



(Translation from the Italian original which remains the definitive version)

SPACE S.p.A.

Interim financial statements at 30 September 2014

Via Vittor Pisani, 27
20124 Milan, Italy
Share capital €13,554,999
Tax code and VAT no.: 08391050963

COMPANY BODIES

BOARD OF DIRECTORS

Chairman	Gianni Mion
Directors	Roberto Italia
	Carlo Pagliani
	Edoardo Subert
	Micaela Le Divelec Lemmi
	Francesca Prandstraller
	Alberto Amadio Tazartes

CONTROL AND RISKS COMMITTEE

Chairwoman	Micaela Le Divelec
Independent directors	Alberto Tazartes
	Francesca Prandstraller

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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Interim financial statements at 30 September 2014

Activities and strategies

This financial statements at 30 September 2014 provides a general view of the financial position and performance of SPACE S.p.A. (“Space” or the “company”) in the reporting period.

Space was incorporated on 7 October 2013, has its registered office in Milan and has been included in the Milan company register since 9 October 2013.

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 assigned free of charge to buyers of ordinary shares during the placement (2 market warrants for every 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, also as part of 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.

Ordinary shareholders have been irrevocably granted a put option for a maximum number of ordinary shares equal to 33% less one share of the company's ordinary shares before the Relevant Transaction. The share price will be equal to the pro rata share value to be calculated based on the Escrow Funds (as defined in the prospectus drawn up for the company's listing) on the trading day preceding the date on which the board of directors' meeting is convened to approve the Relevant Transaction.

The unit market prices of Space S.p.A.'s ordinary shares and market warrants at 30 September 2014 were €10.12 and €1.00, respectively.

The board of directors approved the condensed interim financial statements as at and for the nine months ended 30 September 2014 on 4 November 2014. They show a loss for the period of €2,026,463. At 30 September 2014, Space has cash and cash equivalents of €131,949,298, including the amount deposited in bank current accounts and invested in savings bonds.

Performance in the first nine months of 2014

Background

During the first nine months of 2014, Space's management team focused on the selection process of a potential target, in accordance with the business object and the guidelines set out in the investment policy approved by the shareholders on 9 October 2013.

The company made an operating loss of €289,888 for the period.

The loss for the period of €2,026,463 is mainly the result of the recognition of fair value losses (of a purely accounting and non-monetary nature) on market warrants, which were recognised under financial expense.

Net of these fair value losses on market warrants, the company would have recognised a pre-tax profit of €1,340,537.

The company's equity at the reporting date was €78,451,610. Its cash and cash equivalents amounted to €131,949,298.

Since the company was incorporated on 7 October 2013, there are no corresponding figures for the first nine months of the previous year.

Performance

The company's reclassified income statement is as follows:

€	Noine month period ended 30 September 2014
Revenue	8,870
External costs	(264,818)
Value added	(255,948)
Personnel expense	(28,166)
Gross operating loss	(284,114)
Amortisation, depreciation and impairment losses	(5,774)
Operating loss	(289,888)
Other income	-
Net financial expense	(1,736,575)
Loss from ordinary operations	(2,026,463)
Net extraordinary income (expense)	-
Pre-tax loss	(2,026,463)
Income taxes	-
Loss for the period	(2,026,463)

The operating loss shown in the reclassified income statement is mainly due to operating costs incurred for the company's ordinary operations. Net financial expense comprises fair value losses on market warrants (€3,367,000), fair value gains on savings bonds (€1,085,159) and interest income on cash and cash equivalents (€545,266), as explained in detail in the specific notes.

Statement of financial position

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

€	30 September 2014	31 December 2013
<i>Other assets</i>	293,922	162,033
<i>Trade payables and other liabilities</i>	(88,942)	(549,762)
<i>Other current assets/ (liabilities)</i>	<u>(11,266,666)</u>	<u>(7,899,666)</u>
Net current assets / (liabilities) (A)	(11,061,686)	(8,287,395)
Non-current assets (B)	35,656	-
Non-current liabilities (C)	(662)	-
Net assets / (liabilities) (A+B+C)	(11,026,691)	(8,287,395)
 <i>Cash and cash equivalents</i>	 52,313,904	 52,686,230
<i>Other current financial assets</i>	79,635,394	78,550,235
<i>Put options at fair value</i>	<u>(42,470,997)</u>	<u>(42,470,997)</u>
Net financial position (D)	89,478,301	88,765,468
Equity (E)	(78,451,610)	(80,478,073)
Total equity and net financial position (D+E)	11,026,691	8,287,395

Other current liabilities include market warrants at fair value of €8,666,666 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 (€2,600,000). Exercising these warrants grants the holders a variable number of ordinary shares depending on their market price, without any cash payment by the company.

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 performance date. This caption is unchanged from 31 December 2013.

Other information

Net financial position

Cash deposited in bank current accounts and cash earmarked for the subscription of saving bonds amounts to €131,949,298. The company's net financial position is €89,478,301, net of the negative fair value of the put option of €42,470,997.

"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.

€	30 September 2014	31 December 2013
Other cash and cash equivalents	52,313,904	52,686,230
Other current financial assets	79,636,394	78,550,235
Cash and cash equivalents	131,949,298	131,236,465
Current loan assets	-	-
Current bank loans and borrowings	-	-
Current portion of non-current financial debt	-	-
Put options at fair value	(42,470,997)	(42,470,997)
Financial liabilities	(42,470,997)	(42,470,997)
Net current financial position	89,478,301	88,765,468
Non-current bank loans and borrowings	-	-
Bonds issued	-	-
Other non-current financial liabilities	-	-
Non-current financial debt	-	-
Net financial position	89,478,301	88,765,468

Key events and transactions for the first nine months of 2014

During the period, the company focused on its core business of selecting a potential target, in accordance with its investment policy and the guidelines and general criteria approved by the shareholders.

Moreover, the company entered into a lease for the opening of an operating office in Piazza Cavour 1, Milan. Since this is Space's operating office, it recognised the costs incurred to prepare it as a non-current asset.

The unit price of Space S.p.A. shares, listed on the investment vehicle sector of the Italian stock exchange, started at €9.84 on 2 January 2014 to peak at €10.89 at the end of February and close at €10.12 on 30 September 2014.

During the board of directors' meeting of 29 July 2014, the directors resolved to co-opt Francesca Prandstraller as a new independent director and member of the control and risks committee, replacing the outgoing independent director Ms. Grieco.

Events after the reporting period

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.

Condensed interim financial statements

Financial statements

Statement of financial position

€	Note	30 September 2014	of which: related parties	31 December 2013	of which: related parties
ASSETS					
Current assets					
Cash and cash equivalents	1	52,313,904	-	52,686,230	-
Other current financial assets	2	79,635,394	-	78,550,235	-
Other assets	3	293,922	-	162,033	-
Total current assets		132,243,220	-	131,398,498	-
Non-current assets					
Property, plant and equipment	4	17,622	-	-	-
Other intangible assets	5	2,534	-	-	-
Other non-current financial assets	6	15,500	-	-	-
Total non-current assets		35,656	-	-	-
TOTAL ASSETS		132,278,876	-	131,398,498	-
LIABILITIES AND EQUITY					
LIABILITIES					
Current liabilities					
Trade payables	7	66,620	-	439,812	-
Other liabilities	8	22,322	-	109,950	-
Put options at fair value	9	42,470,997	-	42,470,997	-
Market warrants at fair value	10	8,666,666	-	5,299,666	-
Provisions for risks and charges	11	2,600,000	-	2,600,000	-
Total current liabilities		53,826,605	-	50,920,425	-
Non-current liabilities					
Post-employment benefits	12	662	-	-	-
Total non-current liabilities		662	-	-	-
Share capital		13,554,999	-	13,554,999	-
Share premium reserve		67,593,124	-	67,593,124	-
Losses carried forward		(670,050)	-	-	-
Loss for the period		(2,026,463)	-	(670,050)	-
Equity	13	78,451,610	-	80,478,073	-
TOTAL LIABILITIES AND EQUITY		132,278,876	-	131,398,498	-

Income statement

€	Note	Nine month period ended 30 September 2014	of which: related parties
Revenue	15	-	-
Other revenue	15	8,870	-
Consumables	16	(6,210)	-
Personnel expense	17	(28,166)	-
Leases	18	(18,683)	-
Other operating costs	19	(239,925)	-
Amortisation, depreciation and impairment losses	20	(5,774)	-
Operating loss		(289,888)	-
Financial income	21	1,630,425	-
Financial expense	22	(3,367,000)	-
Pre-tax loss		(2,026,463)	-
Income taxes	23	-	-
Loss for the period		(2,026,463)	-
Basic loss per share	24	(0.156)	
Diluted loss per share	24	(0.156)	

Statement of comprehensive income

€	Nine month period ended 30 September 2014
Loss for the period	(2,026,463)
Other comprehensive income (expense) that will not be subsequently reclassified to profit or loss	-
Other comprehensive income (expense) that will be subsequently reclassified to profit or loss	-
Comprehensive expense	(2,026,463)

Statement of changes in equity

	Share capital	Share premium reserve	Other reserves	Losses carried forward	Loss for the period	Equity
7 October 2013	-	-	-		-	-
Capital increase (incorporation)	120,000	130,000	-		-	250,000
Capital increase of 13 December 2013	12,999,999	116,999,991	-		-	129,999,990
Sponsor capital increase of 13 December 2013	435,000	3,915,000	-		-	4,350,000
Capital increase costs	-	(6,110,204)	-		-	(6,110,204)
Recognition of put options	-	(42,470,997)	-		-	(42,470,997)
Recognition of market warrants	-	(4,870,666)	-		-	(4,870,666)
Loss for the period	-	-	-		(670,050)	(670,050)
Other comprehensive income (expense)					-	-
<i>Comprehensive expense, net of tax</i>	-	-	-	-	(670,050)	(670,050)
31 December 2013	13,554,999	67,593,124	-	-	(670,050)	80,478,073
Allocation of the 2013 loss - losses carried forward				(670,050)	670,050	-
Cost of capital increase	-					-
Loss for the period					(2,026,463)	(2,026,463)
Other comprehensive income (expense)						-
<i>Comprehensive expense, net of tax</i>	-	-	-	-	(2,026,463)	(2,026,463)
30 September 2014	13,554,999	67,593,124	-	(670,050)	(2,026,463)	78,451,610

Statement of cash flows

€	Nine month period ended 30 September 2014
<u>Operating activities</u>	
Pre-tax loss	(2,026,463)
<i>Adjustments to reconcile pre-tax loss with net cash flows:</i>	
- Fair value loss on market warrants	3,367,000
- Fair value gain on savings bonds	(1,085,159)
- Amortisation, depreciation and impairment losses	5,774
- Employee benefits	758
- Benefits paid	(96)
<i>Changes in working capital:</i>	
- Decrease in trade payables and other current liabilities	(460,820)
- Increase in trade receivables and other current assets	(136,889)
Net cash flows used in operating activities	(335,896)
<u>Investing activities</u>	
Property, plant and equipment	(22,761)
Other intangible assets	(3,169)
Other non-current financial assets	(10,500)
Net cash flows used in investing activities	(36,430)
<u>Financing activities</u>	
Issue of special shares	-
Issue of ordinary shares and market warrants	-
Payment of transaction costs for the share and warrant issue	-
Net cash flows from (used in) financing activities	-
Net decrease in cash and cash equivalents	(372,326)
Cash and cash equivalents at 31 December 2013	52,686,230
<u>Cash and cash equivalents at 30 September 2014*</u>	<u>52,313,904</u>
<u>Additional disclosure</u>	
- Interest income collected	434,758
- Interest expense paid	-
- Income taxes paid	-
(*) Cash and cash equivalents include €50,677,248 deposited in escrow accounts (€50,219,949 at 31 December 2013), 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 condensed interim financial statements

Space's condensed interim financial statements at 30 September 2014 have been prepared in accordance with article 154-ter of the Consolidated Finance Act, and subsequent amendments and integrations, and IAS 34, applicable to interim financial reporting.

The condensed interim financial statements have been prepared in conformity with the IFRS issued by the International Financial Reporting Standards Board and endorsed by the European Commission. The accounting policies applied are unchanged from those used for the preparation of the financial statements at 31 December 2013.

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

As these are the first condensed interim financial statements to be prepared for a nine-month period, comparative figures for the income statement are not presented.

They are clearly stated and give a true and fair view of the company's financial position, financial performance and cash flows.

The presentation of the condensed interim financial statements is the same as that used at 31 December 2013. Since the condensed interim financial statements do not include all disclosures required by the IFRS of annual financial statements, they should be read in conjunction with the 2013 financial statements.

The accounting policies are the same as those used to prepare the financial statements at 31 December 2013, except for that set out below. Reference should be made to the financial statements at 31 December 2013 for information on the new standards applicable from 1 January 2014 and amendments to existing standards.

These new standards and amendments did not affect the company's condensed interim financial statements at 30 September 2014.

Property, plant and equipment

Property, plant and equipment are recognised when it is probable that use of the asset will generate future benefits and the cost of the asset can be reliably determined.

They are recognised at cost including ancillary charges and the portion of direct and indirect costs reasonably attributable to the asset.

These assets are depreciated systematically on a straight-line basis using rates held to reflect their estimated useful lives.

The company applies the following rates:

- Furniture: 12%
- Ordinary office machines: 20%
- Furnishings: 15%

Assets with an insignificant value and of little importance considering the company's other assets, which are subject to rapid wear and tear and possible frequent replacement, are entirely depreciated in their year of acquisition.

The company reviews the assets' useful lives once a year and alters them to reflect maintenance that lengthens such lives or replacements that change them significantly.

In the case of impairment, the company calculates the asset's recoverable amount, without considering depreciation already recognised.

Leasehold improvements are classified as "Property, plant and equipment" at the cost incurred. They are depreciated over the shorter of the asset's useful life and the lease term.

Other intangible assets

Other intangible assets are recognised at cost, including ancillary charges, and amortised over their useful lives when it is probable that use of the asset will generate future economic benefits.

The company reviews the assets' estimated useful lives and the method used to amortise other intangible assets at each reporting date and whenever there is an indication of impairment.

In the case of impairment, the company calculates the asset's recoverable amount, without considering amortisation already recognised.

Software is amortised over three years.

Employee benefits

All employee benefits are recognised on an accruals basis.

The company provides post-employment benefits in the form of defined benefit plans.

These post-employment benefits consist of formalised and unformalised agreements under which the company provides such benefits to one or more employees.

The vested benefits are projected into the future to estimate the amount due when the employment contract is terminated and subsequently discounted.

Current assets

1. Cash and cash equivalents

This caption amounts to €52,313,904 at the reporting date.

€	30 September 2014	31 December 2013	Variation
Bank and postal deposits	52,313,904	52,686,230	(372,326)
Cash and other cash equivalents	-	-	-
Total cash and cash equivalents	52,313,904	52,686,230	(372,326)

The balance shows cash and cash equivalents, which solely consist of bank deposits, at the reporting date.

Bank deposits comprise:

- €1,636,656 deposited in bank ordinary current accounts that may be used to pay for operating costs;
- €50,677,248 deposited in escrow accounts, being part of the funds raised with the Offer which can be used, with the prior consent of the shareholders, to carry out the Relevant Transaction or, should this not be completed during the company's duration, to liquidate shareholders. Part of this amount (€20,110,508) is a time deposit which may be withdrawn early.

The €372,326 decrease in this caption, compared to 31 December 2013, is mainly due to the operating costs incurred by the company, as broken down in the statement of cash flows.

2. Other current financial assets

This caption amounts to €79,635,394 at the reporting date.

€	30 September 2014	31 December 2013	Variation
<i>Savings bonds</i>	79,635,394	78,550,235	1,085,159
Total other current financial assets	79,635,394	78,550,235	1,085,159

The balance is part of the funds raised with the Offer deposited in an escrow 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, with the prior consent of the shareholders, to carry out the Relevant Transaction or, should this not be completed within the company's duration, to liquidate shareholders.

In accordance with IAS 32, the caption is measured at fair value. The €1,085,159 increase in savings bonds during the period is the fair value gain recognised under financial income in profit or loss.

3. Other assets

This caption amounts to €293,922 at the reporting date.

€	30 September 2014	31 December 2013	Variation
Tax assets	276,845	155,219	121,627
Advances to service suppliers	11	5,000	(4,989)
Other	17,065	1,814	15,251
Total other current assets	293,922	162,033	131,889

The caption “Tax assets” includes the remainder of the VAT receivable accrued in 2013 which can be used for offsetting purposes (€122,167), the IRES receivable, which can also be used for offsetting (€5,001), the VAT receivable which has accrued in 2014 (€62,297 thousand), the IRPEG receivable (€111) as well as withholdings paid on bank interest income (the remainder).

“Other” comprises costs already incurred but pertaining to future periods. The balance mostly consists of the cost of the insurance policy for the company bodies, required by the remuneration policy, and the periodic fee paid to Borsa Italiana S.p.A..

Non-current assets

4. Property, plant and equipment

This caption and variations therein may be analysed as follows:

30.09.2014											
Variation in gross amount				Depreciation/impairment losses							
	Carrying amount at 31.12.2013	Increases	Decreases	Total	Increase Depreciation	Increase Impairment losses	Decreases	Total	Gross amount	Acc. depreciation and impairment losses	Carrying amount
Furniture	-	14,782	-	14,782	3,862	-	-	3,862	14,782	3,862	10,920
Furnishings	-	2,879	-	2,879	570	-	-	570	2,879	570	2,309
Electronic office machines	-	5,100	-	5,100	706	-	-	706	5,100	706	4,394
Total		22,761	-	22,761	5,139	-	-	5,139	22,761	5,139	17,622

This caption is present due to the opening of the company's operating office in Piazza Cavour 1, Milan in early 2014. It reflects the costs incurred to furnish the office.

5. Other intangible assets

This caption includes software, recognised at its acquisition cost and amortised over its useful life. Variations in this caption are as follows:

Variation in gross amount				Amortisation/impairment losses				30.09.2014		
Carrying amount at 31.12.2013	Increases	Decreases	Total	Increase Amortisation	Increase Impairment losses	Decreases	Total	Gross amount	Acc. amortisation and impairment losses	Carrying amount
Software	-	3,169	- 3,169	635	-	-	635	3,169	635	2,534
	3,169	-	3,169	635	-	-	635	3,169	635	2,534

6. Other non-current financial assets

This caption of €15,500 at 30 September 2014 comprises interest-bearing guarantee deposits given to service suppliers, including €9,500 to Immobiliare Stabili di Piazza Cavour di Barbara Orsi Mangelli e C. S.n.c. for the lease of the building housing the company's operating office. At 31 December 2013, the guarantee deposits amounted to €5,000 and were recognised as "Other current assets".

Current liabilities

7. Trade payables

This caption amounts to €66,620 at the reporting date.

€	30 September 2014	31 December 2013	Variation
Trade payables	66,620	439,812	(373,192)
Total trade payables	66,620	439,812	(373,192)

Trade payables comprise costs incurred to carry out the company's ordinary operations. The caption includes invoices to be received for services carried out during the reporting period (€66,356). The decrease on 31 December 2013 is due to the payment in early 2014 of amounts mainly consisting of the listing costs.

8. Other liabilities

This caption amounts to €22,322 at the reporting date.

€	30 September 2014	31 December 2013	Variation
Tax liabilities	1,583	74,471	(72,888)
Social security charges	3,994	-	3,994
Employees	667	-	667
Directors	7,481	-	7,481
Statutory auditors	7,826	-	7,826
Other	771	35,479	(34,708)

Total other liabilities	22,322	109,950	(87,628)
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Amounts due to employees mainly refer to the hiring of an employee, as described in more detail in the income statement caption “Personnel expense”, to which reference should be made.

“Tax liabilities” mainly consist of withholding taxes on consultants’ fees.

“Other” principally consists of deferred income.

9. Put options at fair value

“Put options at fair value”, amounting to €42,470,997 at the reporting date (unchanged from 31 December 2013), 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).

10. Market warrants at fair value

This caption amounted to €8,666,666 at the reporting date, being the market warrants’ estimated fair value. The €3,367,000 fair value losses for the nine months have been recognised under financial expense. The losses were due to the increase in the market warrants’ price compared to 31 December 2013, from €0.612 to €1.000 at 30 September 2014.

11. Provisions for risks and charges

The caption amounts to €2,600,000 at the reporting date (unchanged from 31 December 2013) 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.

€	
31 December 2013	2,600,000
Increase	-
Decrease	-
30 September 2014	2,600,000

Non-current liabilities

12. Post-employment benefits

This caption showed the following variations in the period:

€

Defined benefit plans at 31 December 2013	-
Current service cost	758
Transfer to pension fund	(96)
Net actuarial gains (losses)	-
Benefits paid	-
Defined benefit plans at 30 September 2014	662

This obligation arose in June 2014.

13. Equity

This caption amounts to €78,451,610 at the reporting date.

€	30 September 2014
<i>Share capital - Ordinary shares</i>	<i>12,999,999</i>
<i>Share capital - Special shares</i>	<i>555,000</i>
Share capital - Total	13,554,999
Share premium reserve	121,044,991
Other reserves	(53,451,867)
Losses carried forward	(670,050)
Loss for the period	(2,026,463)
Total equity	78,451,610

Variations in this caption during the reporting period are shown in the statement of changes in equity.

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.

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. Market warrants were assigned in the ratio of 2 market warrants for every 3 ordinary shares, one of which issued and currently listed on the investment vehicle sector. 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.

In conjunction with the market placement, Space Holding S.r.l. 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 holder 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.

The sponsor warrants were granted in the ratio of 3 sponsor warrants for every 2 sponsor shares. Exercising these warrants grants the holders sponsor shares settled on a cash basis. On 9 October 2013, 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).

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 30 September 2014, the fully subscribed and paid-up share capital is unchanged from 31 December 2013, amounts to €13,554,999 and comprises 13,459,999 shares, including 12,999,999 and 460,000 ordinary and special shares.

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:

€	30 September 2014	Possible use	Available portion
Share capital	13,554,999		
Income-related reserves	-		
Legal reserve	-		
Other reserves	66,950,752	A; B	-
Key:			
A: capital increase			
B: to cover losses			
C: dividends			

14. Net financial position

The company's net financial position at 30 September 2014 is made up as follows:

€	30 September 2014	31 December 2013
Other cash and cash equivalents	52,313,904	52,686,230
Other current financial assets	79,635,394	78,550,235
Cash and cash equivalents	131,949,298	131,236,465
Current loan assets	-	-
Current bank loans and borrowings	-	-
Current portion of non-current financial debt	-	-
Put options at fair value	(42,470,997)	(42,470,997)
Financial liabilities	(42,470,997)	(42,470,997)
Net current financial position	89,478,301	88,765,468
Non-current bank loans and borrowings	-	-
Bonds issued	-	-
Other non-current financial liabilities	-	-
Non-current financial debt	-	-
Net financial position	89,478,301	88,765,468

Space has a positive net financial position of €89,478,301, as shown in the table above, which includes cash deposited in the bank current accounts and cash earmarked for the subscription of savings bonds of approximately €131,949,298, net of the negative fair value of the put option (approximately €42,470,997) measured in accordance with the IFRS.

“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.

Notes to the income statement

15. Revenue and Other revenue

During the period, the company focused on selecting a potential target, in accordance with its investment policy and the guidelines and general criteria approved on 9 October 2013 by its shareholders to identify a target. It did not earn revenue on these activities.

“Other revenue” of €8,870 relates to the service agreement signed in April 2014, granting the use of part of its operating office space to third parties.

16. Consumables

This caption of €6,210 includes costs incurred to run the operating office.

17. Personnel expense

This caption amounts to €28,166 for the period.

The breakdown is as follows:

€	Nine month period ended 30 September 2014
Wages and salaries	19,751
Social security contributions	7,657
Employee benefits	758
Total personnel expense	28,166

18. Leases

This caption of €18,683 comprises costs incurred in the period to lease the building in Piazza Cavour 1, Milan which houses its operating office.

19. Other operating costs

This caption amounts to €239,925 for the period and includes the costs incurred by the company to carry out its core business. It comprises:

€	Nine month period ended 30 September 2014
Financial communications	51,883
Administrative services	52,336
Board of statutory auditors	26,654
Independent directors	26,901
Trust services	25,917
Professional fees	19,747
Maintenance	15,530
Audit fees	14,500
Other costs	6,457
Total other operating costs	239,925

“Financial communications” of €51,883 include the costs of financial reporting services provided to promote the company on the financial market, using actions and tools to strengthen relations with the media and institutional investors in Italy and abroad.

“Trust services” comprises the cost of the trust administration of cash deposited in term bank accounts.

20. Amortisation, depreciation and impairment losses

This caption amounts to €5,774 for the period. Reference should be made to notes 4 (Property, plant and equipment) and 5 (Other intangible assets) for more information.

21. Financial income

This caption amounts to €1,630,425 for the period.

€	Nine month period ended 30 September 2014
Interest on bank deposits	545,265
Other financial income	1,085,159
Total financial income	1,630,425

Interest on bank deposits includes interest accrued on the time deposit (€110,508) as well as on the company’s bank current accounts.

“Other financial income” shows fair value gains on the savings bonds recognised in note 2 “Other current financial assets”.

22. Financial expense

This caption came to €3,367,000 and shows the fair value losses on market warrants for the period, as already mentioned in note 10 (Market warrants at fair value).

23. Income taxes

The company has not recognised any deferred tax assets in these condensed interim 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.

The company has a tax benefit arising on its carry forward tax loss which has not been offset and can be used in full as it was recognised in the first tax period (€1,873,826), in addition to the excess amount related to the ACE (support for economic growth) relief, deductible from future taxable profits (€156,362), as per the company’s 2013 tax return.

24. 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 €0.156, an improvement on the loss of €0.243 for the period ended 31 December 2013.

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.

25. Risk management

The financial risk management objectives, policies and processes have not changed during the period; therefore, reference should be made to the financial statements at 31 December 2013 for a description thereof.

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)
Assets measured at fair value:			
Credit instruments (FVTPL)		79,635,394	
Liabilities measured at fair value			
Put options		(42,470,997)	
Market warrants	(8,666,666)		

No transfers were made between Levels 1 and 2 during the reporting period.

26. Guarantees given, commitments and contingent liabilities

There are no guarantees given, commitments or contingent liabilities at the reporting date.

27. Other information

At 30 September 2014, the company has one employee with a term contract who works in the operating office.

The company opened its operating office in Piazza Cavour 1, Milan at the start of the reporting period.

28. Related party transactions

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

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

The company decided to pay the independent directors an annual gross fee of €12,000 each.

The directors in office do not receive additional indemnities should they leave office early nor are they provided with non-monetary benefits apart from the third party liability insurance policy which covers their duties and the reimbursement of costs incurred in the performing of activities on behalf of the company and in its interest during the reporting period.

Accordingly, the fees paid to the board of directors for their services during the reporting period amount to €26,901.

30. Fees paid to the board of statutory auditors

The company agreed with the board of statutory auditors to reduce its annual gross fees by 50% compared to the amount obtained by applying the parameters set out in Ministerial decree no. 140/2012. Therefore, their annual fees amount to €34,172.

The statutory auditors do not receive additional indemnities should they leave office early nor are they provided with non-monetary benefits apart from the third party liability insurance policy which covers their duties.

Accordingly, the fees paid to the board of statutory auditors for the first nine months of 2014 amount to €26,654.

31. 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.

32. Significant non-recurring events and transactions

No significant non-recurring events or transactions took place during the reporting period, as defined in Consob Resolution no. 15519 and Communication no. DEM/6064293.

33. Authorisation to publish the interim financial report

The board of directors authorised the publication of these condensed interim financial statements during its meeting of 4 November 2014.

Statement pursuant to article 154-bis.2 of the Consolidated Finance Act

The undersigned, Edoardo Subert, as manager in charge of financial reporting of SPACE S.p.A.

STATES

pursuant to article 154-bis.2 of Legislative decree no. 58 of 24 February 1998, that the financial disclosures set out in this interim financial report at 30 September 2014 comply with the relevant documentation, ledgers and accounting records.

Milan, 4 November 2014

Edoardo Subert
(Manager in charge of financial reporting)

(signed on the original)