

(Abstract translation from the Italian original which remains the definitive version)

**SPACE S.p.A.**

Annual report  
as at and for the period  
ended  
31 December 2013



## COMPANY BODIES

### BOARD OF DIRECTORS

Chairman	Gianni Mion
Directors	Sergio Piero Franco Erede
	Roberto Italia
	Carlo Pagliani
	Edoardo Subert
	Maria Patrizia Grieco
	Micaela Le Divelec Lemmi
	Alberto Amadio Tazartes

### CONTROLS AND RISKS COMMITTEE

Chairwoman	Micaela Le Divelec
Independent directors	Patrizia Grieco
	Alberto Tazartes

### BOARD OF STATUTORY AUDITORS

Chairman	Pier Luca Mazza
Standing statutory auditors	Marco Giuliani
	Virginia Marini
Alternate statutory auditors	Simona Valsecchi
	Fabio Massimo Micaludi

### INDEPENDENT AUDITORS

Reconta Ernst & Young S.p.A.

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## DIRECTORS' REPORT

### Activities and strategies

Space S.p.A. ("Space" or the "company") was set up on 7 October 2013, with registered office in Milan. It was registered with the Milan Company Registrar on 9 October 2013. Accordingly, the financial statements as at and for the period ended 31 December 2013 are the company's first set of financial statements.

Space S.p.A. is the first special purpose acquisition company (SPAC) set up under Italian law as a SIV (special investment vehicle) pursuant to the Italian stock exchange regulation, whose shares are traded in the investment vehicle sector of the stock exchange organised and managed by Borsa Italiana S.p.A..

Its listing procedure was concluded on 13 December 2013 and trading started on 18 December 2013, following the placement of 13 million of ordinary shares to qualified investors in Italy and institutional investors abroad at a fixed unit price of €10, for a total amount of €130 million (the "Offer").

Market warrants were freely assigned to buyers of ordinary shares during the Offer (2 market warrants for each 3 ordinary shares subscribed). Therefore, 8.67 million market warrants were assigned for the 13 million subscribed ordinary shares, including 4.33 million issued in conjunction with the ordinary shares and 4.33 million that will be assigned and will start to be traded upon completion of the "Relevant Transaction".

Moreover, Space Holding S.r.l., which set up Space, subscribed 435,000 special shares, not issued for listing purposes, at a fixed unit price of €10, for an overall amount of €4.35 million, increasing the number of special shares to 460,000 (after the 25,000 ordinary shares subscribed when the company was set up had been converted into special shares). Sponsor warrants are attached to these special shares (3 sponsor warrants for every 2 special shares). Therefore Space Holding S.r.l. holds 690,000 sponsor warrants.

The funds raised by Space are to be used to carry out the Relevant Transaction, i.e., to acquire an investment in a company or business unit (the "Target") within a time period of 24 months, using any methods, including through a business combination by contribution or a merger, including in conjunction with the acquisition or subscription of equity investments. Upon conclusion of the Relevant Transaction, the resulting company's shares will be listed on the Italian Stock Exchange. According to the investment policy approved on 9 October 2013 by its shareholders, Space's objective is to identify an unlisted high-growth potential medium-sized Target, which leads its market sector in Italy and is interested in offering its share capital to institutional investors by listing its shares on a regulated market.

As detailed in the prospectus, the company deposited 99% of the overall funds raised, amounting to €128.7 million, in three term accounts with leading Italian and foreign banks (which are in the name of a trustee, SPAFID S.p.A.). These are “Restricted Funds” that, pursuant to article 8.2 of the company’s by-laws, can be used to carry out the Relevant Transaction, solely with the prior consent of the shareholders.

An amount equal to: (i) 1% of the overall funds raised with the Offer (€1.3 million), plus (ii) the initial funds of €4.6 million arising from the conversion and subscription of special shares by the founding company, plus (iii) the accrued interest on the Restricted Funds, net of tax, expenses and charges relating to the term accounts, less fees and expenses relating to the Offer, are the “Usable Funds”.

Usable funds are those resources that management can use not only to pay for the company’s operating costs (i.e., general and administrative expenses), but also to fund the activities carried out to attain the company’s business object, such as identification, selection and due diligence of potential targets and performance of the Relevant Transaction.

Pursuant to article 16 of the company’s by-laws, the annual financial statements’ reporting date is 31 December.

Pursuant to article 4 of the company’s by-laws, the company’s expiry date is the earlier of the following dates: (i) 31 December 2015, and (ii) the twenty-fourth month after the listing date, provided that, if an agreement for the performance of the Relevant Transaction announced to the market pursuant to article 114 of the Italian consolidated tax act has been signed at that date, the company’s expiry date will be automatically extended to 30 June 2016.

The financial statements as at and for the period ended 31 December 2013 were approved by the board of directors on 3 March 2014 and show a loss for the period of €0,7 million.

### **Share capital and related financial instruments**

The company’s share capital comprises the following at the reporting date:

- 12,999,999 ordinary shares issued for the placement, without a nominal amount, totalling €129,999,990, including share capital of €12,999,999 and share premium for the remainder;
- 460,000 special shares, without a nominal amount, subscribed by Space Holding S.r.l., which set up Space, totalling €4,600,000, including share capital of €555,000 and share premium reserve for the remainder.

Holders of the special shares have the same rights as the ordinary shareholders, with the sole exception of the following:

- they do not have voting rights at ordinary and extraordinary shareholders' meetings;
- they do not have the right to dividends approved as ordinary dividends;
- the special shares cannot be transferred over the maximum duration of the company and, at any rate, for a maximum period of five years, except for those transferred to Space Holding S.r.l.'s withdrawing shareholders as payment in kind for the sale of their investment;
- if the company is dissolved, they have the deferred right to be paid their stake of liquidation equity after the ordinary shareholders.

When certain conditions are met, they are automatically converted into ordinary shares, at the ratio of 5 ordinary shares for each special share, without the need for their holders to express their intention to convert and without any change to be made to the amount of share capital, provided that the conversion will decrease the implicit carrying amount of ordinary shares.

Moreover, the following have been approved in favour of the holders of ordinary and special shares:

- market warrants (2 market warrants for every 3 ordinary shares), one of which has already been issued and is currently listed on the stock exchange. The right to the second market warrant will mature when the Relevant Transaction is executed. Exercising these warrants grants the holders ordinary shares settled on a "net" basis in relation to the company's ordinary share market price;
- sponsor warrants, (3 sponsor warrants for every 2 sponsor shares). Exercising these warrants grants the holders sponsor shares settled on a cash basis.

Lastly, ordinary shareholders have been granted a put option for a maximum number of ordinary shares equal to 33% less one share of its ordinary shares before the Relevant Transaction. The share price will be equal to the pro rata share value to be calculated based on the Restricted Funds (as defined in the prospectus drawn up for the company's listing) on the stock exchange business day prior to the day of the board of directors' meeting called to approve the Relevant Transaction.

Exercise of the put options leading to the sale of a number of shares equal to or exceeding 33% of the company's ordinary shares is one of the conditions for the non-completion of the Relevant Transaction.

On the basis of information currently available, the company's main shareholders are as follows:

Informant	Direct shareholder	Ordinary share capital %	Voting rights %
Assicurazioni Generali S.p.A.	Generali Italia S.p.A.	6.462%	6.462%
	Genertel S.p.A.	1%	1%
	Assicurazioni Generali S.p.A.	0.23%	0.23%
	Total	7.692%	7.692%
Leonardo Del Vecchio	Delfin S.à r.l.	7.692%	7.692%
Joseph Nissim	Bolton Group International S.r.l.	7.692%	7.692%
Julius Baer Multilaber SICAV	Julius Baer Multilaber SICAV	6.182%	6.182%
Gian Marco Moratti	Gian Marco Moratti S.A.P.A. di Gian Marco Moratti	6.154%	6.154%
Carlo De Benedetti	Romed S.p.A.	3.846%	3.846%
Dwek Solo	Fineurop S.p.A.	3.846%	3.846%
Arca SGR S.p.A.*	Arca SGR S.p.A.	-	-
Fondazione Cassa di Risparmio di Trieste	Fondazione Cassa di Risparmio di Trieste	2.308%	2.308%
S.W. Mitchell Capital LLP	S.W. Mitchell Capital LLP	2.308%	2.308%
De Rigo Piter Ennio	De Rigo Piter Ennio	2.308%	2.308%

\* On 14 March 2014, Arca SGR S.p.A. requested the annulment of its communication made when trading of the Space securities commenced, whereby it stated that it held a 3.077% stake therein, as this investment falls within the exemption scope provided for by article 119-bis.7 of the Issuer Regulation.

On the basis of available information, the company is not aware of any shareholders' agreements.

## Performance

### Background

From its incorporation on 7 October 2013, the company has mainly focused on the definition of its organisational structure and the procedures for listing its ordinary shares and market warrants on the investment vehicle sector of the Italian stock exchange.

Starting from the completion of the listing procedure, Space's management team commenced the process to select a potential target, in accordance with the guidelines set out in the investment policy approved by the shareholders on 9 October 2013.

In line with its SPAC nature, the company has not generated operating revenue during the period ended 31 December 2013. As expected, its operations, which were limited, beginning from its incorporation on 7 October 2013 and after its listing on 18 December 2013, led to a loss for the period of €670,050 (€0.24 per ordinary share).

The company's equity at the reporting date is €80,478,073.

## Performance

The company's reclassified income statement is as follows:

€	2013
Revenue	-
External costs	(316,289)
<b>Value added</b>	<b>(316,289)</b>
Personnel expense	-
<b>Gross operating loss</b>	<b>(316,289)</b>
Amortisation, depreciation, impairment losses and other provisions	-
<b>Operating loss</b>	<b>(316,289)</b>
Other income	-
Net financial expense	(353,761)
<b>Loss from ordinary operations</b>	<b>(670,050)</b>
Net extraordinary income (expense)	-
<b>Pre-tax loss</b>	<b>(670,050)</b>
Income taxes	-
<b>Loss for the period</b>	<b>(670,050)</b>

The operating loss shown in the reclassified income statement is mainly due to costs incurred during the period including in connection with the Offering process, which concluded in December 2013. Net financial expense comprises fair value losses on market warrants, fair value gains on savings bonds and interest income on cash and cash equivalents.

## Statement of financial position

The company's reclassified statement of financial position is as follows:

€	31 December 2013
<i>Other assets</i>	162,033
<i>Trade payables and other liabilities</i>	(549,762)
<i>Other current liabilities, net</i>	<u>(7,899,666)</u>
Net current liabilities (A)	(8,287,395)
Non-current assets (B)	-
Non-current liabilities (C)	-
<b>Net non-current liabilities (A+B+C)</b>	<b>(8,287,395)</b>
<i>Cash and cash equivalents</i>	52,686,230
<i>Other current financial assets</i>	78,550,235
<i>Put options at fair value</i>	<u>(42,470,997)</u>
Net financial position (D)	88,765,468
Equity (E)	(80,478,073)
<b>Total equity and net financial position (D+E)</b>	<b>8,287,395</b>

Other current liabilities include market warrants at fair value of €5.3 million, measured in accordance with the IFRS, and the estimated maximum liability for deferred fees that will be paid to the Offer's placing banks upon completion of the Relevant Transaction (€2.6 million). Exercising these warrants grants the holders a variable number of ordinary shares depending on their market price, without any cash payment by the company.

Put options at fair value are measured in accordance with the IFRS at the reporting date. Should the put options (whose fair value has been measured considering the maximum number of puttable ordinary shares) be exercised, the company will have to make a cash payment at the Relevant Transaction execution date.

Reference should be made to the Net financial position section for information on the other captions.

Reference should be made to note 18 to the financial statements for information on market, credit and liquidity risks.

### **2013 key events and transactions**

Space S.p.A. was incorporated on 7 October 2013. Its shares have been admitted to the investment vehicle sector of the stock exchange organised and managed by Borsa Italiana S.p.A. from 13 December 2013.

### **Events after the reporting date**

No significant events have occurred after the reporting date which, if known previously, would have led to an adjustment to the carrying amounts or would have required additional disclosure in this directors' report.

Starting from the company's listing on the Italian stock exchange and after the reporting date, the board of directors has commenced selecting a potential target, in accordance with the company's business object, the investment policy approved on 9 October 2013 and the guidelines set out in the corporate governance report submitted to Borsa Italiana S.p.A. for listing purposes.

To this end and based on a series of activities and contacts aimed at scouting possible targets and structuring potential transactions, possibly leading to a Relevant Transaction, the company is currently defining a scouting area, which is still under development, that will enable it to make all necessary or appropriate valuations in order to attain its business object.

## Other information

### Investments

Pursuant to article 2428.1 of the Italian Civil Code, it is noted that the company has made no investments.

### Treasury shares

The company does not hold, and did not hold during the period, treasury shares or own equity instruments.

During their ordinary meeting of 9 October 2013, the shareholders authorised the repurchase of own shares, in one or more instalments, subject to the condition precedent that the company's shares are admitted for listing, pursuant to article 2357 of the Italian Civil Code, article 132 of the Consolidated Finance Act and article 144-bis of the Issuer Regulation, to service the exercise of the put options that the company has irrevocably granted to the holders of ordinary shares, free of any encumbrances and third party claims, as per the board of directors' resolution of 15 October 2013. Each shareholder may exercise the option for all or part of their shares, irrevocably during the put option exercise period. Specifically:

- (a) the repurchase will be for a maximum number of ordinary shares, free of encumbrances and third party claims, equal to 33% less one share of its ordinary shares before the Relevant Transaction which, at the repurchase execution date (which matches the Relevant Transaction effective date), following the issue of new shares servicing the Relevant Transaction and the conversion of the first instalment of special shares, pursuant to article 5 of the by-laws, should be less than 20% of the company's share capital;
- (b) the share price will be equal to the pro rata share value to be calculated based on the Restricted Funds on the stock exchange business day prior to the day of the board of directors' meeting called to approve the Relevant Transaction;
- (c) the repurchase will be made using the share premium reserve;
- (d) the board of directors' authorisation's term is the maximum period allowed by the law, i.e., 18 months from the shareholders' approval, which is 9 April 2015;
- (e) the repurchase is subject to the condition that each shareholder exercising their put option also transfers 1 Space S.p.A. market warrant, equally free of any encumbrances and third party claims, for every three ordinary shares sold.

## **Related party transactions**

The company did not carry out any related party transaction during the reporting period.

Pursuant to Consob (the Italian Commission for listed companies and the stock exchange) resolution no. 17221 of 12 March 2010, as amended by resolution no. 17389 of 23 June 2013, the company has prepared a “Procedure for related party transactions”, which is available on its website ([www.space-spa.com](http://www.space-spa.com)).

## **Management and coordination**

The company is not managed or coordinated by any other company.

## **Branches**

The company has no branches at the reporting date.

## **Research and development**

Pursuant to article 2428.2 of the Italian Civil Code, it is noted that the company has not carried out R&D during the reporting period.

## **Corporate governance**

This directors’ report includes a report on the corporate governance and shareholding structure prepared pursuant to article 123-bis of the consolidated finance act, to which reference is made for any corporate governance issues. Such report is also available in the “Corporate governance” section of the company’s website ([www.space-spa.com](http://www.space-spa.com)).

## **Investment policy**

Pursuant to article 2.6.3.1.a) of the Italian stock exchange regulation, it is noted that the company has commenced scouting for potential targets in order to carry out the Relevant Transaction by developing a scouting area and that its investment policy approved by the shareholders on 9 October 2013 has not changed.

## **Reasonable measures to identify conflicts of interests**

Pursuant to article 2.6.3.4 of the Italian stock exchange regulation, it is stated that the company has complied with the provisions of article 2.2.43.12 of the same regulation.

## **Atypical and/or unusual transactions**

There were no atypical or unusual transactions during the reporting period, as defined in Consob communications no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006.

## Significant non-recurring events and transactions

Pursuant to Consob communication no. DEM/6064293 of 28 July 2006, it is noted that, during the reporting period, the company completed the placement with qualified investors in Italy and institutional investors abroad of newly-issued ordinary shares to which market warrants were attached (two market warrants for every three ordinary shares), concurrently listing the issued financial instruments on the investment vehicle sector of the Italian stock exchange organised and managed by Borsa Italiana S.p.A..

## Net financial position

The company's net financial position at 31 December 2013 is made up as follows:

€	31 December 2013
Other cash and cash equivalents	52,686,230
Other current financial assets	78,550,235
<b>Liquidity</b>	<b>131,236,465</b>
<b>Current loan assets</b>	-
Current bank loans and borrowings	-
Current portion of non-current financial debt	-
Put options at fair value	(42,470,997)
<b>Financial liabilities</b>	<b>(42,470,997)</b>
<b>Net current financial position</b>	<b>88,765,468</b>
Non-current bank loans and borrowings	-
Bonds issued	-
Other non-current financial liabilities	-
<b>Non-current financial debt</b>	-
<b>Net financial position</b>	<b>88,765,468</b>

Space has a net financial position of €88.8 million, which includes cash deposited in the bank current accounts and cash earmarked for the subscription of savings bonds totalling roughly €131 million, net of the negative fair value of the put option (€42.5 million) measured in accordance with the IFRS, as detailed in the "Performance" section.

## **Proposal for the approval of the financial statements and allocation of the 2013 loss**

Dear shareholders,

The financial statements as at and for the period ended 31 December 2013 show a loss for the period of €670,050.

Reference should be made to the financial information published and made available in accordance with the legal terms. Meanwhile, the board of directors submit the following proposal to your approval:

*“Space S.p.A.’s shareholders*

- *having examined the financial statements as at and for the period ended 31 December 2013, which show a loss for the period of €670,050;*
- *having acknowledged the statutory auditors’ and independent auditors’ reports;*

*resolve*

- (1) *to approve the financial statements as at and for the period ended 31 December 2013;*
- (2) *to carry forward the 2013 loss of €670,050.”*

3 March 2014

Chairman of the board of directors  
Manager in charge of financial reporting

Gianni Mion (signed on the original)  
Edoardo Subert (signed on the original)

## FINANCIAL STATEMENTS

### AS AT AND FOR THE PERIOD ENDED 31 DECEMBER 2013

#### FINANCIAL STATEMENTS

#### Statement of financial position

€	Note	31 December 2013	of which: related parties
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash and cash equivalents	1	52,686,230	
Other current financial assets	2	78,550,235	
Other assets	3	162,033	
<b>Total current assets</b>		<b>131,398,498</b>	
<b>TOTAL ASSETS</b>		<b>131,398,498</b>	
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables	4	439,812	
Other liabilities	5	109,950	
Put options at fair value	6	42,470,997	
Market warrants at fair value	7	5,299,666	
Provisions for risks and charges	8	2,600,000	
<b>Total current liabilities</b>		<b>50,920,425</b>	
Share capital		13,554,999	
Share premium reserve		67,593,124	
Loss for the period		(670,050)	
<b>Equity</b>	10	<b>80,478,073</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>131,398,498</b>	

## Income statement

€	Note	2013	of which: related parties
Revenue	11	-	
Personnel expense	12	-	
Other operating costs	13	(316,289)	
<b>Operating loss</b>		<b>(316,289)</b>	
Financial income	14	75,239	
Financial expense	15	(429,000)	
<b>Pre-tax loss</b>		<b>(670,050)</b>	
Income taxes	16	-	
<b>Loss for the period</b>		<b>(670,050)</b>	
<b>Basic loss per share</b>	<b>17</b>	<b>(0.24)</b>	
<b>Diluted loss per share</b>	<b>17</b>	<b>(0.24)</b>	

## Statement of comprehensive income

€	2013
<b>Loss for the period</b>	<b>(670,050)</b>
Other comprehensive income (expense) that will not be reclassified subsequently to profit or loss	-
Other comprehensive income (expense) that will be reclassified subsequently to profit or loss	-
<b>Total comprehensive loss</b>	<b>(670,050)</b>

## Statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Loss for the period	Equity
<b>7 October 2013</b>	-	-	-	-	-
Capital increase (incorporation)	120,000	130,000	-	-	<b>250,000</b>
Capital increase of 13 December 2013	12,999,999	116,999,991	-	-	<b>129,999,990</b>
Sponsor capital increase of 13 December 2013	435,000	3,915,000	-	-	<b>4,350,000</b>
Capital increase costs	-	(6,110,204)	-	-	<b>(6,110,204)</b>
Recognition of put options	-	(42,470,997)	-	-	<b>(42,470,997)</b>
Recognition of market warrants	-	(4,870,666)	-	-	<b>(4,870,666)</b>
Loss for the period	-	-	-	(670,050)	<b>(670,050)</b>
Other comprehensive income (expense)				-	-
<i>Total comprehensive expense, net of tax</i>	-	-	-	(670,050)	<b>(670,050)</b>
<b>31 December 2013</b>	<b>13,554,999</b>	<b>67,593,124</b>	-	<b>(670,050)</b>	<b>80,478,073</b>

## Statement of cash flows

€	2013
<b><u>Operating activities</u></b>	
Pre-tax loss	(670,050)
<i>Adjustments to reconcile pre-tax loss with net cash flows:</i>	
- Market warrant issue costs	237,840
- Fair value loss on market warrants	429,000
- Fair value gain on savings bonds	(50,235)
<i>Changes in working capital:</i>	
- Increase in trade payables and other current financial liabilities	147,885
- Increase in trade receivables and other current assets	(108,996)
<b>Net cash flows from operating activities</b>	<b>(14,556)</b>
<b><u>Investing activities</u></b>	
Savings bonds	(78,500,000)
<b>Net cash flows used in investing activities</b>	<b>(78,500,000)</b>
<b><u>Financing activities</u></b>	
Issue of special shares	4,600,000
Issue of ordinary shares and market warrants	129,999,990
Payment of transaction costs for the share and warrant issue	(3,399,204)
<b>Net cash flows from financing activities</b>	<b>131,200,786</b>
<b><i>Net increase in cash and cash equivalents*</i></b>	<b><i>52,686,230</i></b>
Cash and cash equivalents at 7 October 2013	-
<b><u>Cash and cash equivalents at 31 December 2013</u></b>	<b><u>52,686,230</u></b>

### **Additional disclosure**

- Interest income collected	(25,004)
- Interest expense paid	-
- Income taxes paid	-

(\*) Cash and cash equivalents include € 50,219,949 deposited in term current accounts, which can be used, with the prior consent of the shareholders, solely to carry out the Relevant Transaction or, should this not been completed before the company's expiry date, to liquidate shareholders.

## NOTES TO THE FINANCIAL STATEMENTS

SPACE S.p.A. (“Space” or the “company”) is a legal entity set up under Italian law with registered office in Via Vittor Pisani 27, Milan.

As discussed in the directors’ report, the company has no past history and, from its incorporation on 7 October 2013, it has mainly focused on the definition of its organisational structure and the procedures for listing its ordinary shares and market warrants on the investment vehicle sector of the Italian stock exchange. This process was closed on 13 December 2013 and trading began on 18 December 2013.

Moreover, the company commenced its search for a potential target, in accordance with its business object, investment policy and general guidelines approved on 9 October 2013, in order to carry out a relevant transaction, i.e., the acquisition of an investment in a company or business unit, using any methods, including through a business combination by contribution or a merger, including in conjunction with the acquisition or subscription of equity investments. To the end, the company may acquire controlling or non-controlling investments, as well as equity instruments (the “Relevant Transaction”).

The financial statements as at and for the period ended 31 December 2013 are the company’s first set of financial statements and, therefore, they do not include prior year comparative figures. They were approved by the board of directors on 3 March 2014 and show a loss for the period of €670,050. They are submitted to the shareholders for approval, which may request changes thereto.

## BASIS OF PREPARATION

### Foreward

These financial statements have been drawn up in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. The term IFRS (International Financial Reporting Standards) includes the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) integrated by the interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), which was previously called the Standing Interpretations Committee (SIC).

The financial statements have been prepared in accordance with the relevant measures adopted by Consob in application of article 9 of Legislative decree no. 38/2005 and its other rules and provisions governing financial reporting.

They have been prepared based on the historical cost model, except for those captions that are measured at fair value under the IFRS. As mentioned in the directors’ report, the company’s expiry date is the earlier of the following dates: (i) 31 December 2015, and (ii) the twenty-fourth month after the listing date, provided that, if an agreement for the performance of the Relevant Transaction announced to the market pursuant to article 114 of the Italian consolidated tax act has been signed at that date, the company’s expiry date will be automatically extended to 30 June 2016. Considering this but believing it

probable that the Relevant Transaction will be carried out before that term, the directors have prepared these financial statements on a going concern basis.

The financial statements have been prepared in Euro, without decimals. Figures set out in the notes are in Euro, except where stated otherwise.

## **Basis of presentation**

The company opted to present its financial statements as follows:

- the statement of financial position presents current and non-current assets and liabilities separately;
- the income statement classifies revenue and expenses by nature;
- the statement of cash flows is presented using the indirect model.

These statements are those that best present the company's financial position, financial performance and cash flows.

Moreover, the company decided to present the statement of comprehensive income using two separate statements. In addition to the profit or loss for the period, the statement of comprehensive income shows those changes in equity that relate to profit or loss but which are recognised as other comprehensive income items under the IFRS. In 2013, such statement does not show any items.

These financial statements have been clearly stated and give a true and fair value of the company's financial position, financial performance and cash flows.

## **Estimates and assumptions**

In order to prepare the financial statements, directors are required to make subjective judgments, estimates and assumptions that affect the carrying amounts of revenue, expenses, assets and liabilities and the related disclosures, as well as contingent liabilities. The uncertainty about these assumptions and estimates may result in significant future adjustments to the carrying amount of the relevant assets and/or liabilities.

The main assumptions about future events and other main uncertainties in estimates which, at the reporting date, give rise to a significant risk of material adjustments to the carrying amount of assets and liability within the following year are discussed below. The company's estimates and assumptions are based on data available at the date of preparation of the financial statements. However, the current circumstances and assumptions about future developments may vary as a result of market changes or events that are beyond the company's control.

### ***Fair value of financial instruments***

The directors measure the fair value of financial instruments by identifying the most suitable method and making reference to objective market data as much as possible. In the absence of market data, hence of listed prices, various valuation techniques may be used, including the discounted cash flow model. This model is fed with market inputs, where possible; but should these not be available, a certain estimation level is necessary to determine fair values.

### ***Deferred subscription fees***

Payment of part of the fees to the Offer placing banks is conditional on the performance of the Relevant Transaction. Considering it probable, the directors have provided for the amount of these fees.

### ***Financial liabilities for put options***

They show the fair value of the financial liabilities arising from the put option granted by the company to those shareholders that may not agree with the proposed Relevant Transaction (calculated considering the maximum number of puttable ordinary shares, equal to 33% less one share of the company's ordinary shares).

### **Accounting policies**

The main accounting policies adopted in drafting these financial statements are set out below.

### ***Current/non-current distinction***

Assets and liabilities are classified as current/non-current. An asset is current when:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within twelve months after the reporting date;
- it is cash or a cash equivalent unless it is forbidden from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within twelve months after the reporting date;
- the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other liabilities are classified as non-current.

### ***Fair value measurement***

The company measures its financial instruments, such as derivatives, and financial assets at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The company must have access to the principal (or most advantageous) market.

The company measures the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities carried at fair value or whose fair value is disclosed in the financial statements are categorised using a three level fair value hierarchy, as follows.

- Level 1 inputs - are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- Level 2 inputs - are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs - are unobservable inputs for the asset or liability.

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

### ***Trade receivables and other assets***

“Trade receivables” and “Other assets” are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method. Where appropriate, they are adjusted for impairment losses.

### ***Cash and cash equivalents***

“Cash and cash equivalents” include cash, bank and postal current accounts, on demand deposits and other short-term highly liquid financial investments, maturing before three months of the acquisition date, that are readily convertible into cash and measured at their nominal amount as they are not subject to a material risk of change in value.

Cash and cash equivalents shown in the statement of cash flows match those stated in the statement of financial position.

### ***Equity***

#### ***Share capital***

Share capital includes ordinary and special shares within equity.

#### ***Capital transaction costs***

Capital transaction costs are recognised as a reduction in equity.

### ***Trade payables and other liabilities***

“Trade payables” and “Other liabilities” are initially recognised at fair value, which usually equals their nominal amount, net of discounts, returns or invoicing adjustments, and are subsequently measured at amortised cost, if the effect of deferred payment is significant.

## ***Financial instruments***

Financial instruments are initially recognised at fair value and subsequently measured in relation to their category, as required by IAS 39.

Financial assets are treated according to the following classification:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables;
- Available-for-sale financial assets.

Financial liabilities are classified into just two categories:

- Financial liabilities at fair value through profit or loss;
- Liabilities at amortised cost.

The fair value measurement methods adopted for those financial instruments for recognition or disclosure purposes are summarised below by category of financial instrument:

- derivatives: suitable pricing models based on market interest and exchange rates have been adopted;
- loans and receivables, financial liabilities and unlisted financial assets: the discounted cash flow model has been applied to those maturing after one year, whereby the expected cash flows are discounted on the basis of current interest rates and credit rating;
- listed financial instruments: the reporting date market value has been used.

In accordance with IAS 32 and based on their nature, market warrants and put options have been recognised as derivative liabilities.

## ***Provisions for risks and charges***

A provision is recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party (for example, through insurance contracts), the reimbursement is recognised as a separate asset when, and only when, it is virtually certain that it will be received. In this case, in the income statement, the expense relating to the provision is presented net of the amount recognised for the reimbursement.

Where the effect of the time value of money is material, the provision is discounted to present value using a pre-tax discount rate that reflects the risks specific to the liability. Any increase in the provision due to discounting is recognised as a financial expense.

### ***Cost and revenue recognition***

Revenue from sales and purchase costs for goods are measured at fair value of the consideration received/paid or receivable/payable, taking into account any returns, allowances, trade discounts and volume rebates.

Revenue and costs from services are recognised by reference to the stage of completion of the service at the reporting date, which is determined on the basis of an assessment of the work performed. When the services provided for by a single contract are rendered in various years, the consideration is allocated to the different services based on their fair value.

Recharges of costs incurred on behalf of third parties are recognised as a decrease in the relevant cost.

### ***Financial income and expense recognition***

Financial income comprises interest on invested liquidity (including available-for-sale financial assets), dividends, gains on the sale of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on hedges recognised in profit or loss and reclassifications of net gains previously recognised in other comprehensive income. Interest income is recognised on an accruals basis using the effective interest method. Dividend income is recognised when the company's right to collect it is established.

Financial expense includes interest on loans and borrowings, interest on the discounting of provisions and deferred payments, losses on the sale of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss and contingent consideration, impairment losses on financial assets (other than trade receivables), losses on hedges recognised in profit or loss and reclassification of net losses previously recognised in other comprehensive income.

Exchange rate gains and losses on financial assets and liabilities are recognised on a net basis as financial income or expense considering the underlying transaction.

### ***Income taxes***

Income taxes for the reporting period include current and deferred taxes recognised in profit or loss, except for those captions recognised directly in equity or in other comprehensive income.

Current taxes are calculated on the taxable base for the year. The taxable base is different from the pre-tax profit or loss shown in the income statement as it excludes income and revenue that will be taxable or deductible in other reporting periods and those that will never be taxable or deductible. Current tax liabilities are calculated using the tax rate enacted at the reporting date.

Deferred tax liabilities are usually recognised on all taxable temporary differences, whereas deferred tax assets are recognised to the extent that the company believes that it is probable that it will earn future taxable profits sufficient to offset deductible temporary differences. The company reviews the carrying amount of its deferred tax assets at each reporting date on the basis of updated forecasts of future taxable profits.

Moreover, deferred tax liabilities are recognised on the taxable temporary differences relating to investments in subsidiaries, associates and joint ventures, except when the company is able to control the reversal of such temporary differences and it is probable the latter will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, considering the tax rates enacted at the reporting date.

The company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority and the company intends to settle on a net basis.

The company has not recognised any deferred tax assets in these financial statements as, at the preparation date, there are no available plans forecasting future taxable profits. These plans may only be prepared when the Relevant Transaction is carried out.

### ***Profit or loss per share***

Basic profit or loss per share is calculated by dividing the profit or loss for the period by the weighted average number of outstanding shares during the reporting period. For the calculation of diluted profit or loss per share, the weighted average number of outstanding shares is adjusted assuming that all potential shares with diluting effects are converted. Moreover, the profit or loss for the year is also adjusted to consider the post-tax effects of the conversion.

The diluted profit or loss per share is calculated by dividing the profit or loss for the period by the weighted average number of outstanding shares during the reporting period and potential shares assuming the conversion of all shares with diluting effects.

### **Operating segments**

For the purposes of IFRS 8 *Operating segments*, it is noted that the company has no operating segments as it did not carry out any operating activities during the period from its incorporation to the reporting date, when it mainly focused on the definition of its organisational structure and the procedures for listing its ordinary shares and market warrants on the investment vehicle sector of the Italian stock exchange.

## **New standards and interpretations that are not yet applicable**

The standards and interpretations already issued but not yet effective at the reporting date are discussed below.

The company opted not to apply early any standard and/or interpretation whose adoption is mandatory for reporting periods beginning after 1 January 2014.

These changes are not expected to significantly impact the company.

### ***IFRS 9 Financial instruments***

IFRS 9 is the first stage of the IASB process to replace IAS 39 and is applicable to the classification and measurement of financial assets and liabilities as defined by IAS 39. Its effective date was initially for annual reporting periods beginning on or after 1 January 2013, but the IASB issued Mandatory Effective Date of IFRS 9 and Transition Disclosures in December 2011, postponing the mandatory effective date to 1 January 2005. The subsequent stages of the process cover hedge accounting and impairment of financial assets.

### ***Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)***

Entities are required to apply the amendments for annual periods beginning on or after 1 January 2014. The amendments introduce an exception for the consolidation of entities meeting the definition of investment entity under IFRS 10. The exception requires that these entities be recognised as subsidiaries at fair value through profit or loss.

### ***IAS 32 Offsetting financial assets and financial liabilities (Amendments to IAS 32)***

These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the application of the offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. They are to be applied for annual reporting periods beginning on or after 1 January 2014.

### ***IFRIC 21 Levies***

IFRIC 21 identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. IFRIC 21 is effective for annual reporting periods beginning on or after 1 January 2014.

***IAS 39 Novation of derivatives and continuation of hedge accounting  
(Amendments to IAS 39)***

The objective of the amendments is to provide an exception to the requirement for the discontinuation of hedge accounting in circumstances when novation of a derivative that is designated as a hedging instrument meets certain conditions. The amendments are applicable to reporting periods beginning on or after 1 January 2014. No derivatives were novated during the current reporting period.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

### Current assets

#### 1. Cash and cash equivalents

This caption amounts to €52,686,230 at the reporting date.

€	31 December 2013
Bank deposits	52,686,230
Cash and other cash equivalents	-
Total cash and cash equivalents	52,686,230

The balance shows cash and cash equivalents at the reporting date.

Bank deposits comprise:

- €2,466,281 deposited in bank ordinary current accounts that may be used to pay for operating costs and the residual listing costs;
- €50,219,949, being part of the funds raised with the Offer, deposited in term current accounts, which can be used, with the prior consent of the shareholders, solely to carry out the Relevant Transaction or, should this not been completed before the company's expiry date, to liquidate shareholders.

#### 2. Other current financial assets

This caption amounts to €78,550,235 at the reporting date.

€	31 December 2013
Savings bonds	78,550,235
Total other current financial assets	78,550,235

The balance is part of the funds raised with the Offer deposited in a term current account and invested in 18-month savings bonds, which may be sold early with an decrease in the interest rate. The funds can be used solely to carry out the Relevant Transaction or, should this not been completed before the company's expiry date, to liquidate shareholders.

In accordance with IAS 32, the caption is measured at fair value.

### 3. Other assets

This caption amounts to €162,033 at the reporting date.

€	31 December 2013
Tax receivables	155,219
Advances to service suppliers	5,000
Other	1,814
Total other current assets	162,033

The caption "Tax receivables" includes the accrued VAT receivable of €150,218. The remainder shows withholdings paid on bank interest income.

### Current liabilities

#### 4. Trade payables

This caption amounts to €439,812 at the reporting date.

€	31 December 2013
Trade payables	439,812
Total trade payables	439,812

Trade payables mainly refer to part of the listing costs. The caption includes invoices to be received for services carried out during the reporting period (€181,822).

#### 5. Other liabilities

This caption amounts to €109,950 at the reporting date.

€	31 December 2013
Tax withholdings on wages to consultants	74,471
Other	35,479
Total other liabilities	109,950

## 6. Put options at fair value

The caption “Put options at fair value”, amounting to €42,470,997 at the reporting date, shows the fair value of the financial liabilities arising from the put option granted by the company to those shareholders that may not agree with the proposed Relevant Transaction (calculated considering the maximum number of puttable ordinary shares, equal to 33% less one share of the company’s ordinary shares, which is the ceiling for the non-completion of the Transaction).

## 7. Market warrants at fair value

The caption “Market warrants at fair value”, amounting to €5,299,666 at the reporting date, shows the fair value of market warrants. The fair value loss accrued from the listing date to the reporting date has been recognised as a financial expense.

## 8. Provisions for risks and charges

The caption amounts to €2,600,000 at the reporting date and shows the estimated maximum liability for deferred fees that will be paid to the Offer’s placing banks upon completion of the Relevant Transaction.

€	
7 October 2013	-
Increase	2,600,000
Decrease	-
31 December 2013	<b>2,600,000</b>

## 9. Net financial position

The company’s net financial position at 31 December 2013 is made up as follows:

€	31 December 2013
Other cash and cash equivalents	52,686,230
Other current financial assets	78,550,235
<b>Liquidity</b>	<b>131,236,465</b>
<b>Current loan assets</b>	-
Current bank loans and borrowings	-
Current portion of non-current financial debt	-
Put options at fair value	(42,470,997)
<b>Financial liabilities</b>	<b>(42,470,997)</b>
<b>Net current financial position</b>	<b>88,765,468</b>
Non-current bank loans and borrowings	-
Bonds issued	-
Other non-current financial liabilities	-
<b>Non-current financial debt</b>	-
<b>Net financial position</b>	<b>88,765,468</b>

Space has a net financial position of €88.8 million, which includes cash deposited in the bank current accounts and cash earmarked for the subscription of savings bonds totalling €131 million, net of the negative fair value of the put option (approximately €42.5 million) measured in accordance with the IFRS.

Should the put options (whose fair value has been measured considering the maximum number of puttable ordinary shares) be exercised, the company will have to make a cash payment at the Relevant Transaction execution date.

“Market warrants at fair value” are not included in the calculation of the net financial position as exercising these warrants grants the holders a variable number of ordinary shares settled depending on their market price, without any cash payment by the company.

## 10. Equity

This caption amounts to €80,478,073 at the reporting date.

€	31 December 2013
<i>Share capital - Ordinary shares</i>	12,999,999
<i>Share capital - Special shares</i>	555,000
<b>Share capital - Total</b>	<b>13,554,999</b>
Share premium reserve	67,593,124
Loss for the period	(670,050)
<b>Total equity</b>	<b>80,478,073</b>

Changes occurred during the reporting period are detailed in the relevant schedule.

Upon incorporation (7 October 2013), share capital amounted to €120,000, comprising 25,000 ordinary shares without nominal amount, and the share premium reserve was €130,000.

During their extraordinary meeting of 9 October 2013, the shareholders resolved to convert all 25,000 ordinary shares into special shares, subject to and effective from the date of initial trading of the company's ordinary shares in the stock exchange.

The shareholders concurrently approved a capital increase earmarked for the Offer, against payment, for a maximum overall amount of €150,000,000 including share premium, by issuing a maximum of 15,000,000 ordinary shares without a nominal amount. The subscription price of €10 has been allocated to the implicit carrying amount (€1) and the share premium reserve (€9).

During the same extraordinary meeting, the shareholders approved a capital increase reserved for Space Holding S.r.l., against payment, for a maximum overall amount of €4,750,000 including share premium, by issuing a maximum of 475,000 special shares

without a nominal amount. The subscription price of €10 has been allocated to the implicit carrying amount (€1) and the share premium reserve (€9).

Moreover, the shareholders approved a capital increase that may be carried out in instalments, for a maximum overall amount of €9,750,000, earmarked for the exercise of 750,000 SPACE S.p.A. sponsor warrants, by issuing a maximum of 750,000 ordinary shares without a nominal amount. The price of €13 will be allocated to the implicit carrying amount (€1) and the share premium reserve (€12).

As announced by the board of directors on 13 December 2013, 12,999,999 ordinary shares were subscribed upon market placement, at the established unit price of €10, to which 8,666,666 market warrants are attached.

In conjunction with the market placement, Space Holding S.r.l., which incorporated Space, subscribed 435,000 special shares not issued for listing purposes, at the established unit price of €10, to which 652,500 sponsor warrants are attached. The company concurrently issued an additional 37,500 sponsor warrants to the holders of the shares issued when it was set up, which were converted into special shares by the shareholders' resolution of 9 October 2013, as mentioned earlier.

When the ordinary shares were placed on the market, the share premium reserve was decreased by:

- €6,110,204, for the listing costs, including deferred fees that will be paid when the Relevant Transaction is carried out;
- €42,470,997, which is the fair value of the put option;
- €4,870,666, which is the fair value of the market warrants at initial recognition.

Accordingly, at 31 December 2013, the fully subscribed and paid-up share capital amounts to €13,554,999 and comprises 13,459,999 shares, including 12,999,999 and 460,000 ordinary and special shares, respectively.

Holders of the special shares have the same rights as the ordinary shareholders, with the sole exception of the following:

- they do not have voting rights at ordinary and extraordinary shareholders' meetings;
- they do not have the right to dividends approved as ordinary dividends;
- the special shares cannot be transferred over the maximum duration of the company and, at any rate, for a maximum period of five years, except for those transferred to Space Holding S.r.l.'s withdrawing shareholders as payment in kind for the sale of their investment;
- if the company is dissolved, they have the right to be paid their stake of liquidation equity after the ordinary shareholders;

- when certain conditions are met, they are automatically converted into ordinary shares, at the ratio of 5 ordinary shares for each special share, without the need for their holders to express their intention to convert and without any change to be made to the amount of share capital, provided that the conversion will decrease the implicit carrying amount of ordinary shares.

The following table shows how the main equity captions may be used:

€	31 December 2013	Possible use	Available portion
Share capital	13,554,999		
Income-related reserves	-		
Legal reserve	-		
Share premium reserve	67,593,124	A; B	-
Key:			
A: capital increase			
B: to cover losses			
C: dividends			

## NOTES TO THE INCOME STATEMENT

### 11. Revenue

The company has not carried operating activities during the reporting period, nor has it realised revenue. Since its incorporation, it has mainly focused on the definition of its organisational structure and the procedures for listing its ordinary shares and market warrants on the investment vehicle sector of the Italian stock exchange. This process was successfully concluded on 13 December 2013 and trading began on 18 December 2013. Moreover, the company commenced the process to select a potential target, in accordance with its business object and the investment policy and general guidelines approved on 9 October 2013.

### 12. Personnel expense

The company did not have employees during the reporting period.

### 13. Other operating costs

This caption amounts to €316,289 at the reporting date.

€	2013
Travel expenses	4,170
Trust services	17,499
Administrative services	22,990
Audit fees	17,010
Board of statutory auditors	15,920
Bank services	126
Market warrant issue costs	237,840
Indirect taxes	734
<b>Total other operating costs</b>	<b>316,289</b>

“Administrative services” mainly relate to website management and regular maintenance and bookkeeping.

“Trust services” relate to the funds deposited in term accounts to be used for the performance of the Relevant Transaction.

“Market warrant issue costs” are the portion of listing costs attributable to the issue of market warrants.

Listing costs have been allocated as follows :

€	As a decrease in equity	Profit or loss
Legal and notary fees	463,132	-
Attestation services	42,257	-
Securities management service	54,934	-
Admission for listing	53,755	-
Securities placement	100,200	-
Communication, printing, marketing and other	108,767	-
Securities issue fees	5,287,159	-
Market warrant issue costs	-	237,840
<b>Total listing costs</b>	<b>6,110,204</b>	<b>237,840</b>

## 14. Financial income

This caption amounts to €75,239 at the reporting date.

€	2013
Interest on bank deposits	25,004
Other financial income	50,235
Total financial income	75,239

“Other financial income” shows fair value gains on the savings bonds recognised in “other current financial assets”.

## 15. Financial expense

“Financial expense” of €429,000 shows fair value losses on market warrants, accrued from their listing on 18 December 2013 to the reporting date.

## 16. Income taxes

The company has not recognised any deferred tax assets in these financial statements as, at the preparation date, there are no available plans forecasting future taxable profits. These plans may only be prepared when the Relevant Transaction is carried out.

## 17. Basic and diluted loss per share

The basic loss per share, calculated by dividing the loss for the period by the number of outstanding ordinary shares, is €0.24.

The calculation of basic and diluted loss per share is analysed in the following table:

	2013
Loss for the period (€)	(670,050)
Closing number of outstanding ordinary shares	12,999,999
Weighted average number of outstanding ordinary shares for basic loss per share purposes	2,752,941
Basic loss per share (€)	(0.24)
Diluted loss per share (€)	(0.24)

As the effect of exercising warrants and converting special shares would be antidilutive, it has not been considered and, therefore, the diluted loss per share is equal to the basic loss per share.

## 18. Risk management

The company is exposed to the financial risks relating to its activities. Specifically, it is exposed to market, liquidity and credit risks.

Risks are managed in accordance with the guidelines defined by the board of directors. The aim is the management of the funds raised and necessary to carry out the Relevant Transaction in line with the approved investment policy.

99% of the overall funds raised are deposited in term accounts and invested in savings bonds, representing the Restricted Funds that can be used only with the prior consent of the shareholders, pursuant to article 8.2 of the by-laws, except for the payment of the outlays arising from the exercise of the put options by withdrawing shareholders.

There are no positions or transactions that expose the company to significant credit or liquidity risk.

With reference to market risk, the market warrants, put options and investments in short-term securities are measured at fair value through profit or loss. Accordingly, fair value changes may significantly affect the company's performance:

- a rise in the market warrants' and put options' fair values may lead to an increase in the company's liabilities and financial expense;
- a reduction in the market warrants' and put options' fair values may lead to a decrease in the company's liabilities and an increase in financial income;
- a rise in the short-term securities' fair value may lead to an increase in the company's assets and financial income;
- a reduction in the short-term securities' fair value may lead to a decrease in the company's assets and an increase in financial expense.

The fair value hierarchy of the company's assets and liabilities is set out below.

€	Fair value measurement based on		
	Active market quoted prices (Level 1)	Observable significant inputs (Level 2)	Unobservable significant inputs (Level 3)
<b>Assets measured at fair value:</b>			
Credit instruments (FVTPL)		78,550,235	
<b>Liabilities measured at fair value</b>			
Put options		(42,470,997)	
Market warrants	(5,299,666)		

The company is implementing its Organisational, management and control model pursuant to Legislative decree no. 231/2001.

## 19. Guarantees given, commitments and contingent liabilities

There are no guarantees given, commitments or contingent liabilities.

## 20. Related party transactions

The company did not carry out any related party transaction during the reporting period.

## 21. Fees paid to the board of directors and key management personnel

The board of directors and key management personnel did not receive any fees. They were only repaid the costs incurred in the performing activities on behalf of the company and in its interest during the reporting period.

## 22. Fees paid to the board of statutory auditors

2013 fees paid to the board of statutory auditors amounted to €15,920.

The fees presented in a previous table show the fees paid to the board of statutory auditors from 7 October to 31 December 2013.

## 23. Independent auditors' fees

The fees due to the independent auditors for services provided in the reporting period are set out below and are inclusive of related expenses:

Type of service	Service provider	Fees (€'000)
Auditing	Reconta Ernst & Young S.p.A.	17
Attestation	Reconta Ernst & Young S.p.A.	43
<b>Total</b>		60

Attestation services relate to attestations issued in connection with the prospectus prepared for the ordinary share offer.

## 24. Atypical and/or unusual transactions

There were no atypical or unusual transactions during the reporting period, as defined in Consob communications no. DEM/6037577 of 28 April 2006 and no. DEM/6064293 of 28 July 2006.

## **25. Significant non-recurring events and transactions**

Pursuant to Consob communication no. DEM/6064293 of 28 July 2006, it is noted that, during the reporting period, the company completed the placement with qualified investors in Italy and institutional investors abroad of newly-issued ordinary shares to which market warrants were attached (two market warrants for every three ordinary shares), concurrently listing the issued financial instruments on the investment vehicle sector of the Italian stock exchange organised and managed by Borsa Italiana S.p.A..

## **26. Authorisation to publish the financial statements**

The board of directors authorised the publication of these financial statements during its meeting of 3 March 2014.

**Independent auditors' report  
pursuant to art. 14 and 16 of 27 Legislative Decree n. 39 dated January 2010  
(Translation from the original Italian text)**

To the Shareholders  
of Space S.p.A.

1. We have audited the financial statements of Space S.p.A. as of 31 December 2013 and for the year then ended, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Space S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

The first financial statements of Space S.p.A. is that as of 31 December 2013 and for the year then ended and therefore it do not include comparative figures.

3. In our opinion, the financial statements of Space S.p.A. at 31 December 2013 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Space S.p.A. for the year then ended.
4. The Directors of Space S.p.A. are responsible for the preparation of the Directors' Report and the Report on Corporate Governance and Shareholding Structure in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency with the financial statements of the Directors' Report and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and the Company's Ownership Structure, as required by the law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Directors' Report and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Report on Corporate Governance and the Company's Ownership Structure, are consistent with the financial statements of Space S.p.A. at 31 December 2013.

Milan, 25 March 2014

Reconta Ernst & Young S.p.A.

Signed by: Luca Pellizzoni, partner

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