# Half-year financial statements
# as of June 30, 2015

*This document was issued originally in Italian, and it has been translated into English, solely for the convenience of international readers*

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**Board of Directors**

*(Until the approval of the December 31, 2016 Financial Statements)*

| *Name last name* | *Position* |
|---|---|
| Giovanni Andrea Farina | Chairman and Chief Executive Officer |
| Cesare Valenti | Managing director |
| Gabriele Brusa | Independent director |
| Giuseppe Parrello | Independent director |
| Claudia Palella | Independent director |

**Board of Statutory Auditors**

*(Until the approval of the December 31, 206 Financial Statements)*

| *Name Last name* | *Position* |
|---|---|
| Alessandro Antonelli | Chairman |
| Daniele Chiari | Member |
| Silvia Caporali | Member |

**Manager mandated to draft corporate accounting documents**

The board of directors named Sonia Passatempi (Administrative Manager of the Group) as the manager in charge of drafting corporate accounting documents for the Itway Group.

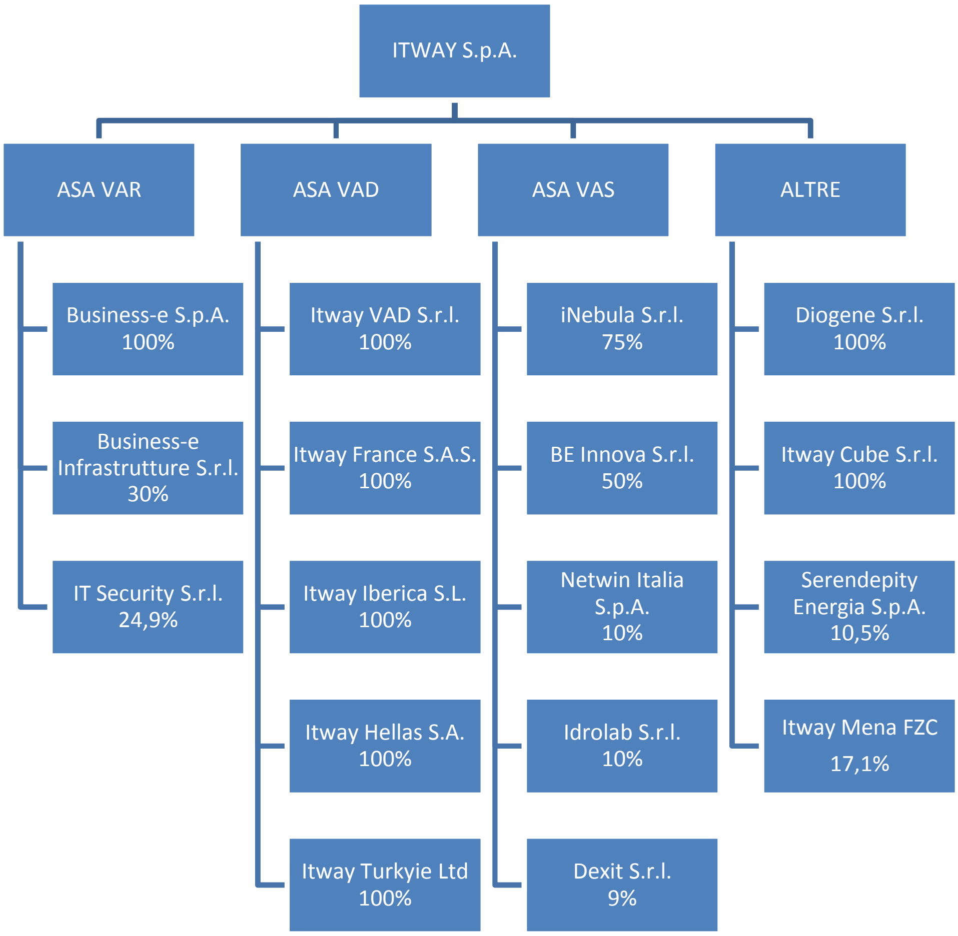
**Auditing Firm**

PricewaterhouseCoopers S.p.A.

The mandate to the auditing company was given by the ordinary shareholders meeting of January 11, 2010 for the nine year period ending with the approval of December 31, 2017 Financial Statements and, pursuant to current regulations, it cannot be renewed.

## Activities and Structure of the Group

Following is the structure of the Itway Group at June 30, 2015:




The parent Company does not have secondary headquarters but it is active with commercial offices in Milan, and Rome at the following addresses:

- Milan - Via A. Papa, 30
- Rome – Edoardo D'Onofrio 304.

The Itway Group operates in three main types of activities: the *core business* of Itway is value added distribution of *"best of breed"* software technology (the best among what is available, at all moments, on the market); it also offers services and consultancy aimed at training and supporting companies in the *e-business*, *e-security*, *Central Access Management*, *Internetworking* and *Wireless*. These sectors are in charge of the main Strategic Business Areas (SBU): the VAD SBU (*Value Added Distribution*) and the VAR SBU (*Value Added Reseller*) and the VAS SBU (*Value Added Services*). The VAD SBU also offers services for training, technical assistance and certification developed by Itway Academy, which is aimed at *Value Added Resellers* and *System Integrators*. The strong points of Itway are in its capability of offering, in a complementary manner, a broad array of software products and the consultancy support necessary to guarantee their use and integration. Furthermore, the Group has an excellent capability on focusing on and interacting with the client (*accounting*) and offers and excellent *training* that is tailor-made for the specific needs of each client. The VAR SBU manages all *Value Added Reseller*, *System Integration* and *Engineering* activities. The VAS SBU is in a *start—up* phase and handles the *Value Added Services* activities.

## Performance of the Group and the reference market

The accounting principles, the evaluation principles and the consolidation principles referred to in preparing the Half-year Financial Statements as of June 30, 2015 are, as in the previous fiscal year, the international accounting principles defined as IFRS. In particular, these principles require forward looking statements, as in the continuation of the current report, in particular in the section "Foreseeable Evolution of operations" and in detail in the explanatory Notes. In the context of the economic uncertainty illustrated below, please note that these forecasts have a component of risk and uncertainty. Therefore, it cannot be ruled out that in the near future the results achieved could be different from those forecast, therefore requiring revisions that today cannot be either estimated or forecasted.

At the end of the first semester 2015, the outlook for the economies where the Group operates is still not completely positive. The forecasts for Italy are still of a slight growth, while Greece, after the significant tension of the past months that prompted concerns of a Grexit, seems to be able to post a recovery, even though at a very slow pace. However, not everyone thinks this is the case and some fear that possible unrest in the Country is still possible. Our activities in Greece continue, however, with signs of improvement and with an increase in turnover and profitability. Turkey confirms to be once again a dynamic and expanding economy: following the elections won once again by Erdogan, with GDP seen up around 4% as GDP is held back by the tensions in European Union economies.

Having kept or increased market share and having maintained industrial profitability, which in the half year fell slightly but that based on the offer and the existing pipeline will translate into growth by the end of the year, in a period that is still not favourable has to be considered in a positive light.

A last note has to be reserved to the financial sector in the hope it is quickly proactive and that it returns to concretely assist the real economy and the corporate world.

Obviously, the above mentioned macroeconomic situation continues to impact the performance of financial markets with tension, especially in terms of funding costs.

For the Itway Group this, already for some time now, has translated into the need to support clients incurring a contraction in credit with payments that are ever more delayed while the main *vendors* are not inclined to take on the burden of the systemic crisis, especially on the Italian and Spanish markets, and in some cases even demand advance payments. In this situation the Group is continuing to take measures to contain payment conditions and to use more non-recourse factoring transactions. These measures have started to give some tangible results.

General context and performance of the ICT Market: Please refer to the considerations made in the Management Report in the consolidated financial statements to December 31, 2014, ahead of more recent data expected at the end of September/October 2015. There continues to be a general slowdown in the ICT market with still a contraction in Hardware that saw drops of 7-8%. The sectors in which the Group operates are those of Security, Virtualization and the newly created Cloud Computing, which are defined as "additional and innovative ICT components". While "traditional ICT components" are seeing a 6.5% drop, the "additional and innovative ICT component" sector is growing 4.8% (Assinform 10/2014 data for Italy and proportionally estimated for other Countries).

Market positioning: During the fiscal year the repositioning on new product distribution lines continued, with the aim of replacing lower-margin lines with higher value added ones that also allow a smaller use of working capital.

The positive performance of the US economy while the euro area is essentially and overall stagnating (and in recession in some countries) has led to a progressive weakening of the European currency versus the US one. During 2014 the €/USD rate went progressively from 1.38 in January 2014 to 1.21 in December 2014 to reach 1.06 in February and 1.13 to date. During 2014 this had significant effects on the gross margin of the companies of the Group, which is improving in the current semester Due to the reversal of this greater charge on final clients.

Group's industrial policy: In the general context indicated above, the industrial policy of the Group continued to focus on higher value added business lines like the VAR SBU and the VAS SBU. For the VAD SBU, the results of this policy, which can influence also the volumes generated, are underway despite the difficult overall conditions.

Following is the consolidated condensed Income Statements at June 30, 2015 compared with those of the same period a year earlier:

| In thousand of Euro | 30/06/2015 (6 month) | 30/06/2014 (6 months) |
|---|---|---|
| **Turnover** | | |
| Revenues | 39,616 | 36,782 |
| Other operating revenues | 841 | 1,317 |
| **Total Turnover** | **40,457** | **38,099** |
| **Operating Costs** | | |
| Cost of products | (31,185) | (27,795) |
| Personnel costs | (4,809) | (5,407) |
| Other costs and operating charges | (3,618) | (3,943) |
| **Total operating costs** | **(39,612)** | **(37,145)** |
| **Ebitda*** | **845** | **954** |
| Amortizations | (207) | (231) |
| **Ebit *** | **638** | **723** |
| Net financial charges | (919) | (839) |
| **Recurrent Pre-tax result** | **(281)** | **(116)** |
| Non-recurring charges | (126) | (43) |
| **Pre-tax Result** | **(407)** | **(159)** |
| **Taxes** | (33) | (194) |
| **Net result** | **(440)** | **(353)** |

**The definition of Ebtida and Ebit is given in the Notes of the consolidated Financial Statements attached to the current Report*

In the half-year ended June 30, 2015 revenues rose in volume terms some 6%while Ebitda was of 845 thousand Euro compared with 954 thousand Euro in the same period of 2014. Ebit and the pre-tax Result are of 638 thousand Euro and -407 thousand Euro at 30th June 2015, slightly below the levels posted in the same period of 2014. Some orders of products and the value of contracts that were booked in the budget and pipeline will be recorded in the second half of the year and will be enough not only for a recovery of the gross margin from the first half but to improve the result compared with the previous year.

Summing up, in line with the management adopted in these last years of severe crisis, the Itway Group at an industrial level positioned itself in the most effective way to contrast the macro-economic performance and to be ready for the pick-up in the economies of the Countries where it operates.

## Performance by segment of business: *Value Added Distribution*

Through the Value Added Distribution sector, the Group operates in the distribution of specialized software and hardware products, certification products on the software technologies distributed, and pre- and post-sales technical assistance services.

The clients are “*System Integrators*” and “*Value Added Resellers*” who sell products to the end-user.

Following is the brief income statement of the VAD SBU, compared with the values the previous fiscal year:

| In thousand of Euro | **30/06/2015 (6 months)** | **30/06/2014 (6 months)** |
|---|---|---|
| Total turnover | 31,305 | 30,069 |
| Ebitda* | 404 | 358 |
| Ebit* | 230 | 161 |
| Pretax result | (491) | (522) |
| Result for the period | (376) | (414) |

**The definition of Ebitda and Ebit is given in the Notes of the consolidated Financial Statements attached to the current Report*

For the first time in six quarters volumes increased slightly and there was also a pick-up in profitability. Following is the analysis by Country.

The Italian market, the most important one for the Group, is the one where the negative impact from the “Country situation” and from the reorganization of the distribution activities of some v*endors*; however the countermeasures put in place allowed volumes to keep firm.

The Turkish subsidiary achieved significant increases in volumes and margins, both in percentage terms and in absolute terms, maintaining a leadership in the IT security segment that, being out of the Euro area, confirms once again as having significant development prospects.

The Greek subsidiary continues on its path of slow growth and its performance is in line with budget despite the Country’s situation that is not easy.

The French subsidiary, which was restructured in the previous fiscal period, significantly reduced losses. All business lines have been closed and to date the subsidiary has a series of non-recurring costs related to the significant restructuring carried out in 2014.

The Iberian subsidiary after the restructuring that was completed in the past fiscal year ended the semester with revenues in line with the same period of last year and an Ebitda that is significantly better compared with the first half of 2014.

**Performance by segment of business: *Value Added Reseller SBU***

Through the *Value Added Reseller* SBU, the Group operates in the following market segments:

- Professional services and production of solutions and software technologies for e-business
- Distribution and integration of products and services for the logical security of information systems
- Professional services as *system integrators* and centralization of applications

Following is the brief income statement of the VAR SBU, compared with the values of the previous fiscal year:

| In thousand of Euro | 30/06/2015 (6 months) | 30/06/2014 (6 months) |
|---|---|---|
| Total turnover | 9,152 | 8,030 |
| Ebitda* | 441 | 597 |
| Ebit* | 408 | 562 |
| Pretax result | 84 | 363 |
| Net result | (65) | 61 |

**The definition of Ebitda and Ebit is given in the Notes of the consolidated Financial Statements attached to the current Report*

Business-e started to consolidate its acquired clients and added new significant partners to its portfolio. In the beginning of 2015 it sealed contracts with a solid increase in volumes but with lower profitability, which it counts on recovering and increasing the contribution margin in subsequent quarters. Mauro Nanni joined Business-e S.p.A. as a director. He boasts top-rated professional curriculum that will significantly broaden the management skills of the management and strategic body.

Sector performance: *Other sectors*

In 2013 the Itway Group entered into other sectors that are related to but do not coincide with the historical ones (VAD and VAR). These sectors do not yet make a relevant contribution to the consolidated results and therefore are not reported in the reporting by sector, but they are important in terms of strategy to strengthen the business segments.

The innovative sectors are:

- **Gaming** through an investment in a company that holds the concession granted by the Autonomous Administration of the State Monopolies. The investment of the Itway Group focuses, as an industrial partner, only on the technological support in carrying out and managing the information network to connect the installed gaming machines with the Financial Administration;

- **Cloud information services**: *Managed Services* for SMEs in network and *cloud* environment in the areas of *Security, Storage Management, Business Continuity, Green IT, Energy Recovery*, intelligent analysis of video-surveillance flows;
- **Assisted services in N+SOC and MSSP solutions** to check networks.

**Personnel**

The average number of employees of the Group in the first half of 2015 was of 208 units, with a net decrease of 13 units compared with the same period of the previous fiscal period. Following is the breakdown by category compared with the data of the previous fiscal period.

| | **30/06/2015** *Average data* | **30/06/2014** *Average data* | **Variation** | **30/06/2015** *Actual data* | **30/06/2014** *Actual data* | **Variation** |
|---|---|---|---|---|---|---|
| Managers | 8 | 9 | (1) | 9 | 9 | - |
| Mid-managers | 21 | 21 | - | 19 | 20 | (1) |
| Employees | 179 | 191 | (12) | 175 | 184 | (9) |
| **Total** | **208** | **221** | **(13)** | **203** | **213** | **(10)** |

## Net financial position

Following is the detailed net financial position toward the financial system:

| | **30/06/2015** | **31/12/2014** | **30/06/2014** |
|---|---|---|---|
| Cash on hands | 3,524 | 4,141 | 1,576 |
| Bank overdraft and loans | (20,064) | (19,562) | (17,504) |
| **Net current financial position** | **(16,540)** | **(15,421)** | **(15,928)** |
| Non current financial liabilities | (5,849) | (2,494) | (2,384) |
| **Total net financial position** | **(22,389)** | **(17,915)** | **(18,312)** |

The punctual level of indebtedness at the end of the period is related to the working capital performance in the same period that is in turn impacted both by factors that do not directly depend on the Group (like the timing of payments) and by the degree of non recourse factoring. In particular, to June 30, 2015 important payments for a total of over 1 million Euros were delayed and were received at the beginning of July 2015.

As part of a broader program aimed at diversifying the sources of liquidity procurement that brought the company to issue of commercial papers, as subsequently commented, the Group in the first semester of 2015 obtained from financial institutions that companies of the Group use significant medium-term funding that are included in the non current net financial position along with the medium-term debt towards a leasing company for the rent of the Milan offices of the Group. The increase in the non current net financial position is due to the payment of some 3.3 million Euros during the half-year.

On 2015, April 27 the placement of up to a cumulative 1 million Euro of *commercial paper* with a six month maturity began, It was completed in May 2015. This transaction is part of a broader plant to diversify the sources of liquidity procurement

The *commercial paper* program foresees issuance of up to Euro 10 million over the next 3/5 years and will allow the Itway Group to raise short term capital from institutional and professional investors. The financial instruments will be traded on the Professional Segment ExtraMOT Pro, managed by Borsa Italiana.

The first *commercial paper* of Itway, regulated by Law No. 43/1994 “Regulations of Financial Bills” as modified in Law No. 134/2012, will be issued on April 29, 2015 for a nominal Euro 1 milion, an annual interest rate of 4.20% and maturing October 31, 2015. The *commercial paper* also foresees a call option for an anticipated repayment, with a simultaneous premium to the investor. Borsa Italiana S.p.A. admitted the listing of this *commercial paper* on the Professional Segment (ExtraMOT PRO) of the ExtraMOT Market managed by Borsa Italiana.

Please refer to the Consolidated Financial Statements for a more detailed analysis of the accounting movements that generated the change in the Net Financial Position.

## Risk management

The Group is exposed to financial risks deriving from the economic situation at a global level; the Group uses, as a reference currency and for its purchasing and sales activities mainly the Euro and in a minor way the US Dollar and the Turkish lira. In order to analyze the financial risk management we refer to the consolidated Financial Statements Explanatory Notes.

Also, on August 5, 2015 CERVED Rating Agency S.p.a. affirmed the Company a B1.2 (solvent) rating, equivalent to BBB- from S&P and Baa3 from Moody’s. Other than what has been previously indicated, to date, there are no further significant events that took place following the end of the period.

## Foreseeable evolution of operations

There are no substantial changes compared with what was forecast in May 2015, when first quarter consolidated results to March 31, 2015 were drafted.

Despite some forecasts showed a timid recovery in 2014 in the Euro area, the latest estimates still indicate a substantial stagnation. For Italy and Spain a recovery, albeit modest, is expected.. For

Turkey (GDP +4%) the estimates are that the subsidary will to continue to consolidate its leadership position in the sector in the Country. In Greece, after the recent stand-off with the European Union, there are still uncertainties on when and how the Country will overcome the crisis while France for the moment no longer represents a reference market for the Group.

As already mentioned, in the first months of 2015 there was positive news coming out of Italy. In particular the news regarding investments in Innovation and Information Technology, finally, as other European Countries have already carried out or are carrying out. Investments in the Digital Agenda, which would be very important as it would bring significant savings to the Current Public Spending in favour of the efficiency of services

The Itway Group has been for some time now well positioned in value added markets like Security of information systems and Virtualization (VAD SBU, VAR SBU) and the new and emerging *Cloud Computing* (VAS SBU) and aims at continuing to operate in these sectors with a role of primary player in Southern Europe. Some markets like *Cloud Computing* are growing and the Group will act as a start-up player and as a concentrating element of initiatives underway through the growing VAS (Value Added Services) SBU in which the Group is making substantial investments.

In these markets we will work especially on increasing our market share also thanks to the introduction of new products and on recovering profitability. Along with these measures we will work on significantly containing net working capital.

**Significant, non-recurrent, atypical and/or unusual transactions**

In the half-year to June 30, 2015 there were no transactions that can be defined as significant, non-recurrent, atypical and/or unusual with third parties or among companies of the Group, as defined in Consob Communication of July 28, 2006, other than the non-current charges previously cited in Note 5 and 6.

**Relationship with related parties**

During the period, the Itway Group had commercial and financial relationships with related parties. These relationships were part of normal management activity, regulated at market conditions that are established by contract by the parties in line with the standard procedures. Following is a synthesis:

| In thousands of €uro | **Receivables** | **Payables** | **Costs** | **Revenues** |
|---|---|---|---|---|
| Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l. | 212 | - | - | 1 |
| Business-e S.p.A. vs Be Innova S.r.l. | 1.700 | 10 | - | 36 |
| **TOTAL** | **1,912** | **10** | **-** | **37** |

Itway S.p.A. directs and coordinates its subsidiaries in Italy. This activity consists in indicating the general strategic and operational direction of the Group, defining and adjusting the Organizational Model and elaborating the general policies to manage human and financial resources.

No company directs or coordinates Itway S.p.A.

**Research and Development activities**

During the period the research and development activity was brought forward in particular in the VAR and VAS areas.

**Own shares**

The parent company at June 30, 2015 owned No. 730,942 own shares (equal to 9.25% of share capital) for a nominal value of 365,471 Euro and a cost of purchase booked to the financial statements a reduction in shareholders' equity of some 41 thousand Euro; During the period 27,867 own shares were purchased (equal to 0.35% of share capital) for a nominal value of 13,934 Euro, as authorized by the Shareholders Meeting of Itway S.p.A.

Ravenna, August 28, 2015
For the Board of Directors

Chairman and CEO
G.Andrea Farina

# ITWAY GROUP

## HALF -YEAR CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2015

## CONSOLIDATED INCOME STATEMENT

| *Thousands of Euro* | | Helf year to | | | |
|---|---|---|---|---|---|
| | | June 2015, 30 | | | June 2014, 30 |
| | **Notes** | *Total* | *not recurrent* | *recurrent* | |
| Revenues* | 1 | 39,616 | | 39,616 | 36,782 |
| Other operating revenues | 2 | 841 | | 841 | 1,317 |
| Products | 3 | (31,185) | | (31,185) | (27,795) |
| Costs for services | 4 | (2,753) | | (2,753) | (2,925) |
| Personnel costs | 5 | (4,935) | (51) | (4,884) | (5,440) |
| Other operating expenses | 6 | (865) | (75) | (790) | (1,028) |
| **EBITDA** | | **719** | **(126)** | **845** | **911** |
| Depreciation and amortization | 7 | (207) | | (207) | (231) |
| **EBIT** | | **512** | **(126)** | **638** | **680** |
| Financial proceeds * | 8 | 74 | | 74 | 111 |
| Net financial charges | | (993) | | (993) | (950) |
| **Result before taxes** | | **(407)** | **(126)** | **(281)** | **(159)** |
| Taxes for the period | 9 | (33) | | (33) | (194) |
| **Result for the period from operations** | | **(440)** | **(126)** | **(314)** | **(353)** |
| Attributable to: | | | | | |
| Shareholders of the Parent Company | | (428) | | | (342) |
| Minority Interests | | (12) | | | (11) |
| **Result per share** | | | | | |
| From operations: | | | | | |
| Base | 10 | (0,06) | | | (0,05) |
| Diluted | | (0,06) | | | (0,05) |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *Thousands of Euro* | | Half year to | |
|---|---|---|---|
| | **Notes** | **30/06/15** | **30/06/14** |
| Result for the period | | (440) | (353) |
| Profit/Loss from the conversion of balance sheets of foreign subsidiary | | (120) | (17) |
| **Comprehensive result** | | **(560)** | **(370)** |
| Attributable to: | | | |
| Shareholders of the Parent Company | | (548) | (359) |
| Minority interest | | (12) | (11) |

* For the relationships with related parties, please see Note 32 “Information on related parties”

## CONSOLIDATED BALANCE SHEET

| *Thousands of Euro* | | | 30/06/15 | 31/12/14 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non current assets** | | | | |
| Property, plants and equipment | | 11 | 3,363 | 3,371 |
| Goodwill | | 12 | 8,294 | 8,294 |
| Other intangible assets | | 13 | 2,488 | 1,952 |
| Investments | | 14 | 2,095 | 1,884 |
| Deferred tax assets | | 15 | 2,165 | 1,876 |
| Other non current assets | | 16 | 149 | 195 |
| | ***Total*** | | **18,554** | **17,572** |
| **Current assets** | | | | |
| Inventories | | 17 | 3,655 | 3,678 |
| Account receivables - Trade * | | 18 | 45,075 | 49,262 |
| Other current assets * | | 19 | 2,770 | 2,749 |
| Cash on hand | | 20 | 3,524 | 4,141 |
| | ***Total*** | | **55,024** | **59,830** |
| **Total assets** | | | **73,578** | **77,402** |
| **NET EQUITY AND LIABILITIES** | | | | |
| **Share capital and reserves** | | | | |
| Share capital and reserves | | | 10,336 | 11,006 |
| Result for the period | | | (428) | (510) |
| **Total Net Equity of the Group** | | 21 | **9,908** | **10,496** |
| **Minority Interest** | | | (25) | (15) |
| **Total Net Equity** | | | **9,881** | **10,481** |
| **Non current liabilities** | | | | |
| Severance indemnity | | 22 | 985 | 1,002 |
| Provisions for risks and charges | | 23 | 166 | 166 |
| Deferred taxes liabilities | | 24 | 795 | 795 |
| Non current financial liabilities | | 25 | 5,849 | 2,494 |
| | ***Total*** | | **7,795** | **4,457** |
| **Current liabilities** | | | | |
| Bank overdraft | | 26 | 20,064 | 19,562 |
| Account payable – Trade * | | 27 | 28,649 | 34,829 |
| Tax payable | | 28 | 4,372 | 5,663 |
| Other current liabilities | | 29 | 2,817 | 2,410 |
| | ***Total*** | | **55,902** | **62,464** |
| **Total liabilities** | | | **63,697** | **66,921** |
| **Total Net Equity and liabilities** | | | **73,578** | **77,402** |

* For the relationships with related Parties, please see Note 32 of “information on related parties”

## Statement of Changes in the Consolidated Net Equity

The following table sums up the changes in the consolidated net equity:

| Thousand of Euro | Share capital | Own share reserve | Share premium reserve | Legal reserve | Voluntary reserve | Other reserves | Translation reserve | Result for the period | Net Equity of Group | Minority interest | Total Net Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Cumulated profit (loss) | | | | | | |
| **Balance at January 1, 2014** | **3,953** | **(612)** | **17,584** | **450** | **4,792** | **(10,353)** | **(228)** | **(2,898)** | **12,399** | **-** | **12,399** |
| Own shares | - | (287) | - | - | - | - | - | - | (287) | - | (287) |
| **Total operations with shareholders** | **-** | **(287)** | **-** | **-** | **-** | **-** | **-** | **-** | **(287)** | **-** | **(287)** |
| Allocation of the result for the year | - | - | - | - | - | (535) | - | 535 | - | - | - |
| Variation in consolidation area | - | - | - | - | - | - | - | - | - | 2 | 2 |
| **Result of the period** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(342)** | **(342)** | **(11)** | **(353)** |
| *Other components of Comprehensive Result at 30 June 2014:* | | | | | | | | | | | |
| Overall result | - | - | - | - | - | - | (17) | - | (17) | - | (17) |
| **Comprehensive result** | **-** | **-** | **-** | **-** | **-** | **-** | **(17)** | **(342)** | **(359)** | **(11)** | **(370)** |
| **Balance at June 30, 2014 Note 21** | **3,953** | **(899)** | **17,584** | **450** | **4,792** | **(13,788)** | **(627)** | **(342)** | **11,123** | **(9)** | **11,114** |

| Thousand of Euro | Share capital | Own share reserve | Share premium reserve | Legal reserve | Voluntary reserve | Other reserves | Translation reserve | Result for the period | Net Equity of Group | Minority interest | Total Net Equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Cumulated profit (loss) | | | | | | |
| **Balance at January 1, 2015** | **3,953** | **(1,131)** | **17,584** | **450** | **4,792** | **(14,022)** | **(621)** | **(510)** | **10,495** | **(13)** | **10,482** |
| Own shares | - | (41) | - | - | - | - | - | - | (41) | - | (41) |
| **Total operations with shareholders** | **-** | **(41)** | **-** | **-** | **-** | **-** | **-** | **-** | **(41)** | **-** | **(41)** |
| Allocation of the result for the year | - | - | - | - | - | (525) | - | 525 | - | - | - |
| **Result of the period** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(428)** | **(428)** | **(12)** | **(440)** |
| *Other components of Comprehensive Result at 30 June 2015:* | | | | | | | | | | | |
| Overall result | - | - | - | - | - | - | (120) | - | (120) | - | (120) |
| **Comprehensive result** | **-** | **-** | **-** | **-** | **-** | **-** | **(120)** | **(428)** | **(548)** | **(12)** | **(560)** |
| **Balance at June 30, 2015 Note 21** | **3,953** | **(1,172)** | **17,584** | **450** | **4,792** | **(14,022)** | **(741)** | **(938)** | **9,906** | **(25)** | **9,881** |

**Consolidated Cash Flow Statement**

| *Thousands of Euro* | **Jun 30, 2014** | **Dec, 31 2014** |
|---|---|---|
| Result for the period | (440) | (353) |
| ***Adjustments of items not affecting liquidity*** | | |
| Depreciation of tangible assets | 90 | 101 |
| Amortization of intangible assets | 117 | 130 |
| Accrual for severance indemnity and other net of payments to social security bodies | 167 | 253 |
| Change in non-current assets/liabilities | 187 | 187 |
| | (243) | (160) |
| ***Cash flow from operating activities, gross of the variation in capital of the fiscal period*** | **(122)** | **158** |
| Payments of severance indemnity | (204) | (206) |
| Change in trade receivables and other current assets | 4,000 | 11,346 |
| Change in inventories | 23 | 410 |
| Change in trade payables and other current liabilities | (7,064) | (10,161) |
| ***Cash flow from operations generated (absorbed) by changes in NWC*** | **(3,245)** | **1,389** |
| ***Cash flow from operations (A)*** | **(3,367)** | **1,547** |
| Purchase of tangible assets (net of assets sold) | (82) | (135) |
| Variation of financial non current liabilities | 3,355 | (247) |
| Investments in fixed assets (net of divestments) | (864) | (185) |
| ***Cash flow from investing activities (B)*** | **2,409** | **(567)** |
| Purchase of own shares | (41) | (286) |
| ***Cash flow from financing activities (C)*** | **(41)** | **(286)** |
| Net effect of foreign Exchange Variation* | (120) | (17) |
| ***Increase/(Decrease) of cash available and cash equivalents (A+B+C)*** | **(1,119)** | **677** |
| Bank overdraft net of cash on hand at the beginning of the period | (15,421) | (16,604) |
| Bank overdraft net of cash on hand at the end of the period | (16,540) | (15,928) |

The taxes paid in the period totalled 109 thousand Euro (96 thousand Euro in the previous half-year).
The financial charges paid in the period totalled 1,042 thousand Euro (912 thousand Euro in the previous half-year).

**EXPLANATORY NOTES TO THE 1st HALF CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2014**

**General information**

ITWAY S.p.A. (hereinafter the “Company” or “the Parent Company) is a public limited company with legal headquarters in Ravenna, in via Braille 15. The headquarter and the offices where the main activities of the Group are carried out are indicated hereinafter.

The ITWAY Group mainly operates in the distribution of information technology products (so-called Value Added Distribution) and offers a complete portfolio of services and technological solutions for the security of information and the management of the infrastructure (so-called *Value Added Reseller*). Furthermore, the VAS SBU, currently in a start-up phase, includes Value Added Services Activities.

**Criteria to prepare the Half-year Condensed Consolidated Financial Statements and Accounting Principles**

The Condensed Consolidated half-year Financial Statements of the Group are prepared in compliance with the IFRS international accounting standards issued by the International Accounting Standards Board (IASB) and approved by the European Community. The current half-year consolidated Financial Statement has been drafted in compliance with IAS 34 “Interim Reports”, as per article 154 ter of the TUF. The half-year consolidated Financial Statements therefore do not include all the information reported in the annual consolidated Financial Statements of the entire fiscal year.

**Presentation of the Financial Statements**

For an easier reading, the statements of this consolidated financial statements and data inserted in the Notes are expressed in thousands of Euro, unless otherwise indicated. In some cases the tables could be rounded down due to the fact they are expressed in thousands of Euro.

The Financial Statements tables are drafted in the following way:

- In the Balance Sheet, current and non-current assets are expressed separately. The consolidated Balance Sheet as at June 30, 2015 is compared with the December 31, 2014 one;

- In the Income Statement, the cost classification is carried out on the basis of its own nature. The income statement balances as of June 30, 2015 have been compared with those of the same period of the previous year. The overall consolidated income statement includes those changes in net equity that, not being pertinent to the transactions with shareholders, did not affect the result of the period;

- The indirect method was used for the Cash Flow Statement. The cash flow statement was presented for the reference semesters.

- EBITDA (gross operating result) is an economic indicator not defined in the International Accounting Standards. Ebitda is used by the management of the Company to monitor and assess the operational performance of the Company and of the Group. Management considers Ebitda an important parameter to measure the performance of the Group as it is not impacted by the volatility generated by the different criteria used to determine taxable income, by the amount and the characteristics of employed capital as well as the related amortization and depreciation policies. Ebitda is defined as Profit/Loss before amortizations of material and immaterial assets, depreciation of material and immaterial assets, accruals to cover losses of subsidiaries, financial charges and income and income taxes;
- EBIT (operating Result) is an economic indicator not defined in the International Accounting Standards and it is defined as the Profit/Loss before of depreciation of material and immaterial assets, accruals to cover losses of subsidiaries, financial charges and proceeds and income taxes.

**Consolidation criteria**

The Financial Statements include the Financial Statements of the parent company and of the companies that it controls as of June 30, 2015, approved by the respective Board of Directors with the opportune adjustments, where necessary, to make them consistent with the accounting principles of the parent company.

The full consolidation method can be summarized in the following way:

The subsidiaries purchased by the Group are booked at acquisition cost method, on the basis of which, according to what was established by IFRS 3 “Business Combinations”:

- assets and liabilities are measured at their acquisition-date fair value;
- the excess of cost of the acquisition, respect to the fair value of the stake attributable to the Group in net assets of the company purchased is booked as goodwill

Such goodwill, as will be later indicated in more detail, is periodically reviewed, at least once every fiscal year, to verify the recoverability through future cash flow generated by the same investment.

The higher values of the acquired assets and liabilities, since booked at the fair value on the date of their purchase, compared with the accounting values, are considered to accrue deferred taxes;

Profits and losses deriving from transaction between subsidiaries that have not yet been carried out on behalf of third parties, and the credits and debts, costs, revenues among consolidated companies were eliminated.

**Consolidation of foreign companies with exchange rates other than the Euro**

The balances of the foreign subsidiary Itway Turkiye expressed in Turkish lira are converted into Euro applying the end-period exchange rate for assets and liabilities. For the conversion of the income statement items the average exchange rate of the period is used. The differences in exchange rate emerging from the conversion are booked to the translation reserve of the consolidated net equity.

Following are the exchange rate used for the conversion in euro of the values of the company outside the Euro area:

| | June 30, 2015 | | December 31, 2014 | | June 30, 2014 | |
|---|---|---|---|---|---|---|
| | Average rate | End-period rate | Average rate | End-period rate | Average rate | End-period rate |
| New Turkish Lira | 2.86. | 3.00. | 2.91. | 2.83. | 2.97. | 2.90. |

**Perimeter of consolidation**

The Consolidated Financial Statements of the Itway Group include the data of the parent company Itway S.p.A, and all of its operating subsidiaries.

Following is a list of the companies consolidated with the full consolidation method:

| NAME | HEADQUARTERS | SHARE CAPITAL € | % of direct ownership | % of indirect ownership | % of overall ownership |
|---|---|---|---|---|---|
| Itwayvad S.r.l. | Via L. Braille,15, 48100 – Ravenna | 10.000 | 100% | - | 100% |
| Itway Iberica S.L. | Argenters 2, Cerdanyola del Vallès, Barcellona | 560.040 | 100% | - | 100% |
| Itway France S.A.S. | 4, Avenue Cely – Asniere sur Seine, Cedex | 100.000 | 100% | - | 100% |
| Itway Hellas S.A. | Agiou Ioannou Str , 10 Halandri – Athens | 846.368 | 100% | - | 100% |
| Itway Turkiye Ltd. | Eski Uscudar Yolu NO. 8/18 - Istanbul | 1.500.000 * | 100% | - | 100% |
| Itway Cube S.r.l. | Via L. Braille,15,– Ravenna | 10.000 | 100% | - | 100% |
| Diogene S.r.l. | Via V. Mazzola, 66 - Roma | 78.000 | 100% | - | 100% |
| Business-e S.p.A. | Via L. Braille, 15,– Ravenna | 1.001.084 | 100% | - | 100% |
| iNebula S.r.l. | Via L. Braille,15,– Ravenna | 10,000 | 75% | - | 75% |

** The value is expressed in the New Turkish Lira (YTL)*

The subsidiaries, assessed with the equity method, which coincides with the cost, as indicated below, are:

| NAME | HEADQUARTERS | SHARE CAPITAL € | % of direct ownership | % of indirect ownership | % of overall ownership |
|---|---|---|---|---|---|
| BE Innova S.r.l. | Via Cesare Battisti 26 –Trento (TN) | 20.000 | - | 50% | 50% |
| Be Infrastrutture S.r.l. | Via Trieste, 76– Ravenna | 100.000 | - | 30% | 30% |
| Itsecurity S.r.l. | Via A. De Gasperi, 320 – Bari | 20.000 | - | 24.9% | 24.9% |

The minority interests assessed with the cost method are:

| NAME | HEADQUARTERS | SHARE CAPITAL € | % of direct ownership | % of indirect ownership | % of overall ownership |
|---|---|---|---|---|---|
| Serendipity Energia S.p.A. | Piazza Bernini 2 – Ravenna | 1,117,758 | - | 10,5% | 10,5% |
| Dexit S.r.l. | Via G. Gilli 2 – Trento | 700,000 | 9% | - | 9% |
| Idrolab S.r.l. | Via dell'Arrigoni, 220 - Cesena FC | 52,500 | | 10% | 10% |
| Itway MENA FZC | PO Box 53314, HFZ, Sharjah, United Arab Emirates | 35.000* | - | 17,1% | 17,1% |
| Newtin Italia S.p.A. | Via Martiri Baffè, 2/A –Sant'Agata sul Santerno (RA) | 5,000,000 | - | 10% | 10% |

** The value is expressed in the Dirham degli Emirati Arabi Uniti (AED)*

Following are the subsidiaries not consolidated since it is not yet operational:

| NAME | HEADQUARTERS | SHARE CAPITAL € | % of direct ownership | % of indirect ownership | % of overall ownership |
|---|---|---|---|---|---|
| iNebula Tech | Via L. Braille 15, Ravenna | 10,000 | 100% | - | 100% |
| Itway RE S.r.l. | Via L. Braille 15, Ravenna | 10,000 | 100% | - | 100% |

## Use of estimates

The drafting of the condensed half-year consolidated financial statement, applying IFRS principles, requires making estimates and assumptions that have an effect on the value of assets and liabilities and on information regarding potential assets and liabilities to the reference date. The estimates and assumptions are based on the historical experience and on other factors that are considered to be relevant; the estimates and assumptions are periodically reviewed and the effects of each variation are reflected in the overall income statement.

The balance sheet item most subject to estimates is goodwill; during the period the management did not identify situations to prompt it to believe that there is a loss of value in items booked in total assets.

Following is the summary of the valuation processes and the estimates/assumptions deemed susceptible, should the forecasted events not take place, in full or in part, to producing potential significant effects on the economic and financial situation of the Itway Group.

## Main accounting principles

### Property, plant and equipment

Tangible assets are recognized at cost including accessory charges net of the relative accumulated depreciation.

Ordinary maintenance expenses are fully charged to the income statement. Costs for improvements, modernization and transformations of an enhancing nature are accounted as assets.

The accounting value of tangible assets is subject to review in order to detect possible losses in value either annually or when events or changes in the situation indicate that the carrying value can no longer be recovered (for details please see the following paragraph “loss of value – *impairment”).*

**Leasing** – Leasing contracts are classified as financial leasing when the terms of the contract are such as to substantially transfer all risks and benefits of ownership to the lessee. The assets that are subject to the lease contracts are recognized among property, plant, machinery and are posted as assets at their fair value at the date when they were purchased, or, if lower, to the current value of minimum payments owed for the lease contract, and are depreciated on the basis of their estimated useful life as for assets owned. The corresponding liability towards the lessor is included in the balance sheet. Payments for the lease are divided between the repayment of capital and debiting interest, charged to the income statement of the fiscal period.

Depreciation begins when assets are ready to be used. Property, plants and equipment are systematically depreciated on a straight basis on economic-technical rates that are deemed as representative of the residual possibility of using the assets, with the following indicated rates.

Goods made up of components, if significant amounts, with different useful lives are considered separately when determining depreciation.

Depreciation is calculated on a straight basis, as a function of the expected useful lives and of the relative assets, periodically reviewed if necessary, applying the following percentage annual rates:

| | |
|---|---|
| Property | 2% |
| Weighing equipment | 7.5% |
| Office furniture | 12% |
| Computers and electronic office equipment | 20% |
| Vehicles | 25% |
| Electronic telephone systems | 20% |

Profits and losses deriving from the sale or dismissal of assets are determined as a difference between revenue and the net book value of the asset and are booked in the income statement, respectively in other operating revenues and the other operating expenses.

### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is booked as an asset and is not amortized, but it is reviewed at least once a year to check that it did not incur loss of value (*impairment test)*, as indicated in the subsequent paragraph “Impairment”. Impairment losses are immediately booked to the income statement and not reversed successively.

Should a negative goodwill emerge, it would immediately be recognized in the income statement.

Such goodwill is allocated to cash-generating units represented by the single Legal Entities to which they refer.

**Intangible assets**

An intangible asset is booked only if it can be identified, it is probable that it will generate future economic benefits and its cost can be determined in a reliable way. Intangible assets are registered at the cost determined according to criteria indicated for tangible assets. Should it be estimated that the assets have a defined useful life then they are amortized systematically during the estimated useful life and the amortization starts from the moment in which the assets are ready for use or in any case from when they start producing economic benefits for the company.
The costs incurred to develop products are capitalized when the technical feasibility and the technical capability of the Group to complete the intangible asset are proven, when there is the intention to complete it for future use or sale and when there is the capability of using or selling the intangible asset.
Eventual incurred costs for intangible assets are booked to the income statement in the fiscal period when they are incurred, should they not satisfy the above mentioned criteria.

Following is the useful life generally attributed to the different asset categories:

- Software licenses and similar rights: on the basis of the estimate of the period in which they
- will be used by the company;
- Brands: 10 fiscal years;
- Development costs: 3-5 fiscal years;
- Other intangible assets: 3 fiscal years.

**Impairment**

At least once per year, but at the end of each fiscal year, the Group reviews the book value of its tangible and intangible assets to determine if there are indications that these assets incurred in impairment. Should such indications emerge, the amount that can be recovered is estimated in order to determine the amount of impairment loss. Should it not be possible to determine individually the recoverable value of an asset, the Group carries out an estimate of the recoverable value of the cash generating unit to which the asset belongs.

During the semester there were no impairment indicators to make it necessary to carry out an impairment test.

The recoverable value is the higher amongst the net selling price and the value in use. The value in use is defined based on the actualization of future cash flows expected from the use of the good or from cash generating unit to which the asset belongs, discounted using an interest rate, net of taxes, that reflects the current money market value and the specific risks of the assets. The cash generating units have been identified consistently with the organizational and business structure of the Group, as homogeneous groupings that autonomously generate cash flows deriving from the constant use of assets.

If the recoverable amount of an asset (or of a cash generating unit) is estimated to be lower than the carrying value, the carrying value of the asset is reduced to the lower recoverable value. The loss of value is charged to the income statement.

When a devaluation no longer has reason to be maintained, the carrying value of the asset (or of the cash generating unit), with the exception of goodwill, is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the book value that the asset would have had if there had been no impairment, net of depreciation that would have had to be calculated before the previous impairment. The reversal of the value is booked to the income statement.

**Investments in minority interests**

Group’s investments in minority interests are accounted using the equity method.

The Group’s investments in other companies are initially booked on a cost basis and then adjusted to the fair value at the balance sheet date, crediting/debiting in the consolidated income statement. Should the share price in an active market not be available and the fair value not able to be determined in a reliable manner, then they are valued on a cost of purchase basis, since it represents the best approximation of the fair value.

**Inventories**

Inventories are recognized as the lower of cost and market. Cost is determined, when possible at the specific purchasing cost or otherwise, using the average weighted cost method. The purchase costs include the additional charges incurred to bring the stock in the current place or in the current conditions. Market is determined based on current selling value of the inventory at the end of the fiscal year minus the estimated necessary costs to sell the asset.

The value of obsolete and slow moving stock is devalued in relation to the possibility of using or selling, through accrual of an *ad hoc* provision.

**Account receivables:**

- **Trade receivables**
  Trade receivables are recognized at the nominal value reduced by an adequate provision to reflect the estimate of the presumed losses on receivables, considering also a punctual analysis of the expired positions. When due to the allowed terms of payment there is a financial transaction, the receivables are discounted at the current value, booking the discount as an accrual basis in the income statement.
  Sale of receivables without recourse for which all risks and benefits are transferred to the factor, determines the elimination of the receivables from assets.

- **Contract works in progress**
  When the result of a multi-year order can be reasonably estimated, work in progress is assessed according to the stage of completion (measured trough the so-called cost to cost), so as to book revenues and the results on accrual basis in the different fiscal periods on stage of completion. The

positive or negative difference between the value of the contracts and the advanced payments is booked respectively to the assets or liabilities in the balance sheet.
When the result of an order cannot be reasonably estimated, it is valued at recoverable costs (zero profit method). The costs of the order are charged to income statement when incurred.
When it is probable that the total costs of the order are higher than the contractual revenues, the expected loss is immediately charged as a cost through a provision to a specific fund.

**Cash on hand**

Cash on hand includes petty cash, current accounts and deposits that can be refunded upon request, which can easily be converted in cash and are subject to an insignificant risk of changes in value. They are booked at their nominal value.

**Own shares**

Own shares are stated at the purchase cost and reported debiting net equity. The economic effects deriving from possible subsequent sales are recognized as an increase in net equity.

**Non-current financial liabilities**

Financial liabilities are initially recognized at a cost basis, which corresponds to the fair value of the received amount, net of transaction costs that are directly attributed to the borrowing. Afterwards, borrowings are assessed with the criteria of the cost amortized using the effective interest rate method.

**Employee benefits**

Liabilities related to defined benefit plans (including severance pay for the quota matured before January 1, 2007) are calculated net of eventual assets serving the plan on the basis of actuarial hypothesis and on an accrual basis, coherently with the employment necessary to obtain the benefit; the liability is assessed by independent actuaries. The value of the actuarial profits and losses is booked in the other components of comprehensive income. Following Financial Law No. 296 of December 27, 2006, for companies with over 50 employees the severance indemnity accrued from January 1, 2007 is considered a defined benefit plan.

**Accruals for risks and charges**

Accruals are booked when the Group has a real obligation as a result of a past event and it is probable that it will be asked to uphold this obligation. Provisions are allocated on the basis of the best estimate of costs requested to fulfill the obligation at the end of the fiscal year and are actualized, when there is a significant impact. In this case, provisions are determined actualizing future expected cash flows at an interest rate before taxes that reflects the current money market over time; the increase of the accrual with the passing of time is booked to the income statement at the "interest charges" line.

**Accounts payable – Trade**

Payables are recognized at a nominal value. When, owing to the agreed payment terms there is a financial transaction, debts are booked at their current value, attributing the discount as financial cost on an accrual basis.

**Other current liabilities**

Refers to reports of different nature and are recognized at their nominal value.

**Derivatives**

Derivatives are solely used to cover exchange rate risk and relating liabilities are booked at fair value. Derivatives are classified as hedging instruments since formally documented and their effectiveness, periodically verified, is high.

The variations in fair value of hedging derivatives, formally not satisfying the accounting conditions for hedge accounting, are booked to the income statement.

**Revenue recognition**

Revenues are booked for the amount of the benefits that the Group will probably gain and for the amount that can be reliably determined. Following are the specific criteria that have to be respected before booking revenues to the income statement:

*Sale of goods* – the revenue is recognized when all related risks and benefits associated with the ownership of the good are transferred to the buyer. In the specific case of the sale of licenses with activation keys, revenue is recognized when activation code is transmitted to the client. For tangible goods, the revenue is normally recognized at shipping of the good.

*Services* – Revenues deriving from services are booked depending on the stage of completion of the relative order, measured by the cost-to-cost method, as indicated above.

*Interest* – is posted on an accrual basis.

*Dividends* – dividends are booked when the right to receive payment is established.

**Costs**

Costs and other operating charges are booked in the income statement when they are incurred, on an accrual basis and in correlation to revenues, when they do not produce future economic benefits or they do not have the prerequisites to be booked as assets in the balance sheet. Financial charges are booked on an accrual basis as a function of time using the effective interest rate.

**Income Taxes**

*Current taxes*

The parent company Itway S.p.A. and the Italian subsidiaries exercised the option for the so-called domestic tax consolidation scheme as per articles 117 and following of the DPR 917/86 (TUIR) that allows determining the income tax on the basis of taxable income that is the algebraic sum of the single companies. The economic relationship, the responsibility and the reciprocal obligations, between the Parent Company and the subsidiaries are defined in the “regulation of the consolidation for the companies of the Itway Group”.

The current income taxes are calculated based on the best estimate of the taxable income, in relation to current legislation in the Countries where the Group operates.

*Deferred taxes*
Deferred and prepaid taxes are calculated using the liability method, based on the time differences resulting, at the Financial Statements closing date, on the timing differences from the value of assets and liabilities posted in the balance sheet and the corresponding values recognized for tax purposes.

Active deferred taxes are posted against all timing deductible differences, and for tax losses carried forward, in the amount they are recoverable by future taxable income. The value of deferred tax assets is reviewed at the closing of each fiscal year and reduced if not recoverable. In particular, in determining the future taxable income, the forecasts of the Budget and multi-year Business Plans used for the impairment tests were used.

Deferred and prepaid taxes are calculated based on the tax rates that are forecast to be used in the fiscal year in which such activities will be reversed for tax purposes, taking into account existing tax rates or those it is foreseeable will be in force.

**Foreign currency transactions**

The functional currency of the Itway Group is Euro, which is also used for presentation purposes. Foreign exchange transactions initially are booked at the exchange rate at the date of the transaction. Assets and liabilities in foreign exchange are booked at the reference exchange rate at the fiscal year closing and the relative profits and losses are booked in the income statement.

The assets booked at the historical cost in foreign currency are converted using the exchange rate in force on the first date of the transaction.

**Earnings per share**

The base earnings per share is represented by the net result of the fiscal period that can be attributed to owners of ordinary shares considering the weighted average of ordinary shares outstanding in the fiscal year.

The diluted earnings per share is calculated on the weighted average of the shares outstanding, considering all potential ordinary shares with a dilution effect (ex. issuance of option rights, warrants, etc).

**Relevants accounting principles**

The accounting principles adopted in the consolidated financial statements are line with those adopted to draft the annual financial statements of the Group for the period ended December 31, 2014, with the exception of the adoption of new principles and interpretations that could be applied from January 1, 2015 and are listed below.

| EU endorsement regulation | Title |
|---|---|
| (EU) Regulation 1361/2014 | EU Commission Regulation 1361/2014 dated December 18, 2018 published in the Official |

Journal L. 365 on December 19, 2014, adopts an annual improvement cycle to IFRS for 2011-2013. The objective of the annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle that began in 2011 on areas of inconsistency in IFRS or where clarification of wording is required. Amendments to IFRS 3 and 13 are clarifications or corrections to the respective standards. Amendments to IAS 40 involve changes to the existing requirements or additional guidance on the implementation of those requirements.
The Company does not deem that the adoption of the new principle had relevant effects on the half-year condensed consolidated financial statements of the Group.

### Accounting principles, amendments and interpretations that are still not applicable and that the Group did not adopt in a pre-emptive manner

The following table lists the International accounting principles or amendments of already existing principles that come into force in a mandatory way from January 1, 2016 or subsequently (should the financial statements coincide with the calendar year). The group chose not to adopt these principles in a pre-emptive manner.

| EU Endorsement | Title | In force from the fiscal period starting: |
|---|---|---|
| (EU) Regulation 2015/29 | EU Regulation 2015/29 of the EU Commission dated December 17, 2014 published in the Official Journal L5 on January 9, adopts Amendments to IAS 19 – Defined benefits plans – employee contribution. The changes aim to simplify and clarify the accounting of employee or third party benefits. related to defined benefit. | Companies apply the amendments, at the latest, starting from the beginning of their first fiscal period that starts on February 1, 2015 or subsequently |
| (EU) Regulation 2015/28 | EU Regulation 2015/28 of the EU Commission dated December 17, 2014 published in the Official Journal L5 on January 9 adopts the Annual improvements cycle to IFRS 2010-2012 The aim of the annual improvements is to address non-urgent but necessary issues discussed | Companies must apply the amendments at the latest starting from the beginning of their first fiscal period that starts February 1, 2015 or subsequently |

by IASB during the project cycle that began in 2011 on areas of inconsistency found in IFRS or where clarification of the wording was required. The amendments to IFRS 8 and IAS 16, 24, and 38 are clarifications or corrections to the respective standards. The amendments to IFRS 2 and 3 involve changes to the existing requirements and further indications on their application.

During the fiscal period, IASB amended some IAS/IFRS principles that were previously issued and published new International accounting principles.
In particular on May 19, 2015 IASB published ED –Effective date of IFRS 15 – Revenue from contracts with customers, which proposes to defer by one year the entry into force of the principle. The new principle replaces IAS 11 and 18, IFRIC 13, 15 and 18, SIC 31 starting from January 1, 2018. It introduces new rules for Revenue Recognition (with a potential impact on the share of revenues to book to the Financial Statements, on the processes of revenue recognition and the related procedures, on commercial offers, internal control processes, tax, etc), as well as new and more detailed disclosure obligations. Furthermore, the application of the principle will require, in the case of a fully retrospective approach, to expose at least one comparative period and in any case a preliminary detailed analysis of the structure of one's sales contracts

The Itway Group will adopt these new principles, amendments and interpretations on the basis of the foreseen application date and will assess their potential impact when these will be endorsed by the European Union.

### Other information

With regards to the Consob information request regarding significant transactions and balances with related parties, please not that these related parties, in addition to being highlighted in an ad hoc Note, if significant they are indicated separately in the financial statements schemes.

## 1. Revenues

Revenues to June 30, 2015 totaled Euro 39,616 thousand and were comprised of:

| | Semester ending | | |
|---|---|---|---|
| Thousands of Euro | **30/06/2015** | **30/06/2014** | **Change** |
| Revenues from the sale of products | 32,408 | 30,573 | 1,835 |
| Revenues from services | 7,208 | 6,209 | 999 |
| **Total** | **39,616** | **36,782** | **2,834** |

ITWAY Group mainly operates in the distribution of information products (hardware and software) and offers a complete portfolio of services and technological solutions for the security of information and to manage IT infrastructures.
Information on the revenue increase is included in the Management Report.

## 2. Other operating revenues

Other operating revenues at June 30, 2015 totaled Euro 841 thousand (Euro 1,317 thousand as of June 30, 2014) and mainly refer to different proceeds and advertising and marketing contribution given from suppliers for marketing and co-marketing activities carried out during the period. These contributions are included in the main distribution contracts.

## 3. Cost for products (net of changes in inventories)

Following is the breakdown:

| | Semester ending | | |
|---|---|---|---|
| Thousands of Euro | **30/06/2015** | **30/06/2014** | **Change** |
| Purchase of products | 30,106 | 26,627 | 3,479 |
| Cost for resold services | 906 | 930 | (24) |
| Additional charges for purchases (transportation) | 73 | 113 | (40) |
| Other purchases of consumption material and miscellaneous | 100 | 125 | (25) |
| **Total** | **31,185** | **27,795** | **3,390** |

In the Purchase of Products item the increase is related in a more than proportional manner to the trend of sales volumes.

## 4. Cost for services

Following is the breakdown:

| Thousands of Euro | Semester ending | | |
|---|---|---|---|
| | **30/06/2015** | **30/06/2014** | **Change** |
| Consultancy and collaborators | 443 | 507 | (64) |
| Advertising and trade expositions | 315 | 377 | (62) |
| Travel and representation | 400 | 453 | (53) |
| Directors' remunerations of the parent company and social charges | 240 | 216 | 24 |
| Directors' remunerations of subsidiaries and social charges | 45 | 58 | (13) |
| Auditing company fees | 103 | 99 | 4 |
| Agents | 127 | 116 | 11 |
| Utilities | 122 | 150 | (28) |
| Services, courses and client assistance | 286 | 360 | (74) |
| Insurance | 166 | 116 | 50 |
| Specialist costs, IR and securities service | 68 | 47 | 21 |
| Compensation for statutory Auditors | 51 | 52 | (1) |
| Other expenses and services | 386 | 374 | 12 |
| Total | **2.753** | **2.925** | **(172)** |

## 5. Personnel costs

Following is the breakdown, compared with the previous period:

| | Semester ending | | |
|---|---|---|---|
| Thousands of Euro | **30/06/2015** | **30/06/2014** | **Change** |
| Salaries | 3,699 | 3,792 | (93) |
| Social charges | 1,102 | 1,178 | (76) |
| Accrual for Severance Indemnity | 203 | 193 | 10 |
| Other costs | 173 | 277 | (104) |
| Capitalized personnel cost | (242) | - | (242) |
| **Total** | **4,935** | **5,440** | **(505)** |

The following table highlights the average consistency of the number of employees per category, compared with the same period of the previous fiscal year, as well as that to June 30, 2015:

| | 30/06/2015 *Avg Number* | 30/06/2014 *Avg Number* | Change | 30/06/2015 *Actual* | 30/06/2014 *Actual* | Change |
|---|---|---|---|---|---|---|
| Managers | 8 | 9 | (1) | 9 | 9 | - |
| Mid-managers | 21 | 21 | - | 19 | 20 | (1) |
| Employees | 179 | 191 | (12) | 175 | 184 | (9) |
| **Total** | **208** | **221** | **(13)** | **203** | **213** | **(10)** |

The non-recurring restructuring charges included in this item for the first semester 2015 total Euro 51 thousand.

## 6. Other operating expenses

Following is the breakdown of the other operating expenses in the two periods:

| Thousand of Euro | **Semester ending** 30/06/15 | 30/06/14 | **Change** |
|---|---|---|---|
| Rent for lease, offices and vehicles | 483 | 681 | (198) |
| Allowance for doubtful accounts | 220 | 154 | 66 |
| Other | 162 | 193 | (31) |
| **Total** | **865** | **1.028** | **(163)** |

The other charges item includes 75 thousand Euro of non-recurring charges in the first half of 2015 for a legal proceeding against a company of the Group

## 7. Depreciation and Amortization

Following is the breakdown of the depreciation and amortization compared with the previous fiscal period:

| Thousands of Euro | **Semester ending** 30/06/2015 | 30/06/2014 | **Change** |
|---|---|---|---|
| Depreciation of tangible assets | 90 | 101 | (11) |
| Amortization on intangible assets | 117 | 130 | (13) |
| **Total** | **207** | **231** | **(24)** |

## 8. Interest income and expenses

Following is the breakdown of interest income and expenses:

| Thousands of Euro | Semester ending 30/06/15 | Semester ending 30/06/14 | Change |
|---|---|---|---|
| Dividends from minority company | 36 | 42 | (6) |
| Other income | 38 | 69 | (31) |
| **Total financial income** | **74** | **111** | **(37)** |
| Interest charges towards Financial Institutions | (748) | (716) | (32) |
| Interest charges towards leasing companies | (34) | (27) | (7) |
| Bank commissions | (218) | (153) | (65) |
| Profit and (losses on Exchange rates) | 7 | (54) | 61 |
| **Total financial charges** | **(993)** | **(950)** | **(43)** |

## 9. Income taxes

Income taxes include the IRES and IRAP tax for the Italian companies of the Group and income taxes in other Countries, headquarters of the foreign subsidiaries of the Group. The high tax rate on the pretax result is mainly determined by IRAP, which is not correlated to the pretax result, but to the labor costs and interest.

## 10. Result per share

The base result per share relative to the first semester of 2015, of a negative Euro 0.06, was calculated by dividing the loss for the semester attributable to the Group by the weighted average number of outstanding Itway shares in the semester, excluding own shares.
The weighted average number of outstanding shares is of 7,177,726.

| Thousands of Euro | Semester ending 30/06/15 | Semester ending 30/06/ 14 |
|---|---|---|
| Net result | (440) | (353) |
| Weighted average number of shares outstanding | 7,177,726 | 7,409,323 |
| Result per share in Euro: | | |
| - Base | (0.06) | (0.05) |
| - Diluted | (0.06) | (0.05) |

There are no elements that bring about a dilution of the number of outstanding shares; therefore the base result coincides with the diluted one.

## 11. Property, plants and equipment

Property, plants and equipment are expressed net of accumulated depreciation with the following breakdown:

| Thousands of Euro | **Property** | **Equipment and plants** | **Industrial and commercial equipment** | **Other goods** | **Total** |
|---|---|---|---|---|---|
| Acquisition cost | 3,326 | 244 | 11 | 3,927 | 7,508 |
| **Balance as at 31.12.2014** | **3,326** | **244** | **11** | **3,927** | **7,508** |
| Increases | - | 6 | - | 76 | 82 |
| Decreases | - | - | - | - | - |
| **Balance as at 30.06.2015** | **3,326** | **250** | **11** | **4,003** | **7,590** |
| Accrued amortizations | 397 | 233 | 11 | 3,496 | 4,137 |
| **Balance at 31.12.2014** | **397** | **233** | **11** | **3,496** | **4,137** |
| Accumulated depreciations | 31 | 2 | - | 57 | 90 |
| Decreases of the period | - | - | - | - | - |
| **Balance as at 30.06.2015** | **428** | **235** | **11** | **3,553** | **4,227** |
| **Net value** | | | | | |
| As at December, 31 2014 | 2,929 | 11 | - | 431 | 3,371 |
| **As at June, 30 2015** | **2,898** | **15** | **-** | **450** | **3,363** |

The investments booked in the first semester of 2015 are mainly related to the purchase of computers, network servers and telephone systems.

Property reflects the offices in Milan, purchased in October 2008 through a financial leasing contract with an 18 year duration booked at a value including directly attributable costs. The relative residual debt is mainly booked as non current liability (Note 25).

## 12. Goodwill

Following is the breakdown of goodwill, broke down by *Cash Generating Unit*, as identified by the Group Management:

| Thousands of Euro | **30/06/15** | **30/06/14** |
|---|---|---|
| Business-e | 3,284 | 3,284 |
| Itway Iberica | 2,977 | 2,977 |
| Itway Hellas | 1,843 | 1,843 |
| Other minor | 191 | 191 |
| **Total** | **8,294** | **8,294** |

All goodwill was subject to impairment tests on December 31, 2014.

The impairment test was not updated as of June 30, 2015 because the Directors expect to maintain the objectives of the business plan in the full 2015 fiscal year, so as to avoid impairment loss.

## 13. Other intangible assets

Following is the breakdown of other intangible assets:

| Thousands of Euro | **Development costs** | **Patent rights** | **Other** | **Assets under development** | **Total** |
|---|---|---|---|---|---|
| Acquisistion cost | 795 | 1,556 | 4,399 | 1,098 | 7,848 |
| **Balances as at 31.12.2014** | **795** | **1,556** | **4,399** | **1,098** | **7,848** |
| Increases and reclassifications | - | - | 103 | 550 | 653 |
| **Balances as at 30.06.2015** | **795** | **1,556** | **4,502** | **1,648** | **8,501** |
| Accrued amortization | 794 | 1,556 | 3,546 | - | 5,896 |
| **Balances as at 31.12.2014** | **794** | **1,556** | **3,546** | **-** | **5,896** |
| Amortization for the period | 1 | - | 116 | - | 117 |
| **Balances as at 30.06.2015** | **795** | **1,556** | **3,662** | **-** | **6,013** |
| Net value: | | | | | |
| As at December, 31 2014 | 1 | - | 853 | 1,098 | 1,952 |
| **As at June, 30 2015** | **-** | **-** | **840** | **1,648** | **2,488** |

The increase in Work in Progress refers to investments, the cost of which is deemed reliable, in development activities in particular in the VAR and VAS areas from which the Group expects significant economic returns in the near future and which the Group expects will be both feasible and economically and technically possible to complete.

The amortization will begin in the next fiscal periods from the moment in which the assets will start producing economic benefits for the company.

## 14. Investments

Following are the minority interests as of June 30, 2015:

- **Business-e Innova S.r.l. (formerly Business-e Trentino S.r.l.)** as of June 30, 2015 this investment was valued with the equity method, which broadly coincides with the cost;

- **Business-e Infrastrutture S.r.l.**, controlled by Cooperativa Muratori Cementisti – CMC, has the objective of supplying information technology in the construction sector. Business-e S.p.A. owns 30% of the share capital: as at June 30, 2015 this investment was valued with the equity method, which substantially coincides with the cost since this company's main mission is to supply services at a cost basis to the majority shareholder;

- **Dexit S.r.l.**, which operates in the IT services sector for the public administration; the 9% interest is valued at its cost;

- **Itsecurity S.r.l.,** incorporated at the end of 2010, and is 24.9% controlled by the Group. Its mission is to preside over the logical security system market in the South of Italy;

- **Serendipity Energia S.p.A.** is 10.5% controlled by the Group through the Business-e S.p.A. subsidiary. Its mission is to ensure the part of development of remote control over alternative energy plants that the subsidiary will build;

- **Netwin Italia S.p.A.,** with a stake of 10% held by subsidiary Business-e S.p.A., is a company operating in legal gambling, started its operation in the semester, and the main part of the gambling machines are operating under the net furnished by Business-e S.p.A.;

- **iNebula Tech S.r.l.,** fully owned by the Parent Company, is still not operating.

- **Idrolab S.r.l.,** with a stake of 10% held by the subsidiary Business-e S.p.A., is the company that operates in the management of data in the thermal, water and health sector; the investments was purchased during the first semester 2015;

- **Itway Mena FZC, 17**.1% controlled by Itway Vad S.r.l.. It was constituted at the end of October 2014 thanks to the partnership with Libanica that led the Group, after an in-depth study, to commit to a Partnership in the United Arab Emirates, in Dubai-Sharjah. Exploiting the geopolitical knowledge and techniques of Libanica, and the technical and specialist skills of Itway, the Company will expand on Middle Eastern and North African (MENA) markets.

- **Itway RE S.r.l.,** fully controlled by the Parent Company, is not yet operational.

### 15. Prepaid taxes

Prepaid taxes total Euro 2,165 thousand (Euro 1,876 thousand as at December 31, 2014) and mainly represent deferred assets calculated on taxed accruals, from foreign subsidiaries' losses of previous years carried forward and amortization that temporarily cannot be deducted, which the Group expects to recover through profitability if future fiscal periods.

### 16. Other non current assets

The other non current assets as at June 30, 2015 total Euro 149 thousand (Euro 195 thousand to December 31, 2014) and refer to deposits.

### 17. Inventories

Inventories, on June 30, 2015 totalled Euro 3,655 thousand (Euro 3,678 thousand to December 31, 2014), net of the accruals of Euro 371 thousand (Euro 371 thousand to December 31, 2014).

The reduction in value of inventories is connected to the reduction in volumes purchased and products sold.

### 18. Account receivables – Trade

Trade receivables as at June 30, 2015, all short-term, totalled Euro 45,075 thousand (Euro 49,262 thousand to December 31, 2014). The value is expressed net of the allowance for doubtful accounts that as at June 30, 2015 stood at Euro 2,361 thousand (Euro 2,469 thousand to December 31, 2014). Such allowances are considered congruous compared with the insolvency risks of the existing receivables.

Trade receivables also include assets for work in progress on contracts for Euro 14,287 thousand on June 30, 2015 (Euro 13,245 thousand to December 31, 2014).

Following are the movements in the allowance for doubtful accounts:

| Thousands of Euro | **30/06/2015** | **31/12/201** |
|---|---|---|
| **Initial allowance** | **2,469** | **2,900** |
| Accrual | 167 | 373 |
| Utilization | (275) | (804) |
| **Final allowance** | **2,361** | **2,469** |

Following is the breakdown of the composition of trade receivables at the reference dates:

| Thousands of euro | **30/06/2015** | **31/12/2014** |
|---|---|---|
| Maturing | 37,148 | 42,740 |
| Expired up to 30 days | 1,277 | 1,176 |
| Expired from 30 to 60 days | 1,001 | 745 |
| Expired > 60 days | 5,649 | 4,601 |
| **Total net receivables** | **45,075** | **49,262** |

### 19. Other current assets

Following is the breakdown of other current assets:

| Thousands of Euro | **30/06/2015** | **31/12/2014** | **Changes** |
|---|---|---|---|
| Tax receivables | 1,152 | 1,332 | (180) |
| Other receivables | 1,071 | 1,109 | (38) |
| Accruals and deferrals | 547 | 308 | 239 |
| **Total** | **2,770** | **2,749** | **21** |

### 20. Cash on hand

This item is mainly comprised of short-term deposits remunerated at market rates. Foreign currency accounts are valued with the exchange rate at the end of the period.

## 21. Net Equity

### Share capital

Share capital of the parent company on June 30, 2015, fully paid, is represented by No. 7,905,318 ordinary shares for a nominal value of Euro 0.5 each, equal to Euro 3,952,659.

### Own share reserve

This reserve includes the purchase cost of own shares to the date of the current half-year financial statements.

The "Other reserve" item is comprised of:

### Share premium

As at June 30, 2015 it totals Euro 17,584 thousand, unchanged from December 31, 2014.

### Accumulated profits (losses)

This item is comprised of, in addition to the reserves indicated below, also of reserves for results carried forward, of the reserve generated from the adoption of IFRS and, highlighted separately, of the translation reserve generated from the conversion into Euro of balance sheets expressed in currencies that are different from the one used by the Group.

### Legal reserve

As of June 30, 2015 it stands at Euro 450 thousand, unchanged in respect of December 31, 2014.

### Voluntary reserve

As of June 30, 2015 it stands at Euro 4,792 thousand, unchanged in respect of December 31, 2014.

## 22. Severance Indemnity

This item is represented by the severance indemnity pay only to the Italian companies of the Group.

Following are the transfers: among the uses please note the transfers to pension funds and to the INPS treasury fund.

| Thousands of Euro | **31/12/2014** | **Accrual** | **Utilization** | **Payments as per law No. 296/2006** | **30/06/2015** |
|---|---|---|---|---|---|
| Employee benefits | 1,002 | 187 | (94) | (110) | 985 |
| **Total** | **1,002** | **187** | **(94)** | **(110)** | **985** |

## 23. Provisions for risks and charges

Provisions for risks and charges of Euro 166 thousand to June 30, 2015 (Euro 166 thousand to December 31, 2014) are essentially represented by the sales agent indemnity provision and by contingent liabilities provision.

## 24. Deferred taxes

Liabilities for deferred taxes are booked against the temporary differences taxable in future fiscal periods and amount to Euro795 thousand to June 30, 2015 (Euro 795thousand to December 31, 2014).

## 25. Non current financial liabilities

Following is the breakdown of the item:

| Thousand of Euro | **30/06/2015** | **31/12/2014** |
|---|---|---|
| Residual non current leasing debt | 2,123 | 2,163 |
| Financing for investment in Dexit | 61 | 77 |
| BPER financing | 234 | - |
| Unicredit financing | 1,774 | - |
| BNL financing | 260 | - |
| Banca Centropadana financing | 500 | - |
| MPS financing | 333 | - |
| ICCREA Banca financing | 437 | - |
| Credem financing | 127 | 253 |
| Other | - | 1 |
| **Total** | **5,849** | **2,494** |

This item represents for Euro 2,123 thousand the current quota of the residual debt towards a leasing institute, expiring in 2026, for the Milan offices, as previously commented (Note 11). The main terms of the leasing contract are: cost of the property Euro 2,995 thousand; variable interest rate (3-month Euribor + 160 bp) convertible into a fixed rate at any moment chosen by the lessee.

Following is the detail of the residual non-current leasing debt broke down by maturity:

| Thousands of Euro\ | 30/06/2015 | 31/12/2014 |
|---|---|---|
| Residual non current leasing debt, including interests: | | |
| From 1 to 5 years | 900 | 900 |
| Over 5 years | 1,515 | 1,572 |
| **Total** | **2,415** | **2,472** |
| Interest | (292) | (309) |
| **Residual leasing debt, net of interests** | **2,123** | **2,163** |

| Thousands of Euro | 30/06/2015 | 31/12/2014 |
|---|---|---|
| Non current debt, net of interest: | | |
| From 1 to 5 years | 377 | 365 |
| Over 5 years | 1,746 | 1,798 |
| **Residual leasing debt, net of interest** | **2,123** | **2,163** |

## 26. Bank overdrafts and loans

As at June 30, 2015 total Euro 20,064 thousand (Euro 19,562 thousand to December 31, 2014) and are mainly represented by debt towards banks for the advance on short term trade receivables, regulated at 1-3-month Euribor plus an average spread of 480 bps and have no further guarantees. Furthermore in this item there are some Euro 79 thousand of short term for the debt of the leasing quotas and for the debts toward bank institutes as per Note 25.

On April 29, 2015 the ITWAY SpA 4.20% October 31, 2015 Callable Commercial Paper began trading on the Professional Segment ( ExtraMOT PRO) of the ExtraMOT Market managed by Borsa Italiana. The amount issued was of Euro 1 million maturing October 31, 2015 with the possibility of advanced refunding.

## 27. Trade payables

Trade payables, wholly of short-term commercial nature and including invoices and credit notes not yet received, total Euro 28,649 thousand to June 30, 2015 (Euro 34,829 thousand to December 31, 2014).

## 28. Tax payables

Tax payables total to June 30, 2015 Euro 4,372 thousand (Euro 5,663 thousand to December 31, 2014) and following is their breakdown:

| Thousands of Euro | 30/06/15 | 31/12/14 | Change |
|---|---|---|---|
| Debt for income taxes | 736 | 614 | 122 |
| VAT | 3,215 | 4,338 | (1,123) |
| Withholding on personnel compensations | 421 | 441 | (20) |
| Other | - | 270 | (270) |
| **Total** | **4,372** | **5,663** | **(1,291)** |

In the fiscal year ending September 30, 2011 the subsidiary Business-e S.p.A. was subject to a reviews by the Ravenna Province Tax Agency for the 2008 fiscal year. The review ended up with the official tax audit report, followed by notices of investigation. The company of the Group, supported by the opinion of their tax consultants, has opened a proceeding and do not feel that this check can bring to significant liabilities; as a result, no tax allowance fund was posted.

## 29. Other current liabilities

The other current liabilities as at June 30, 2015 total Euro 2,817 thousand (Euro 2,410 thousand to December 31, 2014) with the following breakdown:

| Thousands of Euro | 30/06/2015 | 31/12/2014 | Change |
|---|---|---|---|
| Debts towards personnel for remuneration | 294 | 367 | (73) |
| Other debt towards personnel | 777 | 449 | 328 |
| Debt towards directors and collaborators | 64 | 93 | (29) |
| Debt towards social institutions | 557 | 549 | 8 |
| Accruals and Deferrals | 893 | 861 | 32 |
| Advance payments received and other liabilities | 232 | 91 | 141 |
| **Total** | **2,817** | **2,410** | **407** |

The “Other debt towards personnel” includes the provisions for deferred remuneration.

The accruals and deferrals mainly include deferrals for services invoiced, relevant to the subsequent periods.

## 30. Obligations and guarantees

Following are the existing obligations and guarantees as of June 30, 2015:

- obligations towards banks for the purchase of foreign currency for Euro 7,684 thousand regarding to edge exchange rates for specific commercial transactions to buy products.
- goods owned by the Group held by third parties for Euro 1,802 thousand in their warehouses.

- third party guarantees in our favour for Euro 1,570 thousand relative to bank guarantees on behalf of the landlord of the properties of the headquarters of the Group and in favour of landlords of other assets.

## 31. Net financial position

Pursuant to Consob Communication No. 6064293 of July 28, 2006 following is the breakdown of the Group's net Financial Position:

| | 30/06/2015 | 31/12/2014 | 30/06/2014 |
|---|---|---|---|
| Cash available | 3,524 | 4,141 | 1,576 |
| Current financial liabilities | (20,064) | (19,562) | (17,504) |
| **Current net financial position** | **(16,540)** | **(15,421)** | **(15,928)** |
| Non current financial liabilities | (5,849) | (2,494) | (2,384) |
| **Non current net financial position** | **(5,849)** | **(2,494)** | **(2,384)** |
| **Total net financial position** | **(22,389)** | **(17,915)** | **(18,312)** |

The net financial position as at June 30, 2015 shows a short-term net debt of some Euro 16.5 million Euro (15.4 million Euro as at December 31, 2014 and Euro 15.9 million as at June 30, 2014) and a total of Euro 22.4 million.

The non-current financial position reflects medium-term debt towards a leasing company for the rental of the offices of the Group in Milan and the financing referred to in Note 25.

## 32. Information of related parties

During the period the Group had commercial relationships with related companies. These relationships fall within the normal management activity, regulated at market terms.

The transactions between the Parent Company Itway S.p.A. and its subsidiaries included in the consolidation perimeter are removed from the Consolidated Financial Statements and are therefore not highlighted in the current Explanatory Notes.

| In thousands of €uro | Receivables | Payables | Costs | Revenues |
|---|---|---|---|---|
| Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l. | 212 | - | - | 1 |
| Business-e S.p.A. vs Be Innova S.r.l. | 1.700 | 10 | - | 36 |
| **TOTAL** | **1,912** | **10** | **-** | **37** |

## 33. Information by sectors

The Group has three reference sectors: “Value Added Distribution”, “Value Added Reseller” and “Value Added Services”. These sectors are determined on the basis of market segments in which the companies of the Group work in and reflect the organizational and internal reporting structure of the

Group.

Through the Value Added Distribution sector the Group operates in the distribution of software and hardware products also distribute specialized certification services on software technologies and provide pre- and post-sales technical assistance. Clients are “system integrators” and “value added resellers” who sell products to end clients.

Through the “Value Added Reseller” sector the Group operates in the following market sectors:

- Professional and production services and software technologies for e-business;
- Distribution and integration of products and services for logical security of information systems;
- Professional services of system integrators and centralization of applications

The VAS (Value Added Services) sector includes companies supplying a value-added service. These new activities are mainly in a start-up phase and therefore in the rest of the current Notes are not included in the related information by sectors, as foreseen by IFRS 8.

Following are the main economic data regarding the identified segments for the first semester of 2015:

| Thousands of Euro | **VAD** | **VAR** | **Consolidated Total** |
|---|---|---|---|
| Revenues towards third parties | 31,305 | 9,152 | 40,457 |
| Sector costs | (30,901) | (8,711) | (39,612) |
| **Ebitda** | **404** | **441** | **845** |
| Amortization and depreciation | (174) | (33) | (207) |
| **Ebit** | **230** | **408** | **638** |
| Net financial charges | (670) | (249) | (919) |
| **Pre-tax result from recurring assets** | **(440)** | **159** | **(281)** |
| Non current charges | (51) | (75) | (126) |
| **Pre-tax profit** | **(491)** | **84** | **(407)** |

Following are the main economic data regarding the identified segments for the first semester of 2014:

| Thousands of Euro | VAD | VAR | Consolidated Total |
|---|---|---|---|
| Revenues towards third parties | 30,069 | 8,030 | 38,099 |
| Sector costs | (29,711) | (7,433) | (37,144) |
| **Ebitda** | **358** | **597** | **954** |
| Amortization and depreciation | (197) | (34) | (231) |
| **Ebit** | **161** | **562** | **723** |
| Net financial charges | (640) | (199) | (839) |
| **Pre-tax result from recurring assets** | **(479)** | **363** | **(116)** |
| Non current charges | (43) | - | (43) |
| **Pre-tax profit** | **(522)** | **363** | **(159)** |

## 34. Significant, non recurrent, atypical and/or unusual transactions

During the period that ended on June 30, 2015, no significant and/or non-recurrent and/or atypical and/or unusual transactions were carried out with third parties or between the companies of the Group, as defined by Consob Communication of July 28, 2006, other than the non-current charges previously cited in Note 5 and 6.

## 35. Contingent liabilities

There are no potential significant liabilities other than those already allocated to accruals for risks in the consolidated balance sheet and commented in the previous Notes.

## 36. Financial risk management: objectives and criteria

IFRS 7 requires providing disclosures in their financial statements that enable users to evaluate:

- The significance of financial instruments for the company's financial position and performance and the economic results of the Companies.
- The nature and extent of risks arising from financial instruments to which companies are exposed during the period and at the reporting date, and how the company manages these risks.

The accounting principles applied in preparing this consolidated financial statement regarding the financial instruments are described in the section "Main Valuation Principles", while the definition of financial risks and the analysis of the degree of significance of the exposure of the Itway Group to the different categories of identified risk are reported below.

The main financial activities of the Group are represented by trade receivables, cash and cash equivalent that directly derive from operating activity. Financial liabilities are made up of short-term debt towards major credit institutes and medium- and long-term debt towards leasing companies.

The following table provides the reconciliation between the balance sheet items that represent financial instruments and the financial assets and liabilities, as required by accounting principle IAS 39:

| **ASSETS** | **June 30, 2015** | | | | |
|---|---|---|---|---|---|
| *Thousands of Euro* | ***Carrying value*** | ***Assets at FVTPL (*)*** | ***Loans and receivables*** | ***Derivatives used for hedging*** | ***Available for sale*** |
| Other non current assets | 149 | - | 149 | - | - |
| **Non current assets** | **2,244** | **-** | **149** | **-** | **2,095** |
| Trade receivables | 45,075 | - | 45,075 | - | - |
| Other current assets | 2,770 | - | 2,770 | - | - |
| Cash on hand | 3,524 | - | 3,524 | - | - |
| **Current assets** | **51,369** | **-** | **51,369** | **-** | **-** |

| **ASSETS** | **December 31, 2014** | | | | |
|---|---|---|---|---|---|
| *Thousands of Euro* | ***Carrying value*** | ***Assets at FVTPL (*)*** | ***Loans and receivables*** | ***Derivatives used for hedging*** | ***Available for sale*** |
| Other non current assets | 195 | - | 195 | - | - |
| **Non current assets** | **2,079** | **-** | **195** | **-** | **1,884** |
| Trade receivables | 49,262 | - | 49,262 | - | - |
| Other current assets | 2,749 | - | 2,749 | - | - |
| Cash on hand | 4,141 | - | 4,141 | - | - |
| **Current assets** | **56,152** | **-** | **56,152** | **-** | **-** |

| LIABILITIES | June 30, 2015 | | | |
|---|---|---|---|---|
| | ***Carrying value*** | ***Liabilities at FVTPL (*)*** | ***Other financial liabilities*** | ***Derivatives used for hedging*** |
| *Thousands of Euro* | | | | |
| Non current financial liabilities | 5,849 | - | 5,849 | - |
| Non current liabilities | **5,849** | - | **5,849** | - |
| Current financial liabilities | 20,064 | - | 20,064 | - |
| Trade payables | 28,649 | - | 28,649 | - |
| Tax payables | 4,372 | - | 4,372 | - |
| Other current liabilities | 2,817 | - | 2,817 | - |
| **Current liabilities** | **55,902** | | **55,902** | |

*F*

| LIABILITIES | December 31, 2014 | | | |
|---|---|---|---|---|
| | ***Carrying value*** | ***Liabilities at FVTPL (*)*** | ***Other financial liabilities*** | ***Derivatives used for hedging*** |
| *Thousands of Euro* | | | | |
| Non current financial liabilities | 2,494 | - | 2,494 | - |
| Non current liabilities | **2,494** | - | **2,494** | - |
| Current financial liabilities | 19,562 | - | 19,562 | - |
| Trade payables | 34,829 | - | 34,829 | - |
| Tax payables | 5,663 | - | 5,663 | - |
| Other current liabilities | 2,410 | - | 2,410 | - |
| **Current liabilities** | **62,464** | | **62,464** | |

** Fair Value Through Profit and Loss*

The other financial assets and liabilities are booked at a value that is in line with the fair value

**Interest rate risk**

The financial instruments of the Group include anticipated credits, medium-term financing by banking institutes, the previously cited commercial paper, debt for financial leasing underwritten in previous years for the purchase of the Milan property, and bank deposits refundable upon request. Such instruments finance the Group's activities.

All loans obtained by the Group foresee variable interest rates (generally 1-3 month Euribor). Therefore the interest rate risk is represented by the exposure of cash flows to interest rate fluctuations. The current policy of the Group is not to hedge interest rate fluctuations. On the basis of the average short-term exposure in the period, a fluctuation of 1 percentage point in interest rates would entail a change +/- in interest payments of some Euro 200 thousand for the period.

On non current financial liabilities, the fluctuation of one percentage point in interest rates would entail a change of +/- in interest payments of some Euro 58 thousand per fiscal for the period.

**Foreign exchange risk**

The Group uses as its main currency for its purchases and sales mainly the Euro and on an exceptional basis the US dollar and the Turkish Lira.
In order to reduce the foreign exchange risk deriving from expected assets, liabilities and cash flows in foreign currency the group uses hedging contracts.

**Credit risk**

The credit risk represents the Group's potential exposure to losses deriving from counter-parties not fulfilling their obligations. The group does not have significant concentrations of risk, therefore it is not deemed opportune to highlight quantitative and detailed information, except for the detail of trade receivables per category of maturity that is highlighted at the end of Note 18. In order to check such risk the Group implemented procedures and measures to assess the clientele and the possible recovery measures. Regarding other financial activities, including cash available and cash equivalents, financial counter-parties are exclusively highly solvable financial institutions and pertinent policies were adopted to limit the credit risk exposure to a single credit institution.

**Liquidity risk**

The liquidity risk represents the risk that the financial resources available to the company are not enough to face the financial obligations in the pre-set terms and maturities. The liquidity risk of the Group is minimized by a punctual management of optimizing the financing of commercial activities at a central level by the Parent Company. The bank debt and the liquidity management are centrally managed with the aim of optimizing the management of the financial resources of the Group.

A prudent management of the liquidity risk is pursued maintaining sufficient resources in cash or easily convertible into cash and an adequate availability of credit lines. In the cost of the semester the Group underwrote several medium-term financing agreements to limit this risk.

In addition to what has previously been indicated in the balance sheets and explanatory notes regarding current financial liabilities, which mature by the end of the fiscal period subsequent to the date of the balance sheet, the following table analyzes the non current financial liabilities of the Group, grouped together on the basis of the contractual maturity compared to the date at the end of the period:

| *Thousands of Euro* | ***30-06-2015*** | ***Contractual cash flows*** | ***1-2 years*** | ***2-5 years*** | ***Over*** |
|---|---|---|---|---|---|
| Non current liabilities | 5,849 | 5,849 | 3,600 | 458 | 1,791 |
| **Non current liabilities** | **5,849** | **5,849** | **3,600** | **458** | **1,791** |

| *Thousands of Euro* | ***31-12-2014*** | ***Contractual cash flows*** | ***1-2 years*** | ***2-5 years*** | ***Over*** |
|---|---|---|---|---|---|
| Non current liabilities | 2,494 | 2,494 | 370 | 326 | 1,798 |
| **Non-current liabilities** | **2,494** | **2,494** | **370** | **326** | **1,798** |

The Group to the date of the Financial Statements has approved credit lines (mainly for advances against invoices) not used for some Euro 17.7 million in addition to cash and cash on hand for Euro 3.5 million. With these amounts, along with those deriving from the collection of account receivables, the Group is able to face its short and medium term commitments.

### Capital management

The main objective of capital management of the Group is to maintain adequate levels of capital indicators so as to support activities and to make the most value for shareholders. We feel the best assessment of capital indicators can be seen in the previous financial prospectus.

## 37. Seasonality and cyclicality of activities

Even though the sales trend is more intense towards the end of the calendar year, the IT sector is not influenced by seasonal activities.

## 38. Subsequent events

On August 5, 2015 CERVED Rating Agency S.p.a. affirmed the Company a B1.2 (solvent) rating, equivalent to BBB- from S&P and Baa3 from Moody’s. Other than what has been previously indicated, to date, there are no further significant events that took place following the end of the period.

## 39. Publishing of the I° Half Consolidated Financial Statements

The Board of Directors of Itway approved the Half Year Consolidated Financial Statements ended June 30, 2014 on August 28, 2015 meeting and also approved its publication.