

30 June 2016  
Interim Consolidated  
Financial Statements  
TeamSystem Group





**INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS  
ENDED 30 JUNE 2016**

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TeamSystem Group**

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SIX MONTHS ENDED 30 JUNE 2016**

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**OPERATING AND  
FINANCIAL REVIEW**



**► RESULTS OF OPERATIONS**

Euro thousands	( 1 )	( 2 )	( 1 ) - ( 2 ) = ( 3 )	( 3 ) / ( 2 )
CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Consolidated Statement 30 Jun 2016	Consolidated Statement 30 Jun 2015	Change	% Change
Revenue	132,785	126,288	6,497	5.1%
Other operating income	2,134	1,483	651	43.9%
<b>TOTAL REVENUE</b>	<b>134,918</b>	<b>127,771</b>	<b>7,148</b>	<b>5.6%</b>
Cost of raw and other materials	(13,152)	(11,181)	(1,970)	17.6%
Cost of services	(29,100)	(29,531)	431	-1.5%
Personnel	(49,872)	(47,468)	(2,404)	5.1%
-of which non recurring	(628)	(2,117)	1,489	-70.4%
Other operating costs	(2,850)	(2,842)	(8)	0.3%
Non recurring expenses	(13,232)	(4,587)	(8,646)	n.s.
Depreciation and amortization of non current assets	(16,676)	(19,697)	3,020	-15.3%
Allowance for bad debts	(2,514)	(2,209)	(305)	13.8%
Other provisions for risks and charges	(13)	(24)	11	-44.0%
<b>OPERATING RESULT</b>	<b>7,509</b>	<b>10,232</b>	<b>(2,723)</b>	<b>-26.6%</b>
Finance income	119	131	(12)	-9.5%
Finance cost	(47,696)	(19,432)	(28,264)	n.s.
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(40,068)</b>	<b>(9,069)</b>	<b>(30,999)</b>	<b>n.s.</b>
Current income tax	(7,532)	(5,318)	(2,214)	41.6%
Deferred income tax	6,151	3,636	2,515	69.2%
<b>TOTAL INCOME TAX</b>	<b>(1,381)</b>	<b>(1,681)</b>	<b>300</b>	<b>-17.9%</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(41,449)</b>	<b>(10,750)</b>	<b>(30,699)</b>	<b>n.s.</b>
(Profit) Loss for the period Non controlling interests	(153)	(98)	(55)	56.3%
<b>PROFIT (LOSS) FOR THE PERIOD OWNERS OF THE COMPANY</b>	<b>(41,602)</b>	<b>(10,848)</b>	<b>(30,754)</b>	<b>n.s.</b>
<b>EBITDA</b>	<b>38,059</b>	<b>36,657</b>	<b>1,402</b>	<b>3.8%</b>
<b>ADJUSTED EBITDA</b>	<b>40,573</b>	<b>38,866</b>	<b>1,707</b>	<b>4.4%</b>

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**TOTAL REVENUE:** Total Revenue for the period ended 30 June 2016 amounts to € 134,918 thousand, up by € 7,148 thousand compared to the corresponding figure for the period ended 30 June 2015 (€ 127,771 thousand). This is mainly due to the increase in Software subscription revenue (€ 5,320 thousand) and to the growth in Other services revenue (€ 1,927 thousand); the decrease in Education is totally related to the sale of investment in Paradigma S.r.l. (occurred in October 2015 and therefore not consolidated in 30 June 2016 results), whose contribution to the 30 June 2015 Total Revenue was € 1,208 thousand.

**ADJUSTED EBITDA:** Adjusted Ebitda for the period ended 30 June 2016 amounts to € 40,573 thousand, up by € 1,707 thousand compared to the corresponding amount for the period ended 30 June 2015 (€ 38,866 thousand).

**COST OF RAW AND OTHER MATERIALS:** Cost of raw and other materials amounts to € 13,152 thousand for the period ended 30 June 2016, up by € 1,970 thousand from the amount of the period ended 30 June 2015 (€ 11,181 thousand). This increase is primarily due to the organic increase in cost of Raw and other materials, mainly led by higher costs of Third parties' software (€ 2316 thousand).

**COST OF SERVICES:** The Cost of services for the period ended 30 June 2016 amounts to € 29,100 thousand, nearly flat compared to the amount for the period ended 30 June 2015 (€ 29,531 thousand).

The main costs items incurred in the first six months of 2016 are as follows:

- Agent commission and other costs (for an amount of € 6,457 thousand);
- Consulting and third parties services (for an amount of € 8,679 thousand);
- Other services (for an amount of € 5,185 thousand).

**PERSONNEL** Personnel costs for the period ended 30 June 2016 (€ 49,872 thousand) have increased in total by € 2,404 thousand compared to the corresponding amount for the period ended 30 June 2015 (€ 47,468 thousand). This growth is attributable to the organic growth due to the ongoing policy to strengthen the Group's workforce.

**NON-RECURRING EXPENSES** Non-recurring expenses relate to tax, legal advice and other expenses the nature of which is deemed to be non-recurring with respect to the business's normal operations.

Non-recurring expenses for the period ended 30 June 2016 amount to € 13,232 thousand, compared with € 4,587 thousand for the period ended 30 June 2015, thus with an increase of € 8,646 thousand mainly related to the due diligence costs incurred as a consequence of the acquisition of TeamSystem Group made by Hellman & Friedman private equity funds.

**FINANCE COST:** Financial charges for the period ended 30 June 2016 amount to € 47,696 thousand with an increase with respect to the corresponding amount at 30 June 2015 (€ 19,432 thousand) of € 28,264 thousand mainly due to:

- increased Interest on Notes (for an amount of € 20,550 thousand), the great majority of which attributable to the non recurring amount of € 15.9 million paid by TeamSystem Group as “Applicable premium” as a consequence of the early redemption of the Existing Notes (see Notes 16 for further details).
- non recurring write-off of RCF financing fees pertaining the Original RCF (for an amount of € 2,065 thousand) and non recurring write-off of financing fees pertaining the Existing Notes for an amount of € 11,767 thousand; both of them as a consequence of the acquisition of TeamSystem Group made by Hellman & Friedman private equity funds on March 2016.

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## ► **CONSOLIDATED STATEMENT OF CASH FLOWS**

Euro thousands				
CONSOLIDATED STATEMENT OF CASH FLOWS	30 Jun 2016	30 Jun 2015	Change	% Change
CASH FLOWS FROM OPERATING ACTIVITIES	32,764	36,618	(3,854)	-10.5%
CASH FLOWS FROM INVESTING ACTIVITIES	(792,259)	(7,415)	(784,844)	n.s.
CASH FLOWS FROM FINANCING ACTIVITIES	756,864	(17,666)	774,530	n.s.
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>(2,630)</b>	<b>11,537</b>	<b>(14,167)</b>	<b>n.s.</b>
<b>CASH AND BANK BALANCES - BEGINNING OF THE YEAR</b>	<b>16,534</b>	<b>17,888</b>	<b>(1,354)</b>	<b>-7.6%</b>
<b>CASH AND BANK BALANCES - END OF THE YEAR</b>	<b>13,904</b>	<b>29,425</b>	<b>(15,521)</b>	<b>-52.7%</b>

**Cash flows from operating activities** for the period ended 30 June 2016 amount to € 32,764 thousand, down by € 3,854 thousand compared to the corresponding flows for the period ended 30 June 2015 (€ 36,618 thousand) mainly due to the payment of taxes for € 6,328 thousand in the first six months of 2016 (€ 3,024 thousand in 30 June 2015 consolidated accounts).

**Cash flows from investing activities** increased to minus € 792,259 thousand in the period ended 30 June 2016 from minus € 7,415 thousand for the corresponding period of 2015. The change is substantially attributable to the cash out paid by Barolo BidCo S.p.A. for the acquisition of TeamSystem Group (occurred in March 2016) and to the cash-out paid by TeamSystem S.p.A. for the acquisition of majority equity interests in the following new subsidiaries:

- € 1.2 million for the acquisition of 51% stake in Euresys S.r.l.;



- € 2.1 million for the acquisition of 100% stake in Lira S.r.l.;
- € 7.1 million for the acquisition of 100% stake in ECI Denmark Aps;
- € 0.9 million for the acquisition of 51% stake in Mondora S.r.l.;
- € 1.2 million for the acquisition of 100% stake in Cidiemme Informatica S.r.l..

In addition to that, the main investment activities for the first six months of 2016 are related to capitalized development costs and investments in tangible and intangible assets for a total amount of € 8,603 thousand (with an increase of € 1,521 thousand with respect to the balance of € 7,091 thousand posted in 30 June 2015 Consolidated accounts)

**Cash flows from financing activities** for the period ended 30 June 2016 amount to € 756,864 thousand with a change of € 774,530 thousand compared to minus € 1,766 thousand for the period ended 30 June 2015. The main cash items occurred in the first six months of 2016 are attributable to the:

- issuance of € 150 million Notes (made by Barolo MidCo) and issuance of € 450 million Notes made by Barolo BidCo to finance the acquisition of TeamSystem Group;
- Early redemption of the Existing € 430 million Notes which resulted in a total cash-out of € 462.2 million detailed as follows:
  - 1) € 430 million in terms of principal amount;
  - 2) € 16.3 million as accrued interests on Existing Notes;
  - 3) € 15.9 million as Applicable premium due to the early redemption of the € 430 million Notes;
- payment of financial charges and commissions for an amount of € 0.8 million;
- payment of quarterly coupon due on Senior Notes (€ 4.5 million) and due on Senior Secured Notes (€ 3.7 million);
- draw-down of € 12 million made by Barolo BidCo (under the new RCF facility contract) and a further draw down of € 12 million made by TeamSystem S.p.A. under the new RCF facility contract;
- payment of € 38.4 million of fees connected with the New RCF contract (entered by Barolo BidCo S.p.A.) and with the the issuance of the Senior Notes and Senior Secured Notes made by Barolo MidCo and Barolo BidCo to finance the acquisition of TeamSystem Group;
- formation of the share capital (and other equity reserves) of Barolo MidCo S.p.A. for an amount of € 62.3 million.

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### ► **WORKING CAPITAL**

Euro thousands	30 Jun 2016	31 Dec 2015	Change	% Change
Trade receivables	118,357	89,850	28,507	31.73%
Inventories	1,487	1,463	24	1.62%
Other receivables	16,018	13,252	2,767	20.88%
Trade payables	(27,185)	(32,099)	4,914	-15.31%
Other liabilities - current	(99,137)	(48,240)	(50,897)	n.s.
<b>WORKING CAPITAL</b>	<b>9,541</b>	<b>24,227</b>	<b>(14,686)</b>	<b>38.92%</b>

Working capital at 30 June 2016 amounts to € 9,541 thousand, down by € 14,686 thousand compared to the balance at 31 December 2015 (€ 24,227 thousand). This movement is primarily attributable to the change in Trade receivables (the balance of which is € 118,357 thousand at 30 June 2016 compared to € 89,850 thousand at 31 December 2015) and to a movement in Other current liabilities (the balance of which is € 99,137 thousand at 30 June 2016 compared to € 48,240 thousand at 31 December 2015). These changes are to a large extent due to the seasonality of billings for maintenance fees that characterise the the companies of TeamSystem Group (see also Note 18 regarding Trade Receivables and Note 24 about Other Current and Non current Liabilities both in the section of Notes to the Consolidated Financial Statements).

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**► CAPITAL EXPENDITURE**

Euro thousands				
	30 Jun 2016	30 Jun 2015	Change	% Change
Capex - Tangible Assets	1,371	771	600	77.79%
Capex - Intangible Assets	1,840	1,316	524	39.85%
Capitalized development costs - Personnel costs	3,892	3,658	234	6.39%
Capitalized development costs - Service costs	1,500	1,346	154	11.45%
<b>Capex</b>	<b>8,603</b>	<b>7,091</b>	<b>1,512</b>	<b>135.48%</b>

In the period ended 30 June 2016 the balance of capital expenditure amounts to € 8,603 thousand with an increase of € 1,512 thousand compared to 30 June 2015 balance (€ 7,091 thousand) substantially due to a growth in capitalized development costs and to an increase in tangible capital expenditures.

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**► SIGNIFICANT EVENTS DURING FIRST SIX MONTHS OF 2016**

**Acquisition of TeamSystem Group by private equity funds affiliated with Hellman & Friedman; Early redemption of € 430 million Existing Notes and Issuance of € 150 Senior Notes and € 450 Senior Secured Notes**

On 1 March 2016, Hellman & Friedman private equity funds acquired a controlling interest in TeamSystem Group (“the Acquisition”) from the previous shareholders (inclusive of HG Capital, the majority shareholder). On completion of the transaction, Hellman & Friedman private equity funds held a controlling interest in TeamSystem Group of 76.83%, whereas the remaining interest of 23.17% was held by HG Capital (7.46%) and senior and middle Management of TeamSystem Group (15.71%).

More specifically, on 1 March 2016, 100% of the share capital of TeamSystem Holding S.p.A. was acquired by Barolo BidCo S.p.A., an indirect subsidiary of funds advised by Hellman & Friedman; HG funds and TeamSystem Management. In connection with the TeamSystem Group acquisition as described before, the €45 million revolving credit facility made available to TeamSystem S.p.A. in 2013 (the “Original RCF”) was fully repaid and cancelled. Barolo BidCo S.p.A. has a € 6 million revolving credit facility (the “RCF”), the proceeds of which can be made available to the TeamSystem Group for general corporate purposes. Barolo MidCo S.p.A. (the direct parent company of Barolo BidCo S.p.A.) issued € 150 million of floating rate senior notes (“Senior Notes”) to part-fund the consideration for the acquisition of TeamSystem Holding S.p.A.’s shares. The balance of the consideration was funded by equity invested by the funds and TeamSystem Management.

On 20 May 2016, Barolo BidCo S.p.A. issued € 450 million in aggregate principal amount of senior secured floating rate notes due 2022 (the “Senior Secured Notes”). On the same day, TeamSystem Holding S.p.A. repaid its existing € 430 million 7.375% Senior Secured Notes due 2020 (“Existing Notes”) using proceeds from the issuance of the Senior Secured Notes and satisfied and discharged the Existing Indenture.

**Acquisitions of Euresys S.r.l.**

On 11 March 2016, TeamSystem S.p.A. completed the acquisition of 60% of Euresys, a company that has operated in the HR management software market for more than twenty years. The consideration paid was €1.2 million. The remaining 40% will be acquired subsequently through a put and call option mechanism. Euresys’ total revenue in 2015 has been approximately € 2 million. The software solutions offered by Euresys permit the complete management of human resources within any Italian business thanks to its advanced capabilities in the following areas: attendance records, management of CVs and career paths, expense claims and access control. The company brings with it consolidated experience in the HR sector with more than 2,300 active customers in Italy. Its flagship products enable a more attentive and efficient management of human capital and are capable of interfacing in real time with TeamSystem’s management software.

**Acquisitions of Lira S.r.l.**

On 11 March 2016, TeamSystem S.p.A. completed the acquisition of 100% of Lira, TeamSystem Group’s historical Turin-based dealer, which focuses mainly on the accountants sector. The consideration paid has been €

2.1 million. Lira brings with it skills, know-how and direct experience with customers that will add to those of the Group's north west hub. Lira's total revenue in 2015 has been approximately € 2.4 million.

**Acquisition of ECI Denmark Aps**

In April and May 2016, the subsidiary TeamSystem S.p.A. completed the acquisition of a 100% equity interest in ECI Denmark Aps, a Danish software house, which has developed Cloud/SaaS-native management software for accounting and invoicing targeted mainly at SMEs. The acquisition of ECI Denmark Aps represents a key pillar of the Group's cloud strategy and will strengthen TeamSystem Group's cloud product range.

**Acquisition of Mondora S.r.l.**

On 15 June 2016, TeamSystem S.p.A. completed the acquisition of 51% of Mondora S.r.l., a company that develop and commercialize advanced cloud/SaaS solutions using agile programming techniques. Mondora will contribute to TeamSystem S.p.A. bringing new capabilities in the development of advanced cloud/SaaS solutions, a strategic expertise needed to achieve ambitious TeamSystem S.p.A. cloud growth targets and will be the key player for the implementation of HUB B2B and other SaaS/cloud solutions that will be sold through TeamSystem S.p.A. commercial channels. Mondora's total revenue in 2015 has been approximately € 1.6 million. The consideration paid for 51% stake was € 0.9 million; the remaining 49% will be acquired subsequently through a put and call option mechanism.

**Acquisition of Cidiemme Informatica S.r.l.**

On 15 June 2016, TeamSystem S.p.A. completed the acquisition of 100% of Cidiemme Informatica S.r.l., a company that developed strong competences and a proprietary vertical solution "AV2000". The company will add to TeamSystem S.p.A. a consolidated customer base of wine producers and a high quality set of competencies related to sales, delivery and development of IT solutions for wine sector, supporting in particular sales growth and enhance "Alyante Vitivinicolo", a TeamSystem S.p.A. vertical solution for wine production. The consideration paid for acquisition was € 1.2 million

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**►SIGNIFICANT SUBSEQUENTS EVENTS**

In July 2016 TeamSystem S.p.A., with the aim of simplifying the Group structure, merged by absorption TeamSystem Ancona S.r.l. and TeamSystem Roma S.r.l. by means of a deed of merger dated 22 June 2016, effective for legal purposes as of 1 July 2016.

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**►ONGOING DEVELOPMENTS**

**Acquisitions, Joint Ventures and Other Business Combinations**

We believe that we have demonstrated the ability to successfully integrate acquisitions. As a result, our business strategy includes acquiring businesses and entering into joint ventures and other business combinations. We expect that we will make acquisitions and enter into joint ventures and other business combinations with a purchase price or investment value in the range of €5 million to €15 million per transaction over the next three years.

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**►RELATED PARTY TRANSACTIONS**

In the first six months of 2016, transactions with subsidiaries and the parent company H&F Barolo Lux1 S.à.r.l. formed part of the Group's normal operations and were entered into at arm's length. TeamSystem Group has not been party to any transactions with related companies that merit disclosure, other than those previously commented upon.

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**► ALTERNATIVE NON IFRS PERFORMANCE INDICATORS**

In addition to the financial performance measures established by IFRSs, TeamSystem Group presents in these explanatory notes certain NON GAAP measures that are derived from, although not required by IFRSs.

These performance measures are presented to facilitate the understanding of the Group's operating performance and should not be considered as substitutes for the information required by IFRSs. Specifically, the alternative performance measures used are the following:

**EBITDA** calculated as Operating Result plus (i) impairment of non-current assets, (ii) other provisions for risks and charges (iii) depreciation and amortisation of non current assets (iv) non-recurring expenses and non-recurring cost of personnel;

**ADJUSTED EBITDA** is equal to EBITDA as above without taking account of the Allowance for bad debts;

**WORKING CAPITAL** equals the aggregate of (i) trade receivables, (ii) inventory and (iii) other current receivables net of the aggregate of (iv) trade payables and (v) other current liabilities;

**CAPEX - Tangible and Intangible assets** this is calculated as additions (to tangible and intangible assets) net of disposals and other movements;

**CAPEX - Capitalised development costs** this equals the cost of services and personnel cost capitalised as development cost.

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**BOARD OF DIRECTORS  
BOARD OF STATUTORY AUDITORS  
and OTHER INFORMATION**

<b>BOARD of DIRECTORS</b>	
30 Jun 2016	TITLE
KLEINMAN BLAKE CHRISTOPHER	CHAIRMAN
STERNHEIMER PHILIP RICHARD	DIRECTOR
VELUSSI LUCA	DIRECTOR
LEPROUX FEDERICO	DIRECTOR
FERRARI VINCENZO	DIRECTOR
AMODEO SERGIO	DIRECTOR

<b>BOARD of STATUTORY AUDITORS</b>	
30 Jun 2016	TITLE
VANZETTA MARA	CHAIRMAN
DI MARIA MASSIMILIANO	STATUTORY AUDITOR
VENEZIANI CARLOTTA	STATUTORY AUDITOR
CIRAULO VITO	ALTERNATIVE AUDITOR
SOLARI PAOLO	ALTERNATIVE AUDITOR

<b>REGISTERED OFFICE and OTHER INFORMATION</b>	
BAROLO MIDCO S.P.A.	
REGISTERED OFFICE	MILAN - Via Vittor Pisani, 20
SHARE CAPITAL	Euro 5,450,000
ITALIAN TAX CODE	09290340968
REA - MILAN	2081203

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**UNAUDITED  
INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE SIX MONTHS  
ENDED 30 JUNE 2016**

# Barolo MidCo S.p.A. and its Subsidiaries TeamSystem Group

## UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

Euro thousands

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	30 Jun 2016	30 Jun 2015	NOTES
Revenue	132,785	126,288	1 / 2
Other operating income	2,134	1,483	1 / 2
<b>TOTAL REVENUE</b>	<b>134,918</b>	<b>127,771</b>	<b>1 / 2</b>
Cost of raw and other materials	(13,152)	(11,181)	3
Cost of services	(29,100)	(29,531)	4
Personnel	(49,872)	(47,468)	5
-of which non recurring	(628)	(2,117)	
Other operating costs	(2,850)	(2,842)	6
Non recurring expenses	(13,232)	(4,587)	7
Depreciation and amortization of non current assets	(16,676)	(19,697)	
Allowance for bad debts	(2,514)	(2,209)	
Other provisions for risks and charges	(13)	(24)	
<b>OPERATING RESULT</b>	<b>7,509</b>	<b>10,232</b>	
Finance income	119	131	8
Finance cost	(47,696)	(19,432)	9
<b>PROFIT (LOSS) BEFORE INCOME TAXES</b>	<b>(40,068)</b>	<b>(9,069)</b>	
Current income tax	(7,532)	(5,318)	
Deferred income tax	6,151	3,636	
<b>TOTAL INCOME TAX</b>	<b>(1,381)</b>	<b>(1,681)</b>	
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(41,449)</b>	<b>(10,750)</b>	
(Profit) Loss for the period - Non controlling interests	(153)	(98)	
<b>PROFIT (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY</b>	<b>(41,602)</b>	<b>(10,848)</b>	
<b>EBITDA</b>	<b>38,059</b>	<b>36,657</b>	
<b>ADJUSTED EBITDA</b>	<b>40,573</b>	<b>38,866</b>	

Euro thousands

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30 Jun 2016	30 Jun 2015	NOTES
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(41,449)</b>	<b>(10,750)</b>	<b>21</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD NET OF TAX</b>	<b>0</b>	<b>0</b>	
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<b>(41,449)</b>	<b>(10,750)</b>	<b>21</b>
Total comprehensive (income) loss for the period Non controlling interests	(153)	(98)	21
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD - OWNERS OF THE COMPANY</b>	<b>(41,602)</b>	<b>(10,848)</b>	<b>21</b>



Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>	<b>30 Jun 2016</b>	<b>31 Dec 2015</b>	<b>NOTES</b>
Tangible assets	12,107	11,554	11
Intangible assets	271,375	280,001	12
Goodwill	982,740	364,363	13
Other Investments	13,103	433	14
Investments in associates	445	445	14
Deferred tax assets	13,576	13,739	15
Financing fees prepayments - non current	0	1,429	16
Other financial assets - non current	350	350	
<b>TOTAL NON CURRENT ASSETS</b>	<b>1,293,694</b>	<b>672,314</b>	
Inventories	1,487	1,463	17
Trade receivables	118,357	89,850	18
Tax receivables	2,843	5,394	19
Other receivables	16,018	13,252	20
Financing Fees prepayments - current	0	498	16
Other financial assets - current	282	101	16
Cash and bank balances	13,904	16,534	16
<b>TOTAL CURRENT ASSETS</b>	<b>152,891</b>	<b>127,093</b>	
<b>TOTAL ASSETS</b>	<b>1,446,585</b>	<b>799,407</b>	

Euro thousands

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>EQUITY AND LIABILITIES</b>	<b>30 Jun 2016</b>	<b>31 Dec 2015</b>	<b>NOTES</b>
Share capital	5,450	3,214	21
Other reserves	637,398	179,401	21
Retained earnings (accumulated losses)	0	(11,389)	21
Profit (Loss) attributable to Owners of the Company	(41,602)	(18,415)	21
<b>TOTAL EQUITY attributable to OWNERS OF THE COMPANY</b>	<b>601,246</b>	<b>152,810</b>	
Non controlling interests - Capital and reserves	637	565	21
Non controlling interests - Profit (Loss)	153	234	21
<b>TOTAL NON CONTROLLING INTERESTS</b>	<b>790</b>	<b>799</b>	
<b>TOTAL EQUITY</b>	<b>602,036</b>	<b>153,610</b>	
Financial liabilities with banks and other institutions - non current	600,000	434,169	16
Financing Fees - non current	(31,858)	(9,172)	16
Other financial liabilities - non current	19,555	19,832	16
Staff leaving indemnity	15,947	15,931	22
Provisions for risks and charges	2,343	2,868	23
Deferred tax liabilities	70,425	76,739	15
Other liabilities - non current	729	760	24
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>677,141</b>	<b>541,127</b>	
Financial liabilities with banks and other institutions - current	27,543	8,854	16
Financing Fees - current	(6,413)	(2,732)	16
Other financial liabilities - current	10,842	9,586	16
Trade payables	27,185	32,099	
Tax liabilities - current	9,115	8,625	25
Other liabilities - current	99,137	48,240	24
<b>TOTAL CURRENT LIABILITIES</b>	<b>167,408</b>	<b>104,671</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,446,585</b>	<b>799,407</b>	

Euro thousands

CONSOLIDATED STATEMENT OF CASH FLOWS	30 Jun 2016	30 Jun 2015	NOTES
<b>Operating Result</b>	<b>7,509</b>	<b>10,232</b>	
Depreciation and amortization of non-current assets	16,676	19,697	
<b>Amortization, Depreciation, Write-off, Impairment</b>	<b>16,676</b>	<b>19,697</b>	
Trade receivables	(28,507)	(31,988)	
Inventories	(24)	(4)	
Other receivables - current	(2,767)	(3,038)	
Trade payables	(5,949)	120	
Other liabilities - current	50,897	43,071	
<b>Change in Working capital</b>	<b>13,651</b>	<b>8,161</b>	
Other liabilities - non current	(31)	17	
Other fiscal assets	75	375	
Other fiscal liabilities	1,764	1,481	
<b>Change in other assets / liabilities</b>	<b>1,808</b>	<b>1,873</b>	
Staff leaving indemnity	(28)	(357)	
Provisions for risks and charges	(524)	36	
<b>Change in provisions</b>	<b>(553)</b>	<b>(320)</b>	
<b>Income tax</b>	<b>(6,328)</b>	<b>(3,024)</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>32,764</b>	<b>36,618</b>	
Tangible assets	(1,371)	(771)	
Intangible assets	(1,840)	(1,316)	
Capitalized development costs - personnel costs	(3,892)	(3,658)	
Capitalized development costs - service costs	(1,500)	(1,346)	
<b>Capital Expenditure</b>	<b>(8,603)</b>	<b>(7,091)</b>	
<b>Acquisition / dismissal of investments</b>	<b>(783,655)</b>	<b>(325)</b>	10
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(792,259)</b>	<b>(7,415)</b>	
<b>Financial balance paid / cashed-in and change in financial assets / liabilities</b>	<b>153,178</b>	<b>(17,123)</b>	10
<b>Financing Fees paid</b>	<b>(38,388)</b>	<b>0</b>	10
<b>Vendor loan paid</b>	<b>(176)</b>	<b>0</b>	
<b>Dividends paid</b>	<b>(500)</b>	<b>(543)</b>	
<b>Other changes in Equity</b>	<b>642,750</b>	<b>0</b>	10
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>756,864</b>	<b>(17,666)</b>	
<b>INCREASE (DECREASE) IN CASH AND BANK BALANCES</b>	<b>(2,630)</b>	<b>11,538</b>	
<b>CASH AND BANK BALANCES - BEGINNING OF THE YEAR</b>	<b>16,534</b>	<b>17,888</b>	
<b>CASH AND BANK BALANCES - END OF THE YEAR</b>	<b>13,904</b>	<b>29,425</b>	

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
<b>31 Dec 2014</b>	<b>3,214</b>	<b>212,373</b>	<b>(1,265)</b>	<b>(11,389)</b>	<b>(32,036)</b>	<b>170,897</b>	<b>707</b>	<b>171,604</b>
Loss allocation		(30,402)	(1,634)		32,036	0		0
Dividends						0	(146)	(146)
Total Comprehensive Income (Loss) for the period					(10,848)	(10,848)	98	(10,750)
<b>30 Jun 2015</b>	<b>3,214</b>	<b>181,971</b>	<b>(2,899)</b>	<b>(11,389)</b>	<b>(10,848)</b>	<b>160,049</b>	<b>659</b>	<b>160,707</b>

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
<b>31 Dec 2015</b>	<b>3,214</b>	<b>179,401</b>		<b>(11,389)</b>	<b>(18,415)</b>	<b>152,810</b>	<b>799</b>	<b>153,609</b>
Loss allocation		(18,415)			18,415	0		0
Other movements	2,236	476,412		11,389		490,037		490,037
Dividends						0	(162)	(162)
Total Comprehensive Income (Loss) for the period					(41,602)	(41,602)	153	(41,449)
<b>30 Jun 2016</b>	<b>5,450</b>	<b>637,398</b>	<b>0</b>	<b>(0)</b>	<b>(41,602)</b>	<b>601,246</b>	<b>790</b>	<b>602,036</b>

# TeamSystem Group

## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

### **►ACQUISITION OF TEAMSYSYSTEM GROUP BY PRIVATE EQUITY FUNDS AFFILIATED WITH HELLMAN & FRIEDMAN**

On 1 March 2016, Hellman & Friedman private equity funds acquired a controlling interest in TeamSystem Group (“the Acquisition”) from the previous shareholders (inclusive of HG Capital, the majority shareholder). On completion of the transaction, Hellman & Friedman private equity funds held a controlling interest in TeamSystem Group of 76.83%, whereas the remaining interest of 23.17% was held by HG Capital (7.46%) and senior and middle Management of TeamSystem Group (15.71%).

More specifically, on 1 March 2016, 100% of the share capital of TeamSystem Holding S.p.A. was acquired by Barolo BidCo S.p.A., an indirect subsidiary of funds advised by Hellman & Friedman; HG funds and TeamSystem Management. In connection with the TeamSystem Group acquisition as described before, the €45 million revolving credit facility made available to TeamSystem S.p.A. in 2013 (the “Original RCF”) was fully repaid and cancelled. Barolo BidCo S.p.A. has a € 6 million revolving credit facility (the “RCF”), the proceeds of which can be made available to the TeamSystem Group for general corporate purposes. Barolo MidCo S.p.A. (the direct parent company of Barolo BidCo S.p.A.) issued € 150 million of floating rate senior notes (“Senior Notes”) to part-fund the consideration for the acquisition of TeamSystem Holding S.p.A.’s shares. The balance of the consideration was funded by equity invested by the funds and TeamSystem Management.

On 20 May 2016, Barolo BidCo S.p.A. issued € 450 million in aggregate principal amount of senior secured floating rate notes due 2022 (the “Senior Secured Notes”). On the same day, TeamSystem Holding S.p.A. repaid its existing € 430 million 7.375% Senior Secured Notes due 2020 (“Existing Notes”) using proceeds from the issuance of the Senior Secured Notes and satisfied and discharged the Existing Indenture.

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### **►COMPANY BACKGROUND**

Barolo MidCo S.p.A. (the “Parent Company”) is a company recorded in the Milan Business Register and is domiciled in Italy. Barolo MidCo S.p.A. is the Parent Company of TeamSystem Group (or “Group”), leader in Italy in the production and marketing of management software and in the provision of training targeted at Associations, at Small and Medium Enterprises and Professionals (accountants, labour consultants, lawyers, condominium managers and self-employed professionals).

Its registered office is in Milan. In March 2016 in connection with the acquisition of TeamSystem Group (further details of which are disclosed in the following paragraph in these notes to the consolidated financial statements for the six months ended 30 June 2016) Barolo MidCo S.p.A. issued € 150 million in aggregate principal amount of Senior Floating Rate Notes due 2023 (the “Senior Notes”) (ISIN: XS1372159266, XS1372160603).

On 20 May 2016 Barolo BidCo S.p.A. issued € 450 million in aggregate principal amount of Senior Secured Floating Rate Notes due 2020 (the “Senior Secured Notes”) (ISIN: XS1408420443).

Both the Senior Notes and the Senior Secured Notes are listed on the Third Market of the Wiener Börse AG (the Vienna Stock Exchange).

Barolo MidCo S.p.A. is a 100% directly held subsidiary of H&F Barolo Lux1 S.à.r.l. which is approximately 76.83% indirectly held by Hellman & Friedman private equity funds whereas the remaining interest of 23.17% is held by HG Capital (7.46%) and senior and middle Management of TeamSystem Group (15.71%).

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**► INVESTMENT IN LIRA S.R.L., EURESYS S.R.L., ECI DENMARK APS, MONDORA S.R.L. AND CIDIEMME INFORMATICA S.R.L.**

As regards the investment occurred in the first six months of 2016 in Lira S.r.l., Euresys S.r.l., ECI Denmark Aps, Mondora S.r.l. and Cidiemme Informatica S.r.l., taking account of the non-materiality of the acquisitions in question and considering the fact that some acquisitions took place at the end of the second quarter of 2016, the results and the net financial position of all of them have not been consolidated for the purpose of TeamSystem Consolidated financial statements for the six months ended 30 June 2016.

**Lira S.r.l.**

The purchase price paid for the acquisition of a 100% equity interest in Lira S.r.l. was € 2.1 million (and will be subject to a price adjustment based on the achievement of certain financial targets for the year ended 31 December 2016). The determination of the price adjustment (as at the quarterly reporting date of 30 June 2016) has not yet been finalised, except for a component thereof linked to the repayment (to the sellers of the equity investment in Lira S.r.l.) of any proceeds collected by Lira S.r.l. in connection with outstanding loans receivable at 11 March 2016.

**Euresys S.r.l.**

As far as the equity investment in Euresys S.r.l. is concerned, the consideration paid for a 60% equity interest in Euresys S.r.l. was € 1.2 million; the remaining 40% will be acquired via put/call option mechanisms that were negotiated as part of the acquisition of the company. The vendor loan payable in connection with this 40% equity interest in Euresys S.r.l. has not been recognised in this quarterly interim report for the period ended 30 June 2016.

**ECI Denmark Aps**

In April and May 2016, the subsidiary TeamSystem S.p.A. completed the acquisition of a 100% equity interest in ECI Denmark Aps for a total consideration of € 7.1 million. The price could be subject to adjustment based on the achievement of certain financial targets (Revenues) for the year 2015, 2016 and 2017. In any case, the total earn-out can not exceed a cap of € 5 million.

**Mondora S.r.l.**

The purchase price paid for the acquisition of a 51% equity interest in Mondora S.r.l. was € 0.9 million and will be subject to a price adjustment on 2017 based on the achievement of certain financial targets during the year 2016 and 2017 (average Revenues and normalized EBITDA). The remaining 49% will be acquired subsequently through a put and call option mechanism based on certain financial result at 31 December 2019 and at 31 December 2021.

**Cidiemme Informatica S.r.l.**

The equity investment in 100% stake of Cidiemme Informatica S.r.l. occurred in June 2016 was paid for a consideration of € 1.4 million, of which € 1.2 million already paid in June 2016 while the remaining € 0.2 million will be paid after the deliver from the sellers of a bank guarantee. Also in this case some price adjustments are expected in 2018, 2020 and 2021 based on the achievement of certain financial targets.

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**► SCOPE OF CONSOLIDATION**

A listing of businesses consolidated on a line-by-line basis (or with equity method) is provided in the following table and it should be noted that the consolidation percentage takes account of any put and call options stipulated during the course of acquisitions:

**Amounts in Euro**

<b>CONSOLIDATED COMPANIES</b>						
<b>LINE BY LINE</b>	<b>Registered office</b>	<b>Share capital</b>	<b>Equity</b>	<b>% held</b>	<b>% consolidation</b>	<b>Notes</b>
Barolo Midco S.p.A.	Milan	5,450,000	642,824,441			
Barolo Bidco S.p.A.	Milan	5,450,000	638,155,181	100.00	100.00	
TeamSystem Holding S.p.A.	Milan	3,213,641	235,797,259	100.00	100.00	
TeamSystem S.p.A.	Pesaro	24,000,000	173,325,365	100.00	100.00	
TeamSystem Ancona S.r.l.	Osimo (AN)	400,000	4,488,973	100.00	100.00	
TeamSystem Emilia S.r.l.	Reggio Emilia	100,000	4,172,826	77.91	100.00	1
TeamSystem 2 S.r.l.	Milan	66,666	4,637,470	100.00	100.00	
Lexteam S.r.l.	Pesaro	20,000	2,205,366	100.00	100.00	
Metodo S.p.A.	Bassano (VI)	100,000	5,262,471	90.00	100.00	1
TeamSystem Roma S.r.l.	Rome	10,320	329,179	100.00	100.00	
Inforyou S.r.l.	Castello di Godego (TV)	31,250	2,821,906	75.00	100.00	1
TeamSystem Service S.r.l.	Ripalimosani (CB)	200,000	1,008,685	100.00	100.00	
TeamSystem Communication S.r.l.	Civitanova Marche (MC)	23,300	30,478	60.00	100.00	1
Danea Soft S.r.l.	Vigonza (PD)	100,000	3,927,432	51.00	100.00	1
Digita S.r.l.	Asolo (TV)	10,000	749,288	60.00	100.00	1
H-Umus S.r.l.	Roncade (TV)	50,000	854,411	100.00	100.00	
Madbit Entertainment S.r.l.	Treviolo (BG)	10,000	36,475	51.00	100.00	1 / 5
ACG S.r.l.	Pesaro	100,000	1,364,543	100.00	100.00	
TSS S.p.A.	Milan	7,232,000	75,840,061	100.00	100.00	
Esa Napoli S.r.l.	Naples	10,000	(1,829)	100.00	100.00	6
Gruppo Euroconference S.p.A.	Verona	300,000	8,202,641	96.73	96.87	2 / 3
Nuovamacut Automazione S.p.A.	Reggio Emilia	108,000	5,058,390	100.00	100.00	
Nuovamacut Nord Ovest S.r.l.	Reggio Emilia	89,957	1,909,677	86.34	86.34	4
Nuovamacut Bologna Macchine Utensili S.r.l.	Reggio Emilia	70,000	78,684	75.00	75.00	4
Nuovamacut Centro Sud S.r.l.	Rome	10,000	275,792	70.00	70.00	4

**Amounts in Euro**

<b>CONSOLIDATED COMPANIES</b>						
<b>EQUITY METHOD</b>	<b>Registered office</b>	<b>Share capital</b>	<b>(*) Equity</b>	<b>% held</b>	<b>% consolidation</b>	<b>Notes</b>
Mondoesa Emilia S.r.l.	Parma	20,800	105,461	40.00	40.00	6
Mondoesa Lazio S.r.l.	Frosinone	20,800	293,828	35.00	35.00	6
Mondoesa Milano Nordovert S.r.l.	Milan	50,000	42,246	49.00	49.00	6
Cesaco S.r.l.	Vicenza	90,000	175,987	48.00	48.00	6
Aldebra S.p.A.	Trento	1,398,800	1,441,778	17.65	17.65	6

- (1) = holding would be 100% should put/call option be exercised;  
(2) = takes account of treasury shares held by Gruppo Euroconference;  
(3) = holding would be 96.87% should put/call option be exercised;  
(4) = investment held by Nuovamacut Automazione S.p.A.;  
(5) = investments held by Danea Soft S.r.l.;  
(6) = investments held by TSS S.p.A.;  
(\*) = Equity figures updated to 31 December 2015.

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**► CHANGES TO THE SCOPE OF CONSOLIDATION DURING THE FIRST SIX MONTHS OF 2016**

The scope of consolidation at 30 June 2016 (or the consolidation percentages) has not changed during the first six months of 2016.

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**► BASIS OF PREPARATION**

The Group's annual consolidated financial statements are prepared in accordance with international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB) and as endorsed by the European Union pursuant to Regulation No. 1606/2002.

The accounting standards adopted for the preparation of the Barolo MidCo S.p.A. consolidated financial statements for the period ended 30 June 2016 are the same of that used for the preparation of TeamSystem Holding S.p.A. consolidated financial statements for the period ended 31 December 2015 (to which reference should be made).

These interim consolidated financial statements have not been prepared in compliance with IAS 34 “Interim financial reporting”. These financial statements do not include all the information required for annual financial statements.

The interim consolidated financial statements for the period ended 30 June 2016 show comparative figures relating to the prior period financial statements for the period ended 30 June 2015 at TeamSystem Holding S.p.A. consolidated figures for the components of the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows. The components of consolidated financial position show comparative figures relating to the consolidated statement of financial position at 31 December 2015 at TeamSystem Holding S.p.A. consolidated figures.

The interim consolidated financial statements for the period ended 30 June 2016 consist of a consolidated statement of financial position, a consolidated statement of profit or loss, a consolidated statement of comprehensive income, a consolidated statement of cash flows, a consolidated statement of changes in equity and notes to the interim consolidated financial statements components.

The format used for the financial statements is the same as that used for the preparation of the TeamSystem Holding S.p.A. consolidated financial statements for the year ended 31 December 2015.

This interim consolidated financial report for the first six months ended 30 June 2016 is presented in Euros and all amounts have been rounded to Euro thousands, unless otherwise specified.

The consolidated financial statements of Barolo MidCo S.p.A. and its subsidiaries (TeamSystem Group) for the period ended 30 June 2016 and the consolidated financial statements of TeamSystem Holding S.p.A. for the period ended 30 June 2015 have not been audited.

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#### **► USE OF ESTIMATES**

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

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

- Business combinations (IFRS 3) and measurement of intangible assets;
- Goodwill;
- Capitalised development costs;
- Deferred tax assets and liabilities;
- The measurement of provisions for risks and charges and the allowance for bad debts;
- Employee benefits;
- Vendor loan.

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**►TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS**

The financial statements of the businesses comprised within the scope of consolidation are all prepared in Euros, considering all current subsidiaries are located in Italy and there are no relevant operations conducted abroad.

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**►OPERATING SEGMENTS**

In accordance with IFRS 8 - Operating segments, an operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; c) for which discrete financial information is available.

Following the acquisition of TeamSystem Group by Hellman & Friedman private equity funds occurred in March 2016 as described above, the operating segments are currently being updated.

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**►ALTERNATIVE NON IFRS PERFORMANCE INDICATORS**

In addition to the financial performance measures established by IFRSs, TeamSystem Group presents in these explanatory notes (and in the Operating and Financial Review section) certain NON GAAP measures that are derived from, although not required by IFRSs.

These performance measures are presented to facilitate the understanding of the Group's operating performance and should not be considered as substitutes for the information required by IFRSs. Specifically, the alternative performance measures used are the following:

**EBITDA** calculated as Operating Result plus (i) impairment of non-current assets, (ii) other provisions for risks and charges (iii) depreciation and amortisation of non current assets (iv) non-recurring expenses and non-recurring cost of personnel.

**ADJUSTED EBITDA** is equal to EBITDA as above without taking account of the Allowance for bad debts.

**ADJUSTED EBITDA % MARGIN** is equal to ADJUSTED EBITDA divided by Total revenue.

**WORKING CAPITAL** equals the aggregate of (i) trade receivables, (ii) inventory and (iii) other current receivables net of the aggregate of (iv) trade payables and (v) other current liabilities.

**CAPEX** **Tangible and Intangible assets** = this is calculated as additions (to tangible and intangible assets) net of disposals and other movements. **Capitalised development costs** = this equals the cost of services and personnel cost capitalised as development cost.

**NET FINANCIAL POSITION**  
**or (NET FINANCIAL INDEBTEDNESS)** equals the aggregate of (i) other financial assets (current and non current) (ii) cash and bank balances (iii) financing fees (current and non current) net of the aggregate of (iv) financial liabilities with banks and other institutions (current and non current) (v) other financial liabilities (current and non current).

**NET INVESTED CAPITAL** equals the aggregate of (i) tangible assets (ii) intangibles assets (iii) goodwill (iv) investments (v) deferred tax assets (vi) Working capital (as defined above) (vii) tax receivables (viii) other receivables (non current) net of the aggregate of (ix) staff leaving



indemnity (x) provision for risks and charges (xi) deferred tax liabilities (xii) tax liabilities (xiii) other liabilities (non current)

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**► ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLICABLE AS FROM 1 JANUARY 2016**

- Amendments to **IAS 19 *Defined Benefit Plans: Employee Contributions*** (published on 21 November 2013): deals with the recognition in financial statements of contributions from employees or third parties to defined benefit plans. The amendments are applicable as from 1 January 2016.
- Amendments to **IFRS 11 *Joint Arrangements – Accounting for acquisitions of interests in joint operations*** (published on 6 May 2014): deals with the accounting for an acquisition of an interest in a joint operation in which the activity constitutes a business. The amendments are applicable as from 1 January 2016.
- Amendments to **IAS 16 *Property, plant and equipment*** and **IAS 41 *Agriculture – Bearer Plants*** (published on 30 June 2014): bearer plants, that is, fruit trees that are expected to provide an annual harvest (for example, grape vines and hazelnut trees), are to be accounted for in accordance with IAS 16 (rather than IAS 41). The amendments are applicable as from 1 January 2016.
- Amendments to **IAS 16 *Property, plant and equipment*** and to **IAS 38 *Intangible assets – Clarification of acceptable methods of depreciation and amortisation*** (published on 12 May 2014): according to which a depreciation or amortisation method that is based on revenue is generally deemed to be inappropriate, given that revenue generated by an activity that includes the use of a depreciable or amortisable asset generally reflects factors that differ from the consumption of the economic benefit of the asset, being a requirement that needs to be met for depreciation or amortisation. The amendments are applicable as from 1 January 2016.
- Amendments to **IAS 1 – *Disclosure Initiative*** (published on 18 December 2014): the objective of the amendments is to clarify certain disclosure issues that could be perceived as impediments to the preparation of clear and intelligible financial statements. The amendments are applicable as from 1 January 2016.
- Amendments to **IAS 27 – *Equity Method in Separate Financial Statements*** (published on 12 August 2014): the amendments introduce an option to allow an entity to use the equity method to account for investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applicable as from 1 January 2016.

Lastly, as part of the annual process of improvements to accounting standards, on 12 December 2013 the IASB issued “Annual Improvements to IFRSs: 2010-2012 Cycle” (inclusive of IFRS 2 *Share-based Payment – Definition of vesting conditions*, IFRS 3 *Business Combinations – Accounting for contingent consideration*, IFRS 8 *Operating segments – Aggregation of operating segments and Reconciliation of total of the reportable segments’ assets to the entity’s assets*, IFRS 13 *Fair Value Measurement – Short-term receivables and payables*.) and on 25 September 2014 “Annual Improvements to IFRSs: 2012-2014 Cycle” (inclusive of: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*, IFRS 7 – *Financial Instruments: Disclosures* and IAS 19 – *Employee Benefits*) which partially integrate the pre-existing standards. These amendments are applicable for annual periods beginning on or after 1 February 2015 and for annual periods beginning on or after 1 January 2016.

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## Notes to Interim Unaudited Consolidated Financial Statement Components

(All amounts are expressed in thousands of Euro except where otherwise indicated)

### 1. TOTAL REVENUE

	30 Jun 2016	30 Jun 2015	Change	% Change
Hardware	3,666	3,969	(303)	-7.6%
Software	25,431	24,816	616	2.5%
Hardware subscriptions	868	776	92	11.9%
Software subscriptions	77,295	71,975	5,320	7.4%
Other products	658	741	(84)	-11.3%
Other services	19,565	17,638	1,927	10.9%
Education	5,316	6,387	(1,070)	-16.8%
Discounts paid	(15)	(13)	(1)	8.6%
<b>Revenue</b>	<b>132,785</b>	<b>126,288</b>	<b>6,497</b>	<b>5.1%</b>
Recovery of expenses	921	904	17	1.9%
Operating grants	307	145	162	n.s.
Other income	906	434	472	n.s.
<b>Other operating income</b>	<b>2,134</b>	<b>1,483</b>	<b>651</b>	<b>43.9%</b>
<b>Total Revenue</b>	<b>134,918</b>	<b>127,771</b>	<b>7,148</b>	<b>5.6%</b>

Total Revenue for the period ended 30 June 2016 amounts to € 134,918 thousand, up by € 7,148 thousand compared to the corresponding figure for the period ended 30 June 2015 (€ 127,771 thousand). This is mainly due to the increase in Software subscription revenue (€5,320 thousand) and to the growth in Other services revenue (€ 1.927 thousand); the decrease in Education is totally related to the sale of investment in Paradigma S.r.l. (occurred in October 2015 and therefore not consolidated in 30 June 2016 results), whose contribution to the 30 June 2015 Total Revenue was € 1,208 thousand.

### 2. OPERATING SEGMENT

In accordance with IFRS 8 - Operating segments, an operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the same entity); b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; c) for which discrete financial information is available.

As a consequence of the acquisition of TeamSystem Group made by Hellman & Friedman private equity funds on March 2016, the operating segments at TeamSystem Group are currently being updated.

### 3. COST OF RAW AND OTHER MATERIALS

	30 Jun 2016	30 Jun 2015	Change	% Change
Hardware purchases	2,779	3,301	(522)	-15.8%
Third parties' software	8,965	6,649	2,316	34.8%
Handbooks and forms	49	47	1	3.0%
Materials for education	108	106	2	1.5%
Fuel	899	664	236	35.5%
Other materials	362	423	(61)	-14.4%
Change in inventory of raw materials	(10)	(9)	(1)	11.2%
<b>Total</b>	<b>13,152</b>	<b>11,181</b>	<b>1,970</b>	<b>17.6%</b>

Cost of raw and other materials amounts to € 13,152 thousand for the period ended 30 June 2016, up by € 1,970 thousand from the amount of the period ended 30 June 2015 (€ 11,181 thousand). This increase is primarily due to the organic increase in cost of Raw and other materials, mainly led by higher costs of Third parties' software (€ 2,316 thousand).

#### 4. COST OF SERVICES

	30 Jun 2016	30 Jun 2015	Change	% Change
Agent commissions and other costs	6,457	6,538	(81)	-1.2%
Consulting and third parties services	8,679	8,913	(234)	-2.6%
Administrative tax and legal	1,180	1,512	(332)	-22.0%
Education - consulting and copyrights	1,597	1,730	(133)	-7.7%
Magazines - consulting and copyrights	727	650	76	11.7%
Other costs for education services	1,254	1,296	(42)	-3.2%
Web recall services		7	(7)	-100.0%
Advertising and marketing	1,916	1,642	274	16.7%
Car rentals	1,945	1,969	(24)	-1.2%
Utilities	1,662	1,575	87	5.5%
Other services	5,185	5,045	140	2.8%
<b>Cost of services - Gross of capitalisation</b>	<b>30,600</b>	<b>30,877</b>	<b>(277)</b>	<b>-0.9%</b>
Services capitalized development costs	(1,500)	(1,346)	(154)	11.4%
<b>Total</b>	<b>29,100</b>	<b>29,531</b>	<b>(431)</b>	<b>-1.5%</b>

The Cost of services for the period ended 30 June 2016 amounts to € 29,100 thousand, nearly flat compared to the amount for the period ended 30 June 2015 (€ 29,531 thousand).

The main costs items incurred in the first six months of 2016 are as follows:

- Agent commission and other costs (for an amount of € 6,457 thousand);
- Consulting and third parties services (for an amount of € 8,679 thousand);
- Other services (for an amount of € 5,185 thousand).

#### 5. PERSONNEL

	30 Jun 2016	30 Jun 2015	Change	% Change
Wages, salaries and social contributions	49,207	44,916	4,291	9.6%
Staff leaving indemnities	2,214	2,066	149	7.2%
Other personnel costs	11	7	4	55.2%
<b>Employee costs</b>	<b>51,432</b>	<b>46,989</b>	<b>4,443</b>	<b>9.5%</b>
Freelancers and collaborators fees	93	368	(275)	-74.8%
Directors' fees and related costs	1,612	1,652	(41)	-2.5%
<b>Directors and Collaborators</b>	<b>1,704</b>	<b>2,020</b>	<b>(316)</b>	<b>-15.6%</b>
Non recurring personnel costs	628	2,117	(1,489)	-70.4%
<b>Non recurring</b>	<b>628</b>	<b>2,117</b>	<b>(1,489)</b>	<b>-70.4%</b>
<b>Personnel - Gross of capitalisation</b>	<b>53,764</b>	<b>51,126</b>	<b>2,638</b>	<b>5.16%</b>
Personnel capitalized development costs	(3,892)	(3,658)	(234)	6.4%
<b>Total</b>	<b>49,872</b>	<b>47,468</b>	<b>2,404</b>	<b>5.1%</b>

Personnel costs for the period ended 30 June 2016 (€ 49,872 thousand) have increased in total by € 2,404 thousand compared to the corresponding amount for the period ended 30 June 2015 (€ 47,468 thousand). This growth is attributable to the organic growth due to the ongoing policy to strengthen the Group's workforce.

## 6. OTHER OPERATING COSTS

	30 Jun 2016	30 Jun 2015	Change	% Change
Rents	1,671	1,725	(54)	-3.1%
Rentals	372	342	30	8.9%
Other expenses for use of third parties assets	430	331	100	30.1%
Other tax	142	237	(94)	-39.8%
Losses from assets disposals	1	2	(2)	-68.7%
Other expenses	233	205	28	13.5%
<b>Total</b>	<b>2,850</b>	<b>2,842</b>	<b>8</b>	<b>0.3%</b>

Other operating costs for the period ended 30 June 2016 (€ 2,850 thousand) remain substantially unchanged compared to the corresponding amount for the period ended 30 June 2015 (€ 2,842 thousand).

## 7. NON RECURRING EXPENSES

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

Non-recurring expenses for the period ended 30 June 2016 amount to € 13,232 thousand, compared with € 4,587 thousand for the period ended 30 June 2015, thus with an increase of € 8,646 thousand mainly related to the due diligence costs incurred as a consequence of the acquisition of TeamSystem Group made by Hellman & Friedman private equity funds.

## 8. FINANCE INCOME

	30 Jun 2016	30 Jun 2015	Change	% Change
Interest and other finance income	111	31	80	n.s.
Gains on foreign exchange	4	3	1	27.0%
Interest from cash pooling and other loans	2	0	2	n.s.
Interest from banks	2	10	(8)	-83.0%
Dividends	0	86	(86)	-100.0%
<b>Total</b>	<b>119</b>	<b>131</b>	<b>(12)</b>	<b>-9.5%</b>

Finance income for the period ended 30 June 2016 stands at € 119 thousand, substantially in line with the figure recorded for the period ended 30 June 2015 (€ 131 thousand).

## 9. FINANCE COST

	30 Jun 2016	30 Jun 2015	Change	% Change
Interest on bank loans	182	82	100	n.s.
Interest on Notes	36,408	15,858	20,550	n.s.
Interest on Notes Premium	(5,409)	(613)	(4,796)	n.s.
Interest on financing fees	14,983	1,595	13,388	n.s.
Vendor Loan revaluation	300	891	(591)	-66.3%
Bank commissions	684	917	(234)	-25.5%
Interests on actuarial valuation of employees benefit	44	120	(76)	-63.4%
Other IFRS financial charges	467	543	(76)	-14.0%
Interests on cash pooling and other loans	4	4	(4)	-100.0%
Other financial charges	35	27	8	30.8%
Losses on foreign exchange	2	8	(6)	-79.6%
<b>Total</b>	<b>47,696</b>	<b>19,432</b>	<b>28,264</b>	<b>n.s.</b>

Financial charges for the period ended 30 June 2016 amount to € 47,696 thousand with an increase with respect to the corresponding amount at 30 June 2015 (€ 19,432 thousand) of € 28,264 thousand mainly due to:

- increased Interest on Notes (for an amount of € 20,550 thousand), the great majority of which attributable to the non recurring amount of € 15.9 million paid by TeamSystem Group as “Applicable premium” as a consequence of the early redemption of the Existing Notes (see Notes 16 for further details).

- non recurring write-off of financing fees pertaining the Original RCF facility (for an amount of € 2,065 thousand) and non recurring write-off of financing fees pertaining the Existing Notes for an amount of € 11,767 thousand; both of them as a consequence of the acquisition of TeamSystem Group made by Hellman & Friedman private equity funds on March 2016 and the following refinancing process which culminated with the issuance of the Senior Notes and the Senior Secured Notes (see also Note 16 for further details).

## 10. CONSOLIDATED STATEMENT OF CASH FLOWS

As regards the more significant components of the statement of cash flow, a description is provided below of the main factors impacting the Group's cash flows in the course of the first six months of 2016:

**Acquisition of investments** = In the first six months of 2016 TeamSystem S.p.A. paid € 2.1 million for the acquisition of a 100% stake in Lira S.r.l., € 1.2 million for the acquisition of a controlling stake in Euresys S.r.l., € 7.1 million for the acquisition of 100% stake in ECI Denmark Aps, € 0.9 million for the acquisition of 51% stake in Mondora S.r.l. and € 1.2 million for the acquisition of 100% stake in Cidemme Informatica S.r.l. The remaining amount is attributable to the acquisition of TeamSystem Group made by Hellmann & Friedmann (via Barolo MidCo S.p.A.).

**Financial balance paid / cashed-in and change in financial assets/liabilities** = The main items included in the balance in question relate to the followings:

- issuance of € 150 million Notes (made by Barolo MidCo) and issuance of € 450 million Notes made by Barolo BidCo to finance the acquisition of TeamSystem Group;
- early redemption of the Existing € 430 million Notes which resulted in a total cash-out of € 462.2 million detailed as follows:
  - 4) € 430 million in terms of principal amount;
  - 5) € 16.3 million as accrued interests on Existing Notes;
  - 6) € 15.9 million as Applicable premium due to the early redemption of the € 430 million Notes;
- payment of financial charges and commissions for an amount of € 0.8 million;
- payment of quarterly coupon due on Senior Notes (€ 4.5 million) and due on Senior Secured Notes (€ 3.7 million);
- draw-down of € 12 million made by Barolo BidCo (under the new RCF facility contract) and a further draw down of € 12 million made by TeamSystem S.p.A. under the new RCF facility contract;

**Financing fees paid** = the amount in question refers to the payment of fees connected with the New RCF contract (entered by Barolo BidCo S.p.A.) and with the the issuance of the Senior Notes and Senior Secured Notes made by Barolo MidCo and Barolo BidCo to finance the acquisition of TeamSystem Group.

**Other Change in Equity** = the amounts in question relate to the formation of the share capital (and other equity reserves) of Barolo MidCo S.p.A.

## 11. TANGIBLE ASSETS

NET BOOK VALUE	30 Jun 2016	31 Dec 2015	Change	% Change
Land	1,898	1,898		
Buildings	4,966	5,081	(115)	-2.3%
Plant and machinery	976	1,015	(40)	-3.9%
Equipment	250	208	42	20.4%
Other assets	3,660	3,137	523	16.7%
Tangible assets - in progress	357	214	143	66.9%
<b>Total</b>	<b>12,107</b>	<b>11,554</b>	<b>553</b>	<b>4.8%</b>

Tangible fixed assets at 30 June 2016 amount to € 12,107 thousand, substantially in line with the figure recorded at 31 December 2015 (€ 11,554 thousand). The increase of € 553 thousand results from the aggregate of disposals, additions, and depreciation charge for the period (€ 817 thousand).

## 12. INTANGIBLE ASSETS

NET BOOK VALUE				
	30 Jun 2016	31 Dec 2015	Change	% Change
Capitalised development	20,989	18,780	2,209	11.8%
IFRS Assets	242,078	253,458	(11,380)	-4.5%
Other intangible assets	8,307	7,763	545	7.0%
<b>Total</b>	<b>271,375</b>	<b>280,001</b>	<b>(8,627)</b>	<b>-3.1%</b>

Intangible assets have gone from € 280,001 thousand at 31 December 2015 to € 271,375 thousand at 30 June 2016, with a decrease of € 8,627 thousand resulting from the aggregate of disposals, additions, capitalised development costs (of € 5,392 thousand for the period ended 30 June 2016), and amortisation charge for the period (€ 15,859 thousand).

## 13. GOODWILL

Goodwill at 30 June 2016 amounts to € 982,740 thousand with an increase of € 618,376 thousand compared to the balance at 31 December 2015 (€ 364,363 thousand).

This increase is due to the acquisition of TeamSystem Group in early 2016 by Barolo Midco S.p.A. (special purpose vehicle set up by private equity funds affiliated with Hellman & Friedman). During the course of 2016, Group Management will finalise the allocation of the purchase price paid for the acquisition of TeamSystem Group (by means of the allocation of the purchase price to intangible assets) and, as a consequence, will thus also finalise the determination of Goodwill.

In terms of Impairment test, the line-item Goodwill is subjected annually (or more frequently if certain events or circumstances indicate potential impairment) to impairment testing and TeamSystem Group will postpone a more thorough analysis with impairment testing to 31 December 2016.

## 14. INVESTMENTS IN ASSOCIATES AND OTHER INVESTMENTS

	30 Jun 2016	31 Dec 2015	Change	% Change
Investments in Associates	445	445		
Other Investments	13,103	433	12,670	n.s.
<b>Total</b>	<b>13,548</b>	<b>878</b>	<b>12,670</b>	<b>n.s.</b>

The balance of Investments in Associates and other investments have gone from € 878 thousand at 31 December 2015 to € 13,548 thousand at 30 June 2016, with an increase of € 12,670 thousand.

The increase of Other investments is mainly explained by:

- the acquisition of 100% stake in Lira S.r.l. for a consideration of € 2.3 million (of which € 2.1 million already paid and € 0.2 million related to vendor loan);
- the acquisition of 60% stake in Euresys S.r.l. for a consideration of € 1.2 million;
- the acquisition of 100% stake in ECI Denmark Aps for a consideration of € 7.1 million;
- the acquisition of 51% stake in Mondora S.r.l for a consideration of € 0.9 million;
- the acquisition of 100% stake in Cidiemme Informatica S.r.l. for a consideration of € 1.2 million

All these new subsidiaries have not been consolidated in 30 June 2016 accounts.

The balance of Investments in Associates relates to the investments owned by TSS S.p.A..

## 15. DEFERRED TAX ASSETS AND LIABILITIES

	30 Jun 2016	31 Dec 2015	Change	% Change
Deferred tax assets	13,576	13,739	(162)	-1.2%
Deferred tax liabilities	70,425	76,739	(6,313)	-8.2%

Deferred tax assets at 30 June 2016 amount to € 13,576 thousand, substantially in line with the balance at 31 December 2015 (€ 13,739 thousand).

Deferred tax liabilities at 30 June 2016 amount to € 70,425 thousand with a decrease of € 6,313 thousand compared to the balance at 31 December 2015 (€ 76,739 thousand), primarily due to the reversal of the deferred tax component pertaining to the amortisation of intangible assets identified on allocation of the price paid for the acquisition of TeamSystem Group and TSS Group (Software, Brands, Customer relationships and other IFRS assets).

## 16. NET FINANCIAL POSITION – (NET FINANCIAL INDEBTEDNESS)

	30 Jun 2016			31 Dec 2015		
	Current	Non Current	Total	Current	Non Current	Total
Bank accounts and post office	13,858		13,858	16,443		16,443
Cash and bank balances	46		46	91		91
<b>Total Cash and bank balances</b>	<b>13,904</b>		<b>13,904</b>	<b>16,534</b>		<b>16,534</b>
Cash Pooling receivables	179		179	0		0
Other financial assets	103	350	453	100	350	450
<b>Total Other financial assets</b>	<b>282</b>	<b>350</b>	<b>632</b>	<b>101</b>	<b>350</b>	<b>451</b>
Loans with banks	(27,160)		(27,160)	(3,147)		(3,147)
Overdrafts with banks	(19)		(19)	(4)		(4)
Notes		(600,000)	(600,000)	(3,964)	(430,000)	(433,964)
Premium on Notes issuance				(1,240)	(4,169)	(5,409)
Dividends to be settled	(363)		(363)	(500)		(500)
<b>Total Financial liabilities</b>	<b>(27,543)</b>	<b>(600,000)</b>	<b>(627,543)</b>	<b>(8,854)</b>	<b>(434,169)</b>	<b>(443,024)</b>
Financing Fees - notes	5,714	28,936	34,650	2,697	9,070	11,767
Financing Fees - banks	699	2,922	3,621	36	102	138
Financing Fees - prepayments				498	1,429	1,927
<b>Total Financing Fees</b>	<b>6,413</b>	<b>31,858</b>	<b>38,271</b>	<b>3,231</b>	<b>10,601</b>	<b>13,831</b>
Vendor loan	(10,236)	(19,555)	(29,791)	(9,468)	(19,832)	(29,300)
Commission financial liabilities	(84)		(84)	(115)		(115)
Cash pooling liabilities	(520)		(520)	(0)		(0)
Other financial liabilities	(2)		(2)	(2)		(2)
<b>Total Other financial liabilities</b>	<b>(10,842)</b>	<b>(19,555)</b>	<b>(30,397)</b>	<b>(9,586)</b>	<b>(19,832)</b>	<b>(29,417)</b>
<b>Total</b>	<b>(17,786)</b>	<b>(587,347)</b>	<b>(605,133)</b>	<b>1,426</b>	<b>(443,050)</b>	<b>(441,625)</b>

Net financial indebtedness at 30 June 2016 amounts to minus € 605,133 thousand as compared to the corresponding balance at 31 December 2015 of minus € 441,625 thousand.

### Existing Notes

On 7 May 2013 TeamSystem Holding S.p.A. issued senior secured notes due 2020 in an aggregate principal amount of €300 million (the “Original Notes” or “Existing Notes”). In April 2014 TeamSystem Holding S.p.A. issued a further tranche of €130 million in aggregate principal amount of its 7.375% senior secured notes due 2020 (the “Additional Notes”). The Additional Notes were treated as a single class with the Original Notes for all purposes of the indenture governing the Original Notes (as well as the Additional Notes). The Additional Notes together with the Original Notes are referred to below as the “Existing Notes”.

The Existing Notes were listed on the ExtraMot segment of the Italian Stock Exchange and on the Luxembourg Stock Exchange. The Existing Notes bore coupons which were payable on a six monthly basis (15 May – 15 November) at a rate of 7.375% of the nominal value of the Existing Notes.

The costs incurred in connection with the issuance of the Existing Notes were accounted for as Financing Fees and were amortised on a straight line basis over the contractual duration of the Existing Notes (i.e. until the stated maturity date of the Existing Notes, 15 May 2020).

Following the acquisition of TeamSystem Group (the “Acquisition”) by private equity funds affiliated with Hellman & Friedman on 1 March 2016 (further details of which are disclosed in the Acquisition of TeamSystem

Group by private equity funds paragraph in these notes to the consolidated financial statements for the six months ended 30 June 2016) TeamSystem Holding S.p.A. redeemed its Existing Notes on 20 May 2016 (paying an amount of € 15.9 million as “Applicable premium” in accordance with the Indenture governing the Existing Notes).

Finally, as a consequence of the early redemption of the Existing Notes, the residual carrying amount of the Financing Fees relating to the Existing Notes (as at 20 May 2016) has been charged to the Group's consolidated statement of profit or loss.

### **Senior Notes**

In connection with the Acquisition, on 1 March 2016 Barolo MidCo S.p.A. issued €150 million in aggregate principal amount of Senior Floating Rate Notes due 2023 (the “Senior Notes”) (ISIN: XS1372159266, XS1372160603). Interest is payable on the Senior Notes at a rate equal to the three-month EURIBOR rate (with a 1% floor) plus 8.00%. Interest is payable quarterly in arrears on April 1, July 1, October 1 and January 1 each year, commencing on July 1, 2016.

The Senior Notes are listed on the Third Market of the Wiener Börse AG (the Vienna Stock Exchange).

The Senior Notes may be redeemed, at the option of Barolo MidCo S.p.A.:

- at any time prior to 1 March 2018, in whole or in part, at a redemption price equal to the 100% of the principal amount of the notes plus the relevant Applicable Premium, as defined in the indenture governing the Senior Notes (the “Senior Notes Indenture”);
- at any time prior to 1 March 2018, up to 40% of the aggregate principal amount of the Senior Notes may also be redeemed with funds in an aggregate amount not exceeding the cash proceeds of one or more Equity Offerings at a redemption price equal to the lesser of (i) 109.000% of the principal amount of the Senior Notes, plus accrued and unpaid interest and any Additional Amounts (each term as defined in the Indenture), and (ii) the Applicable Premium, to, but not including, the applicable redemption date, according to the terms and conditions of the Senior Notes Indenture; and
- at any time on or after 1 March 2018 and up to the maturity date, the Senior Notes may be redeemed at a redemption price equal to the percentage of principal set out in the Senior Notes Indenture for each relevant twelve month period

Upon the occurrence of certain events constituting a “change of control”, Barolo MidCo S.p.A. may be required to offer to repurchase the Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase.

The costs incurred in connection with the issuance the Senior Notes have been accounted for as Financing Fees and have been amortised on a straight line basis over the contractual duration of the Senior Notes which expires on the stated maturity date of the Senior Notes (1 March 2023).

### **Senior Secured Notes**

On 20 May 2016, Barolo BidCo S.p.A. issued €450 million in aggregate principal amount of senior secured floating rate notes due 2022 (the “Senior Secured Notes”) (ISIN: XS1408420443). On the same day, TeamSystem Holding S.p.A. repaid its existing €430 million 7.375% Senior Secured Notes due 2020 using proceeds from the issuance of the Senior Secured Notes and satisfied and discharged the Existing Indenture. Interest is payable on the Senior Secured Notes at a rate equal to the three-month EURIBOR rate (with a 1% floor) plus 6.25%. Interest is payable quarterly in arrears on April 1, July 1, October 1 and January 1 each year, commencing on July 1, 2016.

The Senior Secured Notes are listed on the Third Market of the Wiener Börse AG (the Vienna Stock Exchange).

The Senior Secured Notes may be redeemed, at the option of Barolo BidCo S.p.A.:

- at any time prior to 20 May 2017, in whole or in part, at a redemption price equal to the 100% of the principal amount of the notes plus the relevant Applicable Premium, as defined in the indenture governing the Senior Secured Notes (the “Senior Secured Notes Indenture”); and
- at any time on or after 1 March 2017 and up to the maturity date, the Senior Secured Notes may be redeemed at a redemption price equal to the percentage of principal set out in the Senior Secured Notes Indenture for each relevant twelve month period

Upon the occurrence of certain events constituting a “change of control”, Barolo BidCo S.p.A. may be required to offer to repurchase the Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase.



The costs incurred in connection with the issuance the Senior Secured Notes have been accounted for as Financing Fees and have been amortised on a straight line basis over the contractual duration of the Senior Secured Notes which expires on the stated maturity date of the Senior Secured Notes (20 May 2022).

#### **Revolving credit facility (RCF)**

In May 2013, TeamSystem Group also entered into a revolving credit facility in a principal amount of €45 million (the “Original RCF”). The interest rate payable on the Original RCF was based on EURIBOR plus a spread (varying between 4.00% and 4.50%) linked to the achievement of certain financial parameters as defined in the terms of the financing agreement.

The costs incurred in order to enter into the Original RCF were accounted for as Financing Fees and were amortised on a straight line basis over the contractual duration of the credit facility (i.e. until the stated maturity date of 15 November 2019). In connection with the completion of the Acquisition on 1 March 2016, the Original RCF was terminated and the residual carrying amount of the Financing Fees thousand relating to the Original RCF as at 1 March 2016 has been charged to the Group’s consolidated statement of profit or loss.

On 1 March 2016, Barolo BidCo S.p.A., as borrower, entered into a new revolving credit facility (the “New RCF”) in a principal amount of € 65 million, governed by the senior secured revolving credit facility agreement (the “SSRCF Agreement”). Loans under the New RCF bear interest at rates per annum initially equal to 4.00% plus EURIBOR or LIBOR (with a 0% floor in each case), as applicable, and, provided certain conditions set out in the SSRCF Agreement are met, will be subject to margin ratchet step downs based on the Group’s senior secured net leverage ratio as set out in the SSRCF Agreement. On 20 May 2016, TeamSystem S.p.A. acceded as an additional borrower under the New RCF.

The costs incurred in order to enter into the New RCF have been accounted for as Financing Fees and have been amortised on a straight line basis over the contractual duration of the credit facility.

#### **Security and Guarantees Provided**

Set out below are details of the collateral provided in connection with the Existing Notes :

- Pledge over the entire share capital of TeamSystem Holding S.p.A.;
- Pledge over the shares of TeamSystem S.p.A.;
- Assignment by way of security of receivables deriving from intercompany lending transactions (between TeamSystem Holding S.p.A. and TeamSystem S.p.A.) as per the loan agreements for the Funding Loan and Shareholders Loan.

The Existing Notes were guaranteed by TeamSystem S.p.A.

Set out below are details of the collateral provided in connection with the RCF:

- a pledge over 100 per cent. of Barolo BidCo S.p.A.’s shares in TeamSystem Holding S.p.A.;
- an assignment of intercompany receivables owed to Barolo BidCo S.p.A. by TeamSystem Holding S.p.A.;
- a pledge over 100 per cent. of TeamSystem Holding S.p.A.’s shares in TeamSystem S.p.A.;
- an assignment of intercompany receivables owed to TeamSystem Holding S.p.A. by TeamSystem S.p.A.;
- (subject to any minority shareholder consent(s) that may be required having been obtained on or prior to the Redemption Date) a share pledge over 100 per cent. of TeamSystem S.p.A.’s shares in Gruppo Euroconference S.p.A. owned by TeamSystem S.p.A.;
- a pledge over 100 per cent. of TeamSystem S.p.A.’s shares in TSS S.p.A.;
- a pledge over material intellectual property rights owned by TeamSystem S.p.A.;
- a special lien over TeamSystem S.p.A.’s moveable assets;
- an assignment of intercompany receivables owed to TeamSystem S.p.A. by its subsidiaries.

The RCF is guaranteed by Barolo BidCo S.p.A., Barolo MidCo S.p.A., TeamSystem Holding S.p.A. and TeamSystem S.p.A.

Set out below are details of the collateral provided in connection with the Senior Secured Notes:

- a pledge over 100 per cent. of Barolo MidCo S.p.A.’s shares in Barolo BidCo S.p.A.;
- an assignment of intercompany receivables owed to Barolo MidCo S.p.A. by Barolo BidCo S.p.A.;
- an assignment by way of security of Barolo BidCo S.p.A.’s rights under the sale and purchase agreement dated 7 December 2015, in respect of the Acquisition;
- a pledge over 100 per cent. of Barolo BidCo S.p.A.’s shares in TeamSystem Holding S.p.A.;
- an assignment of intercompany receivables owed to Barolo BidCo S.p.A. by TeamSystem Holding S.p.A.;
- a pledge over 100 per cent. of TeamSystem Holding S.p.A.’s shares in TeamSystem S.p.A.;
- an assignment of intercompany receivables owed to TeamSystem Holding S.p.A. by TeamSystem S.p.A.;

The Senior Secured Notes are guaranteed by Barolo MidCo S.p.A., TeamSystem Holding S.p.A. and TeamSystem S.p.A.

Set out below are details of the collateral provided in connection with the Senior Notes :

- a pledge over the shares of Barolo MidCo S.p.A.;
- a pledge over the shares of Barolo BidCo S.p.A.;
- Barolo MidCo S.p.A.'s rights under certain intercompany receivables owed to Barolo MidCo S.p.A. by Barolo BidCo S.p.A.

The Senior Notes are guaranteed by H&F Barolo Lux 1 S.à r.l. and Barolo BidCo S.p.A.

### **Vendor loan**

The vendor loan (€ 29,791 thousand) relates to put/call options and/or earn-outs due to holders of non controlling interests in Metodo S.p.A., Lexteam S.r.l., Inforyou S.r.l., Gruppo Euroconference S.p.A., TeamSystem Communication S.r.l., TeamSystem Emilia S.r.l., Danea Soft S.r.l., Digita S.r.l., Lira S.r.l., Madbit Entertainment S.r.l.

### **17. INVENTORIES**

	30 Jun 2016	31 Dec 2015	Change	% Change
Raw and ancillary materials	160	165	(6)	-3.5%
Finished products and goods	1,401	1,371	30	2.2%
(Allowance for slow-moving inventory)	(74)	(74)		
<b>Total</b>	<b>1,487</b>	<b>1,463</b>	<b>24</b>	<b>1.6%</b>

Inventories amount at € 1,487 thousand at 30 June 2016 and, therefore, are substantially flat compared to the balance at 31 December 2015 (€ 1,463 thousand).

### **18. TRADE RECEIVABLES**

	30 Jun 2016	31 Dec 2015	Change	% Change
Trade receivables	133,298	103,471	29,827	28.8%
(Allowance for bad debts)	(14,941)	(13,621)	(1,320)	9.7%
<b>Total</b>	<b>118,357</b>	<b>89,850</b>	<b>28,507</b>	<b>31.7%</b>

Trade receivables at 30 June 2016 amount to € 118,357 thousand. The increase of € 28,507 thousand compared to the balance at 31 December 2015 (€ 89,850 thousand) is basically due to the seasonality of the business.

Trade receivables are recorded net of an allowance for doubtful debts of € 14,941 thousand at 30 June 2016, basically in line with the amount recorded at 31 December 2015 (€ 13,621 thousand) that is accounted for after having analysed the specific risk associated with doubtful balances.

### **19. TAX RECEIVABLES**

	30 Jun 2016	31 Dec 2015	Change	% Change
VAT receivables	295	370	(75)	-20.3%
Tax credits	546	546	0	0.0%
Other tax receivables	261	531	(270)	-50.8%
Withholding tax credit	35	2	32	n.s.
Advances and income tax credits	1,706	3,945	(2,239)	-56.8%
<b>Total</b>	<b>2,843</b>	<b>5,394</b>	<b>(2,551)</b>	<b>-47.3%</b>

Tax receivables at 30 June 2016 amount to € 2,843 thousand, down compared to the balance at 31 December 2015 (€ 5,394 thousand) by € 2,551 thousand.

## 20. OTHER RECEIVABLES

	30 Jun 2016	31 Dec 2015	Change	% Change
Deposits	691	667	24	3.6%
Receivables from employees	205	329	(124)	-37.7%
Other receivables	2,360	1,878	482	25.7%
Accrued income	170	76	95	n.s.
Prepayments	12,593	10,303	2,290	22.2%
<b>Total</b>	<b>16,018</b>	<b>13,252</b>	<b>2,767</b>	<b>20.9%</b>

The Other receivables balance amount at € 16,018 thousand at 30 June 2016 and thus resulting in an increase of € 2,767 thousand compared to the 31 December 2015 balance due to Prepayments increase for € 2,290 thousand, following the seasonality of the business.

## 21. TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
<b>31 Dec 2014</b>	3,214	212,373	(1,265)	(11,389)	(32,036)	170,897	707	171,604
Loss allocation		(30,402)	(1,634)		32,036	0		0
Dividends						0	(146)	(146)
Total Comprehensive Income (Loss) for the period					(10,848)	(10,848)	98	(10,750)
<b>30 Jun 2015</b>	3,214	181,971	(2,899)	(11,389)	(10,848)	160,049	659	160,707

	Share capital	Other reserves	Other Profit (Loss) net of income taxes	Retained earnings (accumulated losses)	Profit (Loss) attributable to Owners of the Company	Equity attributable to Owners of the Company	Non controlling interests	TOTAL
<b>31 Dec 2015</b>	3,214	179,401		(11,389)	(18,415)	152,810	799	153,609
Loss allocation		(18,415)			18,415	0		0
Other movements	2,236	476,412		11,389		490,037		490,037
Dividends						0	(162)	(162)
Total Comprehensive Income (Loss) for the period					(41,602)	(41,602)	153	(41,449)
<b>30 Jun 2016</b>	5,450	637,398	0	(0)	(41,602)	601,246	790	602,036

The Group's equity at 30 June 2016 amounts to € 602,036 thousand as a consequence of the acquisition of TeamSystem Group made by Barolo MidCo S.p.A. on the first months of 2016.

## 22. STAFF LEAVING INDEMNITY

	30 Jun 2016	31 Dec 2015	Change	% Change
Staff leaving indemnity	15,947	15,931	16	0.1%
<b>Total</b>	<b>15,947</b>	<b>15,931</b>	<b>16</b>	<b>0.1%</b>

Staff leaving indemnity at 30 June 2016 amounts to € 15,947 thousand, up on the balance at 31 December 2015 (€ 15,931 thousand) by € 16 thousand, being the aggregate of utilisations, accruals and any other movements.

### 23. PROVISIONS FOR RISKS AND CHARGES

	30 Jun 2016	31 Dec 2015	Change	% Change
Provision for pension and similar obligation	1,375	1,490	(115)	-7.7%
Provision for litigations	609	1,024	(415)	-40.6%
Other provision for risks and charges	360	354	6	1.7%
<b>Total</b>	<b>2,343</b>	<b>2,868</b>	<b>(524)</b>	<b>-18.3%</b>

Provisions for risks and charges at 30 June 2016 amount to € 2,343 thousand, essentially unchanged on the balance at 31 December 2015 (€ 2,868 thousand).

Note that the Group companies are not party to any additional litigation or disputes worthy of note (in terms of contingent liabilities) other than those already reflected by the figures in the financial statements.

### 24. OTHER CURRENT AND NON CURRENT LIABILITIES

	30 Jun 2016	31 Dec 2015	Change	% Change
Due to social securities	4,551	6,648	(2,096)	-31.5%
Employees payables	15,711	12,550	3,161	25.2%
Advances	4,363	3,449	914	26.5%
Other liabilities	642	748	(105)	-14.1%
Accrued liabilities	52	185	(133)	-71.9%
Deferred revenues	73,818	24,660	49,157	n.s.
<b>Other current liabilities</b>	<b>99,137</b>	<b>48,240</b>	<b>50,897</b>	<b>n.s.</b>
Due to social securities - non current	682	706	(24)	-3.5%
Other tax liabilities - non current	47	54	(7)	-12.6%
<b>Other non current liabilities</b>	<b>729</b>	<b>760</b>	<b>(31)</b>	<b>-4.10%</b>
<b>Total Other liabilities</b>	<b>99,866</b>	<b>49,000</b>	<b>50,866</b>	<b>n.s.</b>

Other current and non current liabilities at 30 June 2016 amount to € 99,866 thousand, up by € 50,866 thousand compared to the balance at 31 December 2015 (€ 49,000 thousand). This increase is substantially due to the seasonality of the business.

Other non current liabilities at 30 June 2016 amount to € 729 thousand (€ 760 thousand at 31 December 2015) and relate primarily to the following balances pertaining to TeamSystem S.p.A.:

- € 47 thousand relating to income tax, VAT and other taxes of TeamSystem Fabriano S.r.l., merged by absorption into TeamSystem S.p.A. in 2001;
- € 682 thousand relating to social contributions relates to the ancillary establishment in Campobasso and in Fabriano.

### 25. CURRENT TAX LIABILITIES

	30 Jun 2016	31 Dec 2015	Change	% Change
VAT liabilities	3,332	1,100	2,232	n.s.
Income tax payables	2,842	4,144	(1,303)	-31.43%
Withholdings liabilities	2,835	3,305	(470)	-14.23%
Other tax liabilities	109	76	33	42.70%
<b>Total</b>	<b>9,115</b>	<b>8,625</b>	<b>490</b>	<b>5.7%</b>

Current tax liabilities at 30 June 2016 amount to €9,115 thousand, up by € 490 thousand compared to the balance at 31 December 2015 (€ 8,625 thousand). This change is attributable to the increase in VAT liabilities (€ 2,232 thousand), essentially linked to the seasonality of billings relating to maintenance contracts.

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