Half-year financial statements as of June 30, 2016

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.

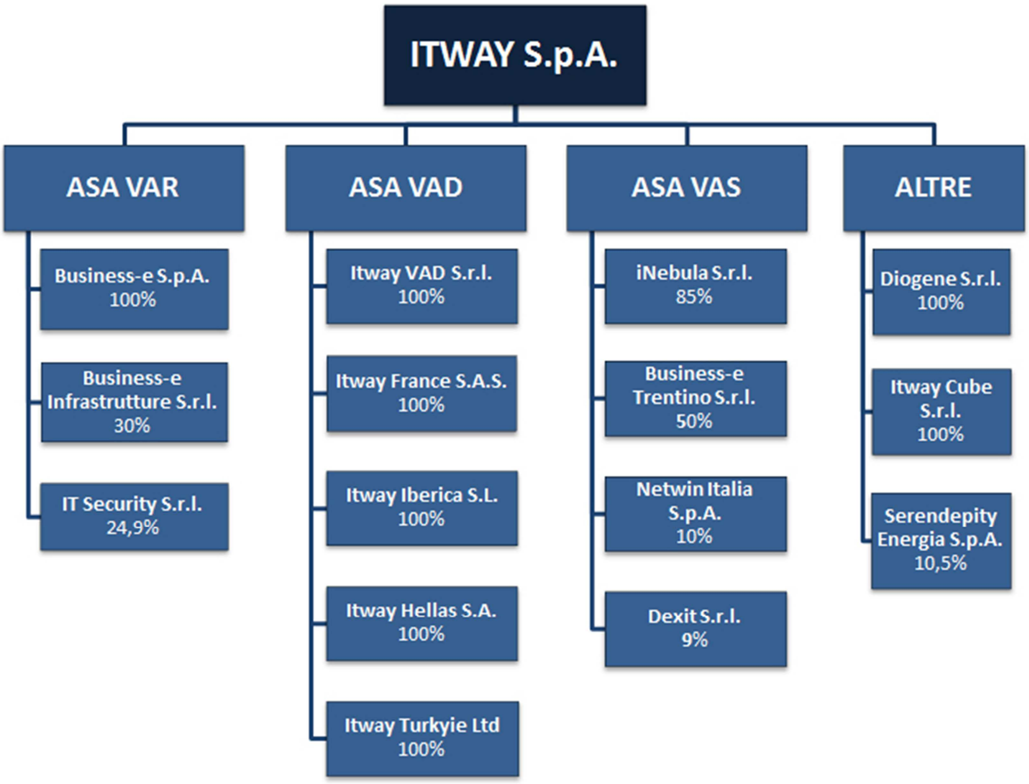
Auditing Firm

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, 2016:



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, 2065 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.

The European Uinion, at the close of the first semester of 2016 is undergoing the worst period since it undertook a common path. The desire to leave the EU expressed by autonomous movements in the UK, prompted the much feared BREXIT. Even though there still have not been any concrete impact – which could be in 2019 according to the negotiations – financial market exploited this, in part, unexpected turbulence to position themselves on the downside. This hit in particular the banking sector, which is already undergoing other problems, and inevitably has an impact also on the real economy of companies and households. The increased instability in the European Union, caused by BREXIT, the invasion of asylum seekers, Islamic terrorism from the DAESH that is steadily rooted in Europe, by the wars in our next door neighbours in Libya and Syria, undermines the already weak growth of European economies and in particular the area where the Group operates.

The revised forecast for Italy is of growth of 0.6% (previous 1.3%) for a general increase for the countries of the EU of 1.3% (previously 2.1%) – Source OECD.

A significant improvement can be expected if the Italian Government implements what it has asked for some time now to abandon the policy of rigor in favour of a balanced Keynesian vision of the economy that can give a fresh impetus to the old Europe.

In this not serene and chaotic context the results that the Group has been progressively achieving are impressive.

General context and performance of the ICT Market: It should be underlined that the ICT market has significantly suffered since the start of the Great Crisis (2008) and fell back also when GDP showed signs of timid growth. We are in the midst of a turn-around and for this reason the forecasts for the sector are quite positive. On March 16, 2016, Assinform published the final data for the sector in 2015; considering the 2015 results, the sector grew 1% from the previous year that had seen a 1.4% contraction. 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 broadly steady , the "additional and innovative ICT component" sector is growing 4.8%. In particular, the Cloud sector continued to grow, +28% to 1,225 milion Euros and of the new IoT – Internet of Things – that transforms the most diverse products into components for intelligent systems for manufacturing, energy management and the automotive sector.

Assinform took an across-the-board look at the different segments and highlighted the constant and consistent growth reaching, for ICT components alone, 1,845 million Euros (+13.9%). For the other Countries where the Group operate, these forecasts are proportionally configurable to the individual national economies.

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.

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.

The alliance with Libanica S.A. led the Group at the end of 2014 to take part in the constitution of Itway MENA with a 17.1% stake. The company is based in Dubai-Sharjah, in the United Arab Emirates. Exploiting its geopolitical and technical expertise of Libanica and the technical and specialized expertise of Itway, the newly constituted group will expand in markets in the Middle East and North Africa (MENA), Itway MENA started during 2015 to develop the market in the UAE, Iran and Nigeria with results expected to be seen starting from the current fiscal period.

Following is the consolidated condensed Income Statements at June 30, 2016 compared with those of the same period a year earlier:

In thousand of Euro	**30/06/2016** (6 month)	**30/06/2015** (6 months)
Turnover		
Revenues	40,314	39,616
Other operating revenues	709	841
Total Turnover	**41,023**	**40,457**
Operating Costs		
Cost of products	(30,950)	(31,185)
Personnel costs	(5,287)	(4,809)
Other costs and operating charges	(3,763)	(3,618)
Total operating costs	**(40,000)**	**(39,612)**
Ebitda*	**1,023**	**845**
Amortizations	(207)	(207)
Ebit	**816**	**638**
Net financial charges	(931)	(919)
Recurrent Pre-tax result	**(115)**	**(281)**
Non-recurring charges	(390)	(126)
Pre-tax Result	**(505)**	**(407)**
Taxes	(143)	(33)
Net result	**(648)**	**(440)**

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

In the half-year ended June 30, 2016 revenues rose in volume terms some 1.4% while Ebitda was of 1,023 thousand Euros compared with 854 thousand Euro in the same period of 2015; Ebit came in at 816 thousand Euros at June 30, 2016, 28% higher than the first semester of 2015 while the pre-tax result reflects the higher impact of non-recurring charges in the period and totals -505 thousand Euros compared with -407 thousand Euros in the previous period.
The pre-tax result is weighed down the greater incidence of financial charges due also to the revaluation of payables and receivables in USD of the Turkish subsidiary the local currency of which in the latest year devalued significantly, by some 14%, both against the Euro and against the US dollar As of June 30, 2016 this is a non-realized loss. The financial charges were also influenced by the need to support clients in a contracted credit situation with payments that are ever more delayed despite the instructions issued on payment periods while the main vendors are not inclined to take on the burden of the systemic crisis, especially on the Italian and Iberian 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 nonrecourse factoring transactions and a progressive recourse to medium-term financing transaction

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	**30/06/2016 (6 months)**	**30/06/2015 (6 months)**
Total turnover	29,901	31,305
Ebitda*	323	404
Ebit*	145	230
Pretax result	(894)	(491)
Result for the period	(901)	(376)

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

Volumes and profitability in the semester were slightly down due to the delay to successive quarters of some orders that are expected to be booked. Following is the analysis by Country.

The Italian market is the most important one for the Group and, is the one where the negative impact from the “Country situation” is still ongoing posted results in line with the budget achieving improvements compared with the same period of the previous fiscal period both in terms of volumes and profitability. In the semester there was a significant increase in the security sectors where our role is ever more recognized by the market and the start-up of new product lines with higher margins.

The Turkish subsidiary confirmed once again the development prospects of the country posting growth in the first semester. However, results are influenced by movements of the Turkish Lira in the first quarter of 2016 that lost some 14% of its value compared with the same period of 2015. This prompted a significant increase in catalogue prices to the public with a resulting pressure on margins of the distribution channel. Results net of foreign exchange movements are largely in line with the previous fiscal period.

The Greek subsidiary continues on its path of growth and its performance is in line with budget despite the Country’s situation that is not easy. The structure is efficient and the subsidiary ended the semester with an improvement compared with the same period a year ago both in terms of volumes and profitability.

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 the past fiscal periods

The Iberian subsidiary posted a non positive performance both in terms of volumes and profitability due to various factors: a first semester that is generally weak in Spain after the growth of the previous year, the delay of some negotiations to the subsequent quarter and lastly the only partial replacement of turnover/profits of discontinued product lines starting from 2016. .

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	30/06/2016 (6 months)	30/06/2015 (6 months)
Total turnover	11,122	9,152
Ebitda*	700	441
Ebit*	671	408
Pretax result	389	84
Net result	253	(65)

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

The first semester was a period of growth in volumes and profitability. The positioning of products on security and their availability for sale is starting to produce the first positive results. During the period production started of CERBERO Cyber Security Services – CERBERO CSS©™- . CERBERO CSS©™- is a suite of software products owned by Business-e that allows to supply to its Clients Managed Security Services (MSS). Important Italian clients placed the first three multi-year orders (3 years), two of which are from companies listed on the Milan Stock Exchange. The offer pipeline is increasing and the current semester is expected to show growth and is in line with the approved budget.

Sector performance: *Other sectors*

These sectors, which are related to but do not coincide with the historical ones (VAD and VAR), 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:

- **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, *Internet of Things platform*. During the semester further services were developed for more managerial aspects, thought for professional and accounting firms. This was made possible thanks to the introduction in iNebula of the specific know-how of some technical staff and professionals who came from the sector of cloud services for professionals with a significant experience acquired previously in specialized companies. This enabled the addition to the above mentioned services of *Process Governance* with proprietary and value added services and know-how;
- **Assisted services in N+SOC and MSSP solutions** to check networks.
- **Information Technology for Science** ICT for Cultural Heritage and Data Curation, in the start-up phase.

Personnel

The average number of employees of the Group in the first half of 2016 was of 222 units, with a net increase 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.

	30/06/2016 *Average data*	30/06/2015 *Average data*	Variation	30/06/2016 *Actual data*	30/06/2015 *Actual data*	Variation
Managers	9	8	1	9	9	-
Mid-managers	24	21	3	23	19	4
Employees	189	179	10	185	175	10
Total	**222**	**208**	**14**	**217**	**203**	**14**

Net financial position

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

	30/06/2016	31/12/2015	30/06/2015
Cash on hands	2,205	5,237	3,524
Other financial receivables	3,064	414	-
Current financial liabilities	(21,472)	(20,167)	(20,064)
Net current financial position	**(16,203)**	**(14,516)**	**(16,540)**
Non current financial liabilities	**(4,182)**	(5,191)	(5,849)
Total net financial position	**(20,385)**	**(19,707)**	**(22,389)**

The punctual level of indebtedness at the end of the period is related to the punctual working capital performance at the end of the period that is in turn impacted both by factors that do not directly depend on the Company (like the timing of payments) and by the degree of non recourse factoring.

Please refer to the Consolidated Financial Statements for a more in-depth analysis of the 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 half-year consolidated Financial Statements Explanatory Notes.

Subsequent event

On August 3, 2016 the 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

Particular focus is on the single Countries and markets where the Group operates in logic of growth and consolidation. .In the VAD sector, negotiations are underway with a Partner for a partnership that would give the division significant growth prospects and the Partner a material presence in the interesting and consolidated Value market.

The VAR SBU has a Pipeline of Offers that is undergoing significant growth compared with the same period o the previous year. The new CERBERO CSS product will reap important results already from 2016.

The VAS SBU has an important offer pipeline and we count on converting a significant part into orders.

The development of new markets of the Middle East and Africa is continuing where there is a great opportunity for the VAR SBU and the VAS SBU. The MoU signed in April with Patsa Holding after the Company took part at the end of April 2016 to the Renzi Government Mission to Teheran, will start producing the first supply contracts in that Country.

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

In the half-year to June 30, 2016 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.

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.	416	-	99	2
Itway S.p.A. vs Be Innova S.r.l.	174	-	-	32
Itway S.p.A. vs 4Science S.r.l.	66	-	-	-
Business-e S.p.A. vs Be Innova S.r.l.	2,726	10	-	91
TOTAL	**3,382**	**10**	**99**	**125**

Itway 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 controls 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 for a total of 1,042 thousand Euros.

Own shares

The parent company at June 30, 2016 owned No. 962,159 own shares (equal to 12.17% of share capital) for a nominal value of 481,080 Euro and a cost of purchase booked to the financial statements of some 178 thousand Euro; During the period 123,645 own shares were purchased (equal to 1.56% of share capital) for a nominal value of 61,823 Euro, as authorized by the Shareholders meeting of Itway S.p.A.

Ravenna, September 30, 2016
For the Board of Directors

Chairman and CEO
G.Andrea Farina

ITWAY GROUP

HALF -YEAR CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2016

CONSOLIDATED INCOME STATEMENT

Thousands of Euro	Half year to					
	June 2016, 30			June 2015, 30		
	Total	*not recurrent*	*recurrent*	*Total*	*not recurrent*	*recurrent*
Revenues	40,314		40,314	39,616		39,616
Other operating revenues	709		709	841		841
Products	(30,950)		(30,950)	(31,185)		(31,185)
Costs for services	(2,896)		(2,896)	(2,753)		(2,753)
Personnel costs	(5,323)	(36)	(5,287)	(4,935)	(51)	(4,884)
Other operating expenses	(1,221)	(354)	(867)	(865)	(75)	(790)
EBITDA	**633**	**(390)**	**1,023**	**719**	**(126)**	**845**
Depreciation and amortisation	(207)		(207)	(207)		(207)
EBIT	**426**	**(390)**	**816**	**512**	**(126)**	**638**
Financial proceeds	28		28	74		74
Net financial charges	(959)		(959)	(993)		(993)
Result before taxes	**(505)**	**(390)**	**(115)**	**(407)**	**(126)**	**(281)**
Taxes for the period	(143)		(143)	(33)		(33)
Result for the period from operations	**(648)**	**(390)**	**(258)**	**(440)**	**(126)**	**(314)**
Attributable to:						
Shareholders of the Parent Company	(618)			(428)		
Minority Interests	(30)			(12)		
Result per share						
From operations:						
Base	(0.09)			(0.06)		
Diluited	(0.09)			(0.06)		

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Thousands of Euro	**30/06/16**	**30/06/15**
Result for the period	(648)	(440)
Components classified in the Income Statement:		
Profit/Loss from the conversion of balance sheets of foreign subsidiary	(17)	(120)
Components not classified in the Income Statement:		
Gains / (losses) on employee benefit plans	-	-
Comprehensive result	**(665)**	**(560)**
Attributable to:		
Shareholders of the Parent Company	(635)	(548)
Minority Interests	(30)	(12)

CONSOLIDATED BALANCE SHEET

Thousand of Euro	30/06/16	31/12/15
ASSETS		
Non current assets		
Property, plants and equipment	4,396	4,208
Goodwill	8,294	8,294
Other intangible assets	3,414	2,387
Investments	1,594	1,594
Deferred tax assets	2,188	2,020
Other non current assets	126	99
Total	**20,012**	**18,602**
Current assets		
Inventories	2,844	3,725
Account receivables - Trade	45,613	56,243
Other current assets	2,468	2,698
Financial receivables toward subsidiaries	66	-
Cash on hand	2,205	5,237
Financial assets	3,064	414
Total	**56,260**	**68,317**
Total assets	**76,272**	**86,919**
NET EQUITY AND LIABILITIES		
Share capital and reserves		
Share capital and reserves	9,812	9,979
Result for the period	(618)	25
Total Net Equity of the Group	**9,194**	**10,004**
Minority Interest	(27)	3
Total Net Equity	**9,167**	**10,007**
Non current liabilities		
Severance indemnity	946	981
Provisions for risks and charges	237	169
Deferred taxes liabilities	902	903
Non current financial liabilities	4,182	5,191
Total	**6,267**	**7,244**
Current liabilities		
Bank overdraft	21,472	20,167
Account payable – Trade	27,520	40,273
Tax payable	8,398	6,210
Other current liabilities	3,448	3,018
Total	**60,838**	**69,668**
Total liabilities	**67,105**	**76,912**
Total Net Equity and liabilities	**76,272**	**86,919**

* 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:

				Cumulated profit (loss)							
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**
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:											
Gains / (losses) on employee benefits	-	-	-	-	-	-	-	-	-	-	-
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**

				Cumulated profit (loss)							
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**
Balance at January 1, 2016	**3,953**	**(1,345)**	**17,584**	**456**	**4,792**	**(14,603)**	**(858)**	**25**	**10,004**	**3**	**10,007**
Own shares	-	(178)	-	-	-	-	-	-	(178)	-	(178)
Total operations with shareholders	**-**	**(178)**	**-**	**-**	**-**	**-**	**-**	**-**	**(178)**	**-**	**(178)**
Allocation of the result for the year	-	-	-	29	-	(4)	-	(25)	-	-	-
Result of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(618)**	**(618)**	**(30)**	**(648)**
Other components of Comprehensive Result at 30 June 2016:											
Gains / (losses) on employee benefits	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	3	-	-	3	-	3
Overall result	-	-	-	-	-	-	(17)	-	(17)	-	(17)
Comprehensive result	**-**	**-**	**-**	**-**	**-**	**3**	**(17)**	**(618)**	**(632)**	**(30)**	**(662)**
Balance at June 30, 2016 Note 21	**3,953**	**(1,523)**	**17,584**	**485**	**4,792**	**(14,604)**	**(875)**	**(618)**	**9,194**	**(27)**	**9,167**

Consolidated Cash Flow Statement

Thousands of Euro	**30-giu-16**	**30-giu-15**
Result for the period	(648)	(440)
Adjustments of items not affecting liquidity		
Depreciation of tangible assets	109	90
Amortization of intangible assets	98	117
Provision for doubtful accounts	220	167
Accrual for severance indemnity and other net of payments to social security bodies	195	187
Change in non-current assets/liabilities	(127)	(243)
Cash flow from operating activities, gross of the variation in capital of the fiscal period	**(153)**	**(122)**
Payments of severance indemnity	(230)	(204)
Change in trade receivables and other current assets	10,575	4,212
Change in inventories	881	23
Change in trade payables and other current liabilities	(10,134)	(7,064)
Cash flow from operations generated (absorbed) by changes in NWC	**1,092**	**(3,033)**
Cash flow from operations (A)	**939**	**(3,155)**
Purchase of tangible assets (net of assets sold)	(297)	(82)
Investments in fixed assets (net of divestments)	(1,125)	(864)
Cash flow from investing activities (B)	**(1,422)**	**(946)**
Purchase of own shares	(178)	(41)
Variation of financial non current liabilities	(1,009)	3,355
Cash flow from financing activities (C)	**(1,187)**	**3,314**
Net effect of foreign Exchange Variation	(17)	(120)
Increase/(Decrease) of cash available and cash equivalents (A+B+C)	**(1,687)**	**(907)**
Bank overdraft net of cash on hand at the beginning of the period	(14,516)	(15,421)
Bank overdraft net of cash on hand at the end of the period	(16,203)	(16,328)

EXPLANATORY NOTES TO THE 1st HALF CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2016

General information

ITWAY S.p.A. (hereinafter the “Company” or “the Parent Company) is a public limited company with legal headquarters in Italy
The parent Company does not have secondary headquarters but it has commercial offices in Milan and Rome at the following addresses:

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

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*).

Accounting Principles

General Principles

In the consolidated Financial Statements and in the comparative data the Group adopted the International Reporting Standards (IFRS) issued by IASB, the updates of those pre-existing (IAS) as well as the International Financial Reporting Interpretations Committee (IFRIC) and those issued by the Standing Interpretation Committee (SIC), that were deemed as applicable to the transactions carried out by the Group
The Financial Statements items were assessed based on generally accrual basis, in the context of the going concern, as forecasted on the basis of the Plans approved by the Board of Directors.

For the purpose of book entries, we give prevalence to the economic substance of transactions rather than to their legal form.

The accounting principles adopted are consistent and, as those adopted in the drafting of the consolidated Financial Statements as of December 31, 2015. These principles require estimates that, in the context of the current economic uncertainty, have for their own 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 forecast.

Presentation of the Financial Statements

The consolidated financial statements, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in financial position, the consolidated statement of changes in net equity and the data inserted in the notes are all 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.

The Financial Statements tables are drafted in the following way:

In the balance Sheet, current and non-current assets are expressed separately. The consolidated financial statement as at June 30, 2016 is compared with the previous period ended December 31, 2015;

In the Income Statement, the cost analysis is carried out on the basis of its own nature. The income statement balances as of June 30, 2016 have been compared with those of the same period of the previous year.

The indirect method was used for the Cash Flow.

EBITDA (gross operating result) is an economic indicator not defined in the International Accounting Standards and does not have to be considered an alternative measure to assess the performance of the operating results. 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, financial charges and income and income taxes. Since the composition of Ebitda is not regulated by the reference accounting principles, the criteria to determine here applied may not be homogeneous with that adopted by other entities and therefore not be comparable.

Ebit is an economic indicator not defined in the International Accounting Standards and does not have to be considered an alternative measure to assess the performance of the operating results and it is defined as the Profit/Loss before of financial charges and proceeds and income taxes. Since the composition of Ebit is not regulated by the reference accounting principles, the criteria to determine here applied may not be homogeneous with that adopted by other entities and therefore not be comparable.

Consolidation criteria

The Financial Statements include the Financial Statements of the parent company and of the companies that it controls as of June 30, 2016, 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 underlying investment.

The higher values of the acquired assets and liabilities, since booked at the fair value on the date of their purchases, 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, 2016		**December 31, 2015**		**June 30, 2015**	
	Average rate	End-period rate	Average rate	End-period rate	Average rate	End-period rate
New Turkish Lira	3,26	3,21	3,03	3,18	2,86	3,00

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.	76, rue Thiers Paris	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 *	0,07%	99,93%	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%

Following are the minority interests valued at a cost basis since there is no quoted market price on an active market available and the fair value cannot be determined in a reliable way:

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	10,000		10%	10%
Itway MENA FZC	PO Box 53314, HFZ, Sharjah, United Arab Emirates	35.000*	-	17.1%	17.1%

**The value is expressed in Dirham of the United Arab Emirates*

Following is the subsidiary not consolidated since it is not yet operational:

NAME	HEADQUARTERS	SHARE CAPITAL €	% of direct ownership	% of indirect ownership	% of overall ownership
4Science	Via L. Braille 15, Ravenna	10,000	100%	-	100%

Use of estimates

The drafting of the 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 that is more subject to estimates is goodwill.

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 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 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, if subjected to the control of the group, 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.

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 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.

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 net equity. 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 fulfil 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 – pursuant to IAS 18, the revenue is recognized when all related significant risks and benefit 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 e and pursuant to IAS 11.

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 are 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).

Accounting principles

The accounting principles adopted to draft the half year financial statements to June 30, 2016 conform to those used to draft the annual financial statements to December 31, 2015, to which to refer for further information.
The amendments and interpretations in force from January 1, 2016 govern the particular cases and records not present or not relevant in the consolidated financial statements. The Group is assessing the impact of the changes, amendments and interpretations of the Accounting Principles that have been endorsed but not adopted in a pre-emptive manner or that are in the process of being endorsed. In particular the group started to analyse the impact of IFRS 9 – Financial Instruments, IFRS 15 – Revenue from contracts with customers and IFRS 6 – Leases to assess the significance of the impact on the income statement, balance sheet and disclosure.

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, 2016 totalled Euro 40,314 thousand and were comprised of:

	Semester ending		
Thousands of Euro	**30/06/2016**	**30/06/2015**	**Change**
Revenues from the sale of products	33,568	32,408	1,160
Revenues from services	6,746	7,208	(462)
Total	40,314	39,616	698

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.

2. Other operating revenues

Other operating revenues at June 30, 2016 totalled Euro 709 thousand (Euro 841 thousand as of June 30, 2015) 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:

Thousand of Euro	Semester ending 30/06/2016	30/06/2015	Variation
Purchase of products	30,172	30,106	66
Costs for resold services	574	906	(332)
Additional purchasing charges (transportation)	79	73	6
Other purchases of consumption material and miscellaneous	125	100	25
Total	**30,950**	**31,185**	**(235)**

4. Cost for services

Following is the breakdown:

	Semester ending 30/06/2016	30/06/2015	Change
Consultancy and collaborators	521	443	78
Advertising and trade expositions	288	315	(27)
Travel and representation	600	400	200
Directors' remunerations of the parent company and social charges	233	240	(7)
Directors' remunerations of subsidiaries and social charges	78	45	33
Auditing company fees	121	103	18
Agents	151	127	24
Utilities	111	122	(11)
Services, courses and client assistance	138	286	(148)
Insurance	127	166	(39)
Specialist costs, IR and securities service	62	68	(6)
Compensation for statutory Auditors	52	51	1
Other expenses and services	414	386	28
Total	**2,896**	**2,753**	**143**

Please note that:

• The "consultancy and collaborators" item includes consultancies and marketing activities for 134 thousand Euros, financial and administrative consultancy for 219 thousand Euros and various consultancies for 149 thousand Euros;

• The table includes emoluments for the corporate entities deliberated by the Shareholders meeting of the Group companies including the relative social charges.

5. Personnel costs

Following is the breakdown, compared with the previous period:

	Semester ending		
Thousands of Euro	**30/06/2016**	**30/06/2015**	**Change**
Salaries	3,934	3,699	235
Capitalized personnel cost	1,108	1,102	6
Social charges	211	203	8
Accrual for Severance Indemnity	91	173	(82)
Other costs	(21)	(242)	221
Total	**5,323**	**4,935**	**388**

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, 2016:

	30/06/2016 *Avg Number*	**30/06/2015** *Avg Number*	**Change**	**30/06/2016** *Actual*	**30/06/2015** *Actual*	**Change**
Managers	9	8	1	9	9	-
Mid-managers	24	21	3	23	19	4
Employees	189	179	10	185	175	10
Total	**222**	**208**	**14**	**217**	**203**	**14**

6. Other operating expenses

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

	Semester ending		
Thousands of Euro	**30/06/16**	**30/06/15**	**Change**
Rent for lease, offices and vehicles	521	483	38
Allowance for doubtful accounts	162	220	(58)
Other	538	162	376
Total	**1,221**	**865,**	**356**

7. Depreciation and Amortization

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

	Semester ending		
Thousands of Euro	30/06/2016	30/06/2015	Change
Depreciation of tangible assets	109	90	19
Amortization of intangible assets	98	117	(19)
Total	**207**	**207**	**-**

8. Interest income and expenses

Following is the breakdown of interest income and expenses:

	Semester ending		
Thousands of Euro	30/06/16	30/06/15	Change
Dividends	-	36	(36)
Other income	28	38	(10)
Total financial income	**28**	**74**	**(46)**
Interest charges towards Financial Institutions	(769)	(748)	(21)
Interest charges towards leasing companies	(21)	(34)	13
Bank commissions	(155)	(218)	63
Profit and (losses on Exchange rates)	(14)	7	(21)
Total financial charges	**(959)**	**(993)**	**34**

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 labour costs and interest.

10. Result per share

The base result per share relative to the first semester of 2016, of a negative Euro 0.09, 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 6,994,082.

Thousands of Euro	Semester ending 30/06/16	30/06/ 15
Net result	(648)	(440)
Weighted average number of shares outstanding	6,994,082	7,177,726
Result per share in Euro:		
- Base	(0.09)	(0.06)
- Diluted	(0.09)	(0.06)

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	4,233	249	11	4,057	8,550
Balance as at 31.12.2015	**4,233**	**249**	**11**	**4,057**	**8,550**
Increases	-	-	-	297	297
Decreases	-	-	-	(4)	(4)
Balance as at 30.06.2016	**4,233**	**249**	**11**	**4,350**	**8,843**
Accrued amortizations	473	237	11	3,621	4,342
Balance at 31.12.2015	**473**	**237**	**11**	**3,621**	**4,342**
Accumulated depreciations	46	2	-	61	109
Decreases of the period	-	-	-	(4)	(4)
Balance as at 30.06.2016	**519**	**239**	**11**	**3,678**	**4,447**
Net value					
As at December, 31 2015	3,760	12	-	436	4,208
As at June, 30 2016	**3,714**	**10**	**-**	**672**	**4,396**

Property reflects the offices in Milan, purchased in October 2008 through a financial leasing contract with an 18 year duration booked at a value that includes directly attributable accessory charges and the value of the property in which the Parent Company has its legal headquarters that is owned through the Itway RE S.r.l. subsidiary. The relative residual debt is mainly booked as non current liability (Note 25).

The investments booked in the first semester of 2016 are mainly related to the purchase of computers, network servers and telephone systems.

12. Goodwill

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

Thousands of Euro		30/06/16	31/12/15
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, 2015.

The impairment test was not updated as of June 30, 2016 as the Managers expect that the achievement of the objectives of the Industrial Plan throughout the full 2015 fiscal year is such as to avert the risk of durable loss of value in goodwill.

13. Other intangible assets

Following is the breakdown of other intangible assets:

Thousands of Euro	Development costs	Patent rights	Other	Assets under development	Total
Acquisition cost	795	1,556	4,484	1,687	8,522
Balances as at 31.12.2015	**795**	**1,556**	**4,484**	**1,687**	**8,522**
Increases and reclassifications	-	-	83	1,042	1,125
Balances as at 30.06.2016	**795**	**1,556**	**4,567**	**2,729**	**9,647**
Accrued amortization	795	1,556	3,784	-	6,135
Balances as at 31.12.2015	**795**	**1,556**	**3,784**	**-**	**6,135**
Amortization for the period	-	-	98	-	98
Balances as at 30.06.2016	**795**	**1,556**	**3,882**	**-**	**6,233**
Net value:					
As at December, 31 2015	-	-	700	1,687	2,387
As at June, 30 2016	**-**	**-**	**685**	**2,729**	**3,414**

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, 2016:

- **Business-e Innova S.r.l.** is 50% controlled by the subsidiary Business-e S.p.A.; it offers a combination of services that cover the whole range of activities connected to the management of information systems and security of large- and medium-sized firms;
- **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.
- **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;

- **4Science S.r.l.** The fully controlled subsidiary has as an objective that to become a leader in the ICT sector for Cultural Heritage and Data Curation;

- **Itway Mena FZC**, 17.1% controlled by Itwayvad 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. This company during 2015 started to develop in the markets of the UAE, Iran and Nigeria.

- **Idrolab S.r.l** operates in the plumbing and sanitary sector with Business-e S.p.A. owning a 10% stake, which was purchased in the first half of 2015. It operates in the management of data in the thermal, water and health sector; it was purchased during the semester.

15. Prepaid taxes

Prepaid taxes total Euro 2,188 thousand (Euro 2,020 thousand as at December 31, 2015) 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, 2016 total Euro 126 thousand (Euro 99 thousand to December 31, 2015) and refer to deposits.

17. Inventories

Inventories, on June 30, 2016 totalled Euro 2,844 thousand (Euro 3,725 thousand to December 31, 2015), net of the accruals of Euro 520 thousand (Euro 386 thousand to December 31, 2015).

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, 2016, all short-term, totalled Euro 45,613 thousand (Euro 56,243 thousand to December 31, 2015). The value is expressed net of the allowance for doubtful accounts that as at June 30, 2016 stood at Euro 2,663 thousand (Euro 2,880 thousand to December 31, 2015). 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 13,103 thousand on June 30, 2016 (Euro 13,801 thousand to December 31, 2015). These include Euro 2,750 thousand, relating to a contract in progress recorded in prior years allocated in past fiscal years for which the client notified the subsidiary Business-e S.p.A. that it was rejecting the amount requested by the Company based on the progress of the work carried out. Trade payables at December 31, 2015 include an amount, equal to approximately Euro 1,300 thousand, for liabilities to suppliers related to this work in progress. The Company, with the support of its legal advisers on March 24, 2016 started a legal procedure against this client in order to obtain the consideration of this credit, presenting a writ of summons before the Rome Court on June 28, 2016; the client in its statement of defence and at the time of its counterclaim presented by the General State Prosecutor reiterated its refusal to pay the amount demanded by the company; The Rome Court set for October 5, 2016 the first hearing of this dispute. The above situation highlights the presence of uncertainty on the possibility of recovering 2,750 thousand Euros booked in trade receivables, that could have a significant impact on the consolidated financial statements to June 30, 2016. The company, supported by its legal advisers and by a independent technical valuation that comforts it on the value of the state of progress of the work that was executed, sees its demands founded and since it is just a preliminary phase of the legal dispute has not made any writedowns of this credit in the consolidated financial statements to December 31, 2015 and in the current consolidated financial statements to June 30, 2016.

Following are the movements in the allowance for doubtful accounts:

Thousands of Euro	30/06/2016	31/12/2015
Initial allowance	**2,880**	**2,469**
Accrual	220	686
Utilization	(437)	(275)
Final allowance	**2,663**	**2,880**

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

Thousands of euro	30/06/2016	31/12/2015
Maturing	37,686	48,673
Expired up to 30 days	1,277	2,560
Expired from 30 to 60 days	1,001	853
Expired > 60 days	5,649	4,157
Total net receivables	**45,613**	**56,243**

19. Other current assets

Following is the breakdown of other current assets:

Thousands of Euro	30/06/2016	31/12/2015	Changes
Tax receivables	1,398	1,691	(293)
Other receivables	542	614	(72)
Accruals and deferrals	528	393	135
Total	**2,468**	**2,698**	**(230)**

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, 2016, 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, 2016 it totals Euro 17,584 thousand, unchanged from December 31, 2015.

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, 2016 it stands at Euro 485 thousand (Euro 456 thousand as of December 31, 2015).

Voluntary reserve

As of June 30, 2016 it stands at Euro 4,792 thousand, unchanged in respect of December 31, 2015).

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	**31/12/2015**	**Financial charges**	**Increase of the period**	**Accrual (profit)/loss**	**Utilization**	**Payments as per law No. 296/2006**	**30/06/2016**
Employee benefits	981	-	195	-	(118)	(112)	946
Total	**981**	**-**	**195**	**-**	**(118)**	**(112)**	**946**

23. Provisions for risks and charges

Provisions for risks and charges of Euro 237 thousand to June 30, 2016 (Euro 169 thousand to December 31, 2015) are essentially represented by the sales agent indemnity provision related to the agents who work with the Group.

It is to be underlined that, regarding the labour controversy dating back to 2002, for which a subsidiary was deemed responsible in the first degree, the arguments of the company were accepted and what was liquidated in a provisional manner was entirely recovered. The counterparty appealed to the Supreme Court.

24. Deferred taxes

Liabilities for deferred taxes are booked against the temporary differences taxable in future fiscal periods and amount to Euro 903 thousand to June 30, 2016 (unchanged from December 31, 2015).

25. Non current financial liabilities

Following is the breakdown of the item:

Thousands of Euro	**30/06/2016**	**31/12/2015**	**Variation**	**Maturity**
Residual non current leasing debt	2,045	2,081	(36)	November 2026
Financing for investment in Dexit	26	44	(18)	March 2018
BPER financing	-	107	(107)	May 2017
Unicredit financing	775	1,280	(505)	March 2018
Banca Centropadana financing	254	378	(124)	April 2018
MPS financing	167	250	(83)	June 2018
ICCREA Banca financing	1,103	1,170	(67)	May 2022
Amortized cost	(188)	(119)	(69)	
Total	**4,182**	**5,191**	**(1,009)**	

This item represents for Euro 2,045 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	30/06/2016	31/12/2015
Residual non current debt, including interests:		
From 1 to 5 years	401	390
Over 5 years	1,644	1,691
Residual leasing debt, net of interests	**2,045**	**2,081**

26. Bank overdrafts and loans

As at June 30, 2016 total Euro 21,472 thousand (Euro 20,167 thousand to December 31, 2015) 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 500 bps and have no further guarantees. Furthermore this item includes some Euro 2,355 thousand of short term for the debt of the leasing quotas as per Note 25.

27. Trade payables

Trade payables, wholly of short-term commercial nature and including invoices not yet received, total Euro 27,520 thousand to June 30, 2016 (Euro 40,273 thousand to December 31, 2015).
A significant decrease compared to the balance at 31 December 2015 is largely attributable to the seasonality of ascquisti of goods by the VAD Division, mainly concentrated in the second half of the year

28. Tax payables

Tax payables total to June 30, 2016 Euro 8,398 thousand (Euro 6,210 thousand to December 31, 2015) and following is their breakdown:

Thousands of Euro	30/06/16	31/12/15	Change
Debt for income taxes	267	223	44
VAT	7,704	5,558	2,146
Withholding on personnel compensations	375	419	(44)
Other	52	10	42
Total	**8,398**	**6,210**	**2,188**

VAT payables are also due to debt not paid at their natural expiry and that will be paid within the terms foreseen by the current legislation in force.

In the fiscal year ending September 30, 2011 Itway S.p.A. and the subsidiary Business-e S.p.A. were, at two different moments, subject to two distinctive reviews by the Ravenna Province Tax Agency for the 2008 fiscal year. The reviews ended up with the official tax audit report, followed by notices of investigation. The companies of the Group, supported by the opinion of their tax consultants, have opened a proceeding and do not feel that these checks 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, 2016 total Euro 3,448 thousand (Euro 3,018 thousand to December 31, 2015) with the following breakdown:

Thousands of Euro	**30/06/2016**	**31/12/2015**	**Change**
Debts towards personnel for remuneration	429	396	33
Other debt towards personnel	865	559	306
Debt towards directors and collaborators	120	224	(104)
Debt towards social institutions	542	628	(86)
Accruals and Deferrals	1,202	851	351
Advance payments received and other liabilities	290	360	(70)
Total	**3,448**	**3,018**	**430**

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, 2016:

- obligations towards banks for the purchase of foreign currency for Euro 3,905 thousand regarding foreign exchange hedging related to specific commercial transactions to buy products.

- goods owned by the Group held by third parties in their warehouses for Euro 961 thousand .

- third party guarantees in our favour for Euro 1,518 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:

	30/06/2016	31/12/2015	30/06/2015
Cash on hands	2,205	5,237	3,524
Other financial receivables	3,064	414	-
Current financial liabilities	(21,472)	(20,167)	(20,064)
Net current financial position	**(16,203)**	**(14,516)**	**(16,540)**
Non current financial liabilities	**(4,182)**	(5,191)	(5,849)
Total net financial position	**(20,385)**	**(19,707)**	**(22,389)**

The net financial position as at June 30, 2016 shows a short-term net debt of some Euro 16.2 million Euros (14.5 million Euros as at December 31, 2015 and Euro 16.5 million as at June 30, 2015) and a total of Euro 20.3 million.

Current financial liabilities include:

- A 1.6 million Euros financing given by Business-e S.p.A. to BE-Innova S.r.l for the Adapt project that should allow the company to obtain capital grants and a medium-term financing;
- A 1 million Euro financing was given to an important client of the VAR SBU while redefining the commercial agreement with this client;
- A credit towards Giovanni Andrea Farina & Co S.r.l. that will be explained in Note 32.

The current level of debt at the end of the period is related to the to the working capital performance at the end of the 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.

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

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. As for relations with Giovanni Andrea Farina & Co. srl these are loans made in previous years while the costs refer to fees received by the administrator Giovanni Andrea Farina.

In thousands of €uro	Receivables	Payables	Costs	Revenues
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	416	-	99	2
Itway S.p.A. vs Be Innova S.r.l.	174	-	-	32
Itway S.p.A. vs 4Science S.r.l.	66	-	-	-
Business-e S.p.A. vs Be Innova S.r.l.	2,726	10	-	91
TOTAL	**3,382**	**10**	**99**	**125**

Itway S.p.A. It is not subject to direction and coordination by third parties

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 2016:

Thousands of Euro	VAD recurrent	VAD non recurrent	VAD Total	VAR recurrent	VAR non recurrent	VAR Total	Total Consolidated
Revenues							
Revenues	29,576	-	29,576	10,738	-	10,738	40,314
Other operating revenues	326	-	326	383	-	383	709
Total revenues	**29,902**	**-**	**29,902**	**11,121**	**-**	**11,121**	**41,023**
Operating costs							
Cost of products	(25,599)	-	(25,599)	(5,351)	-	(5,351)	(30,950)
Cost of personnel	(1,934)	(16)	(1,950)	(3,353)	(20)	(3,373)	(5,323)
Other costs and operating expenses	(2,046)	(354)	(2,400)	(1,717)	-	(1,717)	(4,117)
Total operating cost	**(29,579)**	**(370)**	**(29,949)**	**(10,421)**	**(20)**	**(10,441)**	**(40,390)**
EBITDA	**323**	**(370)**	**(47)**	**700**	**(20)**	**680**	**633**
Amortizations	(178)	-	(178)	(29)	-	(29)	(207)
EBIT	**145**	**(370)**	**(225)**	**671**	**(20)**	**651**	**426**
Financial income and charges	(669)	-	(669)	(261)	-	(261)	(931)
Pretax result	**(524)**	**(370)**	**(894)**	**410**	**(20)**	**389**	**(505)**

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

Thousand of Euro	VAD recurrent	VAD non recurrent	VAD Total	VAR recurrent	VAR non recurrent	VAR Total	Total consolidated
Revenues							
Revenues	30,605		30,605	9,011		9,011	39,616
Other operating revenues	700		700	141		141	841
Total revenues	**31,305**		**31,305**	**9,152**		**9,152**	**40,457**
Operating costs							
Cost of products	(26,876)		(26,876)	(4,309)		(4,309)	(31,185)
Cost of personnel	(1,989)	(51)	(2,040)	(2,895)		(2,895)	(4,935)
Other costs and operating expenses	(2,036)		(2,036)	(1,507)	(75)	(1,582)	(3,618)
Total operating cost	**(30,901)**	**(51)**	**(30,952)**	**(8,711)**	**(75)**	**(8,786)**	**(39,738)**

EBITDA	**404**	**(51)**	**353**	**441**	**(75)**	**366**	**719**
Amortizations	(174)		(174)	(33)		(33)	(207)
EBIT	**230**	**(51)**	**179**	**408**	**(75)**	**333**	**512**
Financial income and charges	(670)		(670)	(249)		(249)	(919)
Pretax result	**(440)**	**(51)**	**(491)**	**159**	**(75)**	**84**	**(407)**

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

During the period that ended on June 30, 2016, 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-recurring charges previously commented on 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, 2016				
Thousands of Euro	***Carrying value***	***Assets at FVTPL (*)***	***Loans and receivables***	***Derivatives used for hedging***	***Available for sale***
Investments	126	-	126	-	-
Other non current assets					
	126	**-**	**126**	**-**	**-**
Non current assets					
	45,613	-	45,613	-	-
Trade receivables	2,468	-	2,468	-	-
Other current assets	2,205	-	2,205	-	-
Cash on hand	3,064	-	3,064	-	-
Current assets	**53,350**	-	**53,350**	**-**	**-**

ASSETS	December 31, 2015				
Thousands of Euro	***Carrying value***	***Assets at FVTPL (*)***	***Loans and receivables***	***Derivatives used for hedging***	***Available for sale***
Investments	99	-	99	-	-
Other non current assets					
	99	**-**	**99**	**-**	**-**
Non current assets					
	56,243	-	56,243	-	-
Trade receivables	2,698	-	2,698	-	-
Other current assets	5,237	-	5,237	-	-
Cash on hand	414	-	414	-	-
Current assets	**64,592**	-	**64,592**	**-**	**-**

1 **LIABILITIES**		**June 30, 2016**		
	Carrying value	***Liabilities at FVTPL (*)***	***Other financial liabilities***	***Derivatives used for hedging***
Thousands of Euro				
Non current financial liabilities	4,182	-	4,182	-
Non current liabilities	**4,182**	-	**4,182**	-
Current financial liabilities	21,472	-	21,472	-
Trade payables	27,520	-	27,520	-
Tax payables	8,398	-	8,398	-
Other current liabilities	3,448	-	3,448	-
Current liabilities	**60,838**		**60,838**	

LIABILITIES		**December 31, 2015**		
	Carrying value	***Liabilities at FVTPL (*)***	***Other financial liabilities***	***Derivatives used for hedging***
Thousands of Euro				
Non current financial liabilities	5,191	-	5,191	-
Non current liabilities	**5,191**		**5,191**	-
Current financial liabilities	20,167	-	20,167	-
Trade payables	40,273	-	40,273	-
Tax payables	6,210	-	6,210	-
Other current liabilities	3,018	-	3,018	-
Current liabilities	**69,668**		**69,668**	

**Fair Value Through Profit and Loss*

Financial assets and liabilities are booked at a value that is in line with the fair value.

Interest rate risk

The Group's financial instruments include anticipated credits, medium term financing from banking institutes, the commercial paper previously commented on, leasing debts underwritten in previous years to buy the property in Milan 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 215 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 42 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 credit 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 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	***30-06-2016***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***Over***
Non current liabilities	4,182	4,182	1,692	797	1,693
Non current liabilities	**4,182**	**4,182**	**1,692**	**797**	**1,693**

Thousands of Euro	***31-12-2015***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***Over***
Non current liabilities	5,191	5,191	1,801	1,223	2,167
Non-current liabilities	**5,191**	**5,191**	**1,801**	**1,223**	**2,167**

The Group to the date of the Financial Statements has approved credit lines (mainly for advances against invoices) not used for some Euro 14.4 million in addition to cash and cash on hand for Euro 2.2 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

There are no significant subsequent events after the end of the first half.

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, 2016 on September 30, 2016 meeting and also approved its publication.