Shareholders,

During the year ended December 31, 2015, 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 with communication DEM/1025564 of April 6, 2001 and its subsequent supplements, the Committee hereby declares that:

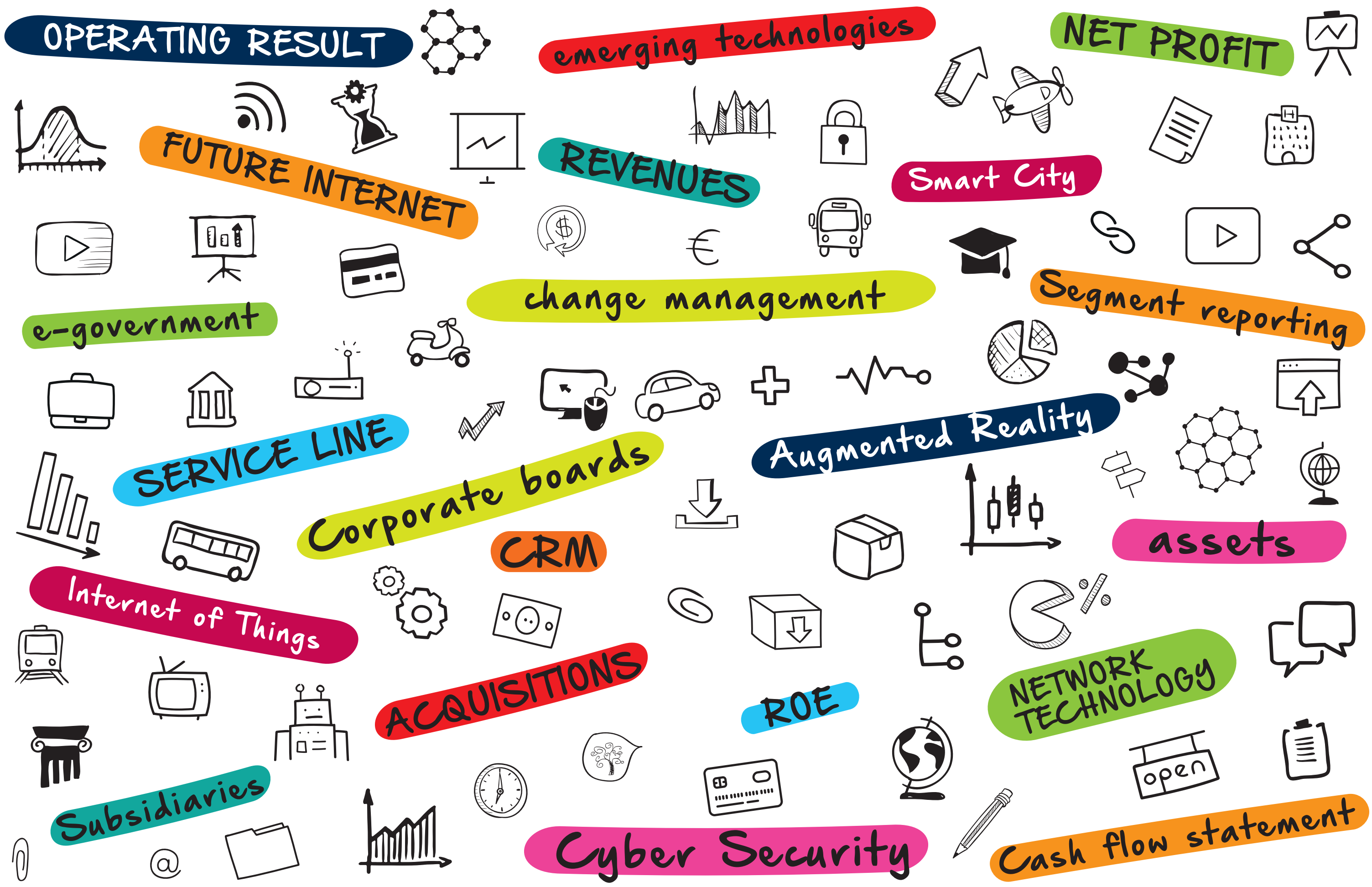
- it participated in all Shareholders' Meetings and meetings of the Board of Directors held during the year and obtained from the Executive Directors information on activities carried out and transactions of greatest economic and financial relevance conducted by the Company and its subsidiaries, verifying 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 implemented – until April 24, 2015 - the activities set out by Legislative Decree no. 231/2001, given that it also performed the functions of Supervisory Board until that date;
- it did not identify any anomalous or unusual transactions with third parties, related parties or between Group companies, as defined by Consob communication dated July 28, 2006;
- as adequately described 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, of a commercial or financial character and were established to be in the interests of the Company. The Committee for Transactions with Related Parties reported that, during the course of 2015, there were no significant operations requiring the preparation of an informational document for the public;
- it acknowledges that the appointed Audit Firm, Deloitte & Touche S.p.A., issued its audited opinion pursuant to Art. 14 of Legislative Decree no. 39 of January 27, 2010, on the statutory financial statements and consolidated financial statements as of December 31, 2015, declaring that they represent in a true and fair manner the balance sheet, financial position and economic result, the change in Shareholders' equity and the cash flow of the Company and of the Group;
- it supervised the audit of accounts and the independence of the Audit Firm and reported no critical issues as regards the independence of the latter. To this purpose, the Committee specifies that, during the year, tasks related to administrative-accounting activities were conferred with a remuneration not affecting the independence of the Audit Firm;
- it reports that, during the year, eight meetings were held, in addition to having attended nine 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 2015;
- 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 reporting process, the effectiveness of the internal control, internal audit and risk management systems;

- 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. In light of the above considerations, the Committee expresses an opinion on the adequacy of the internal control system of Engineering Ingegneria Informatica S.p.A. in its entirety, and acknowledges, in its office of Internal Audit Committee, that no critical issues must be reported to the Shareholders' Meeting;
- it assessed the consistency with instructions given to subsidiaries pursuant to Art. 114, par. 2, of Legislative Decree no. 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 Art. 150, par. 3, of Legislative Decree no. 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 reporting process;
- it acknowledges that the second Corporate Social Responsibility Report was prepared for 2014 according to the guidelines GR.1 of the Global Reporting Initiative (GRI) International Standard;
- it supervised compliance with the Corporate Governance Code regulations established by the Corporate Governance Committee promoted by Borsa Italiana S.p.A., with which the Company complies, especially with the adequacy process to new provisions set out by the Code effective July 2015. In relation to this, reference is made to the annual report of the Board of Directors, prepared in accordance with Art. 123bis of Legislative Decree no. 58 of February 24, 1998;
- it acknowledges that the extraordinary financial transactions, detailed in the Directors' Report, which should be referred to for reference, were deemed as consistent with the corporate interests and 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 Italian Civil Code or of any kind;
- it informs that, in its meeting of October 15, 2015, the Board of Directors – following the receipt of an offer from NB Renaissance Partners for a potential extraordinary operation pertaining to the acquisition of a shareholding of the Company (of more than 30%), and the subsequent launch of a mandatory public offering – authorized, by means of a majority approved resolution, the initiation of a due diligence of the company and the Group. The Chairman of the Board of Directors and certain executive directors reported that they were involved in the aforementioned negotiations and therefore retain interests in the aforementioned operation;
- it acknowledges that, on February 8, 2016, the Issuer and the market were informed of the undersigning of an investment agreement pertaining to the acquisition of approx. 37.1% of the share capital of Engineering on the part of NB Renaissance and Apax VIII. The aforementioned acquisition, if completed, will result in the launch of a mandatory public offering, in compliance with Articles 102, 106, par. 1, and 109 of the Consolidated Law on Finance, and pertaining to all the ordinary shares of the Issuer.

In conclusion, in the course of its supervisory activity, the Committee did not identify any omissions, reprehensible actions, irregularities or significant facts that would require informing the Supervisory Authorities or mention in this report.
The Committee hereby declares – given that this statement is not a proposal for a resolution in relation to the allocation of the result of the year – that there are no reasons preventing the approval of the financial statements and the implementation of the proposals formulated by the Board of Directors in its report.

Rome, March 30 2016

For the Internal Control and Risk Management Committee
Jörg Zirener
Gabriella Egidi
Massimo Porfiri



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