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Consolidated Financial Statements for the fiscal year ending December 31, 2013

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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Directors' report on operation of the fiscal year ending December 31, 2013

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Board of Directors

(Until the approval of the December 31, 2013 Financial Statements)

Name last name	*Position*
Giovanni Andrea Farina	Chairman and Chief Executive Officer
Cesare Valenti	Managing director
Gabriele Brusa	Independent director
Toni Karam	Independent director
Giuseppe Parrello	Independent director

Board of Statutory Auditors

(Until the approval of the December 31, 2013 Financial Statements)

Name Last name	*Position*
Fabio Zambelli	Chairman
Alessandro Antonelli	Member
Daniele Chiari	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.

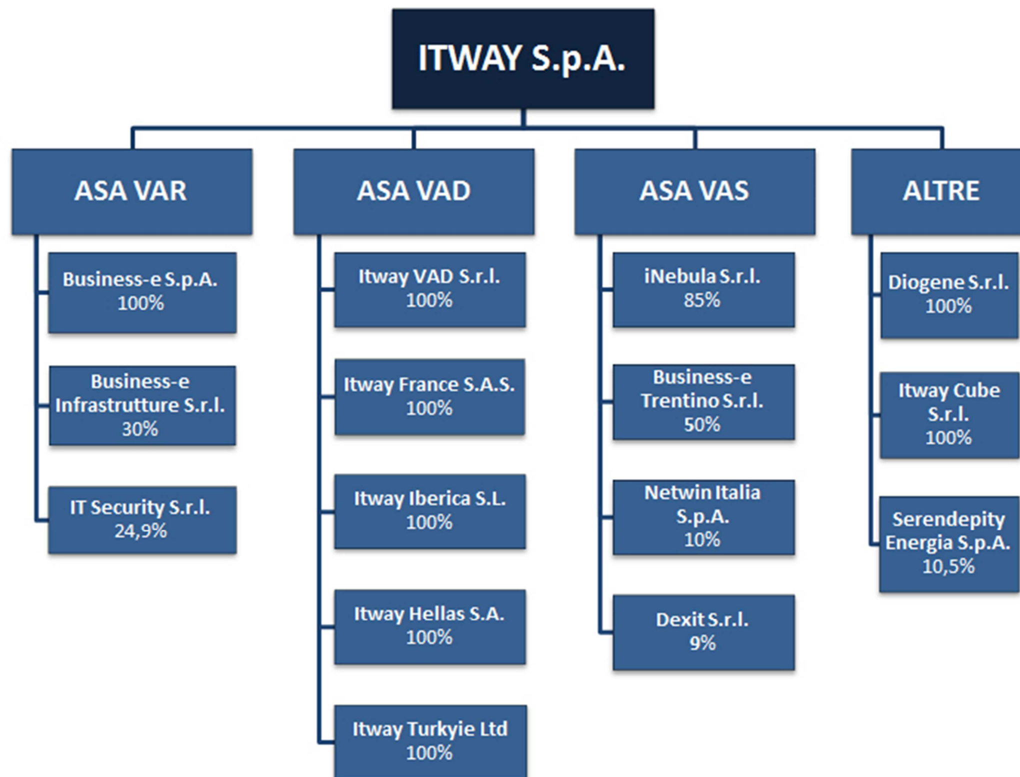
The mandate to the auditing company was given by the ordinary shareholders meeting of January 11, 2010 for the nine year period ending with the approval of December 31, 2017 Financial Statements and, pursuant to current regulations, it cannot be renewed.

Report on the ownership and on corporate governance

In accordance to current laws, please not the Report on Ownership and Corporate Governance, approved by the Board of Directors of Itway S.p.A, is available for the public at the headquarters in Ravenna, via Braille 15, and can be consulted on the Internet site www.itway.com at Investor Relation section.

Activities and Structure of the Group

Following is the structure of the Itway Group at December 31, 2013:



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.

As already indicated in the half-year financial Statements to June 30, 2013, the proposal drafted by the Board on February 22, 2013 that, with a view to rationalize the corporate and operational structure of the Group, foresaw for Itway to become a Holding company with the activities of the VAD SBU included in the Itwayvad S.r.l sub-holding was, as suggested by the same Board of Directors, delayed in the April 8, 2013 extraordinary Shareholders' meeting just like the proposal of cancelling own shares without reducing share capital.

Performance of the Group and the reference market

The accounting principles, the evaluation principles and the consolidation principles referred to in preparing the Management Report and the attached Consolidated Financial Statements as of December 31, 2013 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 analysis of the performance of the Itway Group in the fiscal period that ended December 31, 2013, reflects the more severe crisis in all Western countries prompted by the financial crisis at the end of 2008 that hit the Euro area in general and in particular the Mediterranean countries where the Group operates; the austerity policies implemented by the EU to defend the Euro and the financial stability of the Union, with the fiscal compact and the reduction of the deficit of the single countries, in 2013 continued to have devastating effects on the real economies with still significant contractions in GDP in all Countries and increases in the unemployment rates and in the number of people living under the poverty threshold. The austerity programs brought the economy, in particular of the Mediterranean countries of the EU, back by 30 years with depressive effects both on retail consumption and on investments by companies and public administrations without signs of any radical change.

Even though growth and employment have been brought, first timidly and then always more persistently, to the centre of Governments' attention, there are still no concrete policies to invert the trend. Meanwhile, the continued political instability in Italy does not allow to actively focus on the real economy of the Country.

Despite the still not positive outlook for the economies where the Group operates, with the exception of Turkey, having kept or increased market share and having in any case improved industrial profitability has to be considered a symbol of vitality and perseverance.

Obviously, the above mentioned macroeconomic situation also impacted the performance of financial markets with banks on one hand having to manage corporate crises but on the other hand not inclined to give credit to companies deserving it. The situation is further aggravated by the fact that the

banking system is preparing to introduce at different times and with different modalities the Basel 3 directive. This has resulted in tension, especially in terms of funding costs, again with significant spreads compared with the previous year. For the Itway Group this translated into the need to support clients in a credit crunch situation with a delay in payments while the main vendors are not inclined to take on the burden of the systemic situation, especially on the Italian and Spanish markets. In this situation the Group is taking measures to contain payment conditions and to use more non-recourse factoring transactions. These measures have already given some results and the company hopes they will give even more tangible results in the short term

General context, performance of the ICT Market: The ICT market in Southern European countries suffered a further general slowdown, which was however less accentuated in those segments where the Group operates; this entailed an overall fall in IT demand in the different countries where the Group operates. In Countries like Spain and Italy the contraction is expected to be significant, estimated respectively at -2.5% and -4.6% (Source: IDC July 2013, Assinform October 2013). The tensions on the Euro and on sovereign debts are limiting the credit given to families and households with the Distributor needing to take on the burden to financially support the market. The management of working capital in this context, as noted above, is ever more strategic.

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, the industrial policy of the Group continued to focus on higher value added business lines like the VAR SBU and the VAS SBU. For the VAD SBU, the results of this policy, also in the difficult overall conditions, were achieved in Italy, Greece and Turkey.

Following is the consolidated condensed Income Statements at December 31, 2013 compared with those of the same periods a year earlier:

In thousand of Euro	31/12/2013	31/12/2012
Turnover		
Revenues from sales and services	99,919	104,022
Other operating revenues	1,744	1,459
Total Turnover	**101,663**	**105,481**
Operating Costs		
Purchase of products	(79,302)	(85,419)
Personnel costs	(11,340)	(10,214)
Other costs and operating charges	(8,515)	(7,991)
Total operating costs	**99,157**	**(103,624)**
Ebitda*	**2,506**	**1,857**
Amortizations	(601)	(698)
Ebit*	**1,905**	**1,159**
Net financial charges	(1,677)	(1,637)
Pre-tax result	**228**	**(478)**
Taxes	(763)	(54)
Recurring net result	**(535)**	**(532)**
Write-off of intangible assets	-	(2,366)
Net result	**(535)**	**(2,898)**

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

The table above clearly sums up the strong recovery in industrial profitability of the Itway Group; continuing operations, comparing results from the 2013 fiscal period with those of the previous one, showed significant improvements with a rise in Ebitda at both the VAD SBU (+33.5%) and at the VAR SBU (+36.1%) and therefore also at a Group level (+34.9%), with an even greater recovery in Ebit (+64.4%).

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

At a Group level and always comparing the data at December 31, 2013 and 2012, while revenues fell slightly (-3.6%), there was an increase in Ebitda that reached 2,506 thousand Euro (+34.9% compared with 2012). This improvement of Ebitda is reflected also on the Ebit line (+64.4%) and on the result before taxes.

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 of the companies 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	**31/12/2013**	**31/12/2012**
Total turnover	78,920	85,105
Ebitda*	1,107	829
Ebit*	602	252
Pretax result	(692)	(896)
Recurrent Net Result	(908)	(800)
Write-off of intangible assets	-	(2,366)
Net result	(908)	(3,166)

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

Following is the analysis by Country.

The Italian market, the most important one for the Group, is the one where the negative impact from the "Country situation" and from the reorganization of the distribution activities of some Vendors; however, the countermeasures taken by the Group allowed a recovery in the gross margin with a positive result before taxes, despite a slight decrease in volumes.

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

The performance of the Greek subsidiary, after the reorganization that was completed in the past few months, broke even despite the difficult situation of the Country, with a return to profit at the end of 2013.

The French subsidiary, which was subject to a further restructuring and focus on higher value added lines, reduced losses, but ended the 2013 fiscal year with a result that was still negative.

The Iberian subsidiary is the one that most was most subject to the worsening of the macroeconomic situation with a contraction both in volumes and margins that brought to a result that is still not

positive. The subsidiary is undergoing a restructuring, in terms of focus on the lines being distributed and in terms of structure, the effects of which will be fully seen starting from 2014.

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

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

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

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

In thousand of Euro	31/12/2013	31/12/2012
Total turnover	22,743	20,376
Ebitda*	1,399	1,028
Ebit*	1,303	907
Pretax result	920	418
Net result	373	268

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

The 2013 fiscal year confirmed the trend that started at the end of 2011 and that continued in 2012 with the signing of some multi-year contracts that are important both in terms of volumes and in terms of the innovative technologies applied, consolidating therefore volumes and profitability. The current fiscal year, 2014, started with a strong order portfolio.

Sector performance: *Other sectors*

In 2013 the Itway Group entered into other sectors that are related to but do not coincide with the historical ones defined as VAD and VAR. These sectors do not yet make a relevant contribution to the 2013 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 new sectors are:

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

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

Personnel

The average number of employees of the Group in the period was of 221 units, with a net increase of 18 units following hiring for special orders in Italy and a reduction in staff in France and Spain; following is the breakdown by category compared with the data of the previous fiscal period.

	31/12/2013 *Avg Number*	**31/12/2012** *Avg Number*	**31/12/2013** *Actual*	**31/12/2012** *Actual*
Managers	9	9	10	8
Mid-managers	26	26	23	27
Employees	186	168	191	166
Total	**221**	**203**	**224**	**201**

Net financial position

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

	31/12/2013	**31/12/2012**
Cash on hands	3,738	5,558
Bank overdraft and loans	(20,342)	(26,581)
Net current financial position	**(16,604)**	**(21,023)**
Non current financial liabilities	(2,631)	(2,454)
Total net financial position	**(19,235)**	**(23,477)**

The current net financial Position improved from December 31, 2012, confirming the process to contain working capital that has been carried out during the period as well as the effects of the reduction of volumes at the end of the fiscal period and the use of non-recourse factoring of trade receivables.

A detailed analysis of the movements that generated the change in the Net Financial Position can be found in the Consolidated Cash Flow Statement.

The non-current net financial position reflects the medium term debt towards a leasing company for the rent of the Milan offices, in addition to the debt related to the purchase of the stake in Dexit in the previous years and to a new 24-month financing.

Reconciliation sheet between the parent company and consolidated data

Following is the reconciliation sheet of the consolidated net equity and consolidated results with those of the parent company:

	2013			2012		
	Recurrent assets	Non recurrent assets	Total	Recurrent assets	Non-recurrent assets	Total
Net result of the Parent Company	**(71)**	**-**	**(71)**	**315**	**(4,800)**	**(4,485)**
Results achieved by profit-making subsidiaries	1,230	-	1,230	848	-	848
Results achieved by loss-making subsidiaries	(1.693)	(1,695)	-	(1,695)	(1,693)	(1,589)
Adjustment of the values already included in the consolidated financial statements						4,023
Consolidated net Result	**(535)**	**-**	**(535)**	**(532)**	**(2,366)**	**(2,898)**

	2013			2012		
	Recurrent assets	Non recurrent assets	Total	Recurrent assets	Non-recurrent assets	Total
Net equity of the Parent Company	**26,191**	**(7,800)**	**18,391**	**25,973**	**(7,800)**	**18,173**
Results achieved by subsidiaries	(9,792)	(1,589)	(11,381)	(9,327)	(1,589)	(10,916)
	(2,994)	-	(2,994)			
Other consolidated entries				(2,612)		(2,612)
Adjustment to values already included in the Consolidated Financial Statements		-	7,753	7,753		7,753
Consolidated Net Equity	**13,405**	**(1,636)**	**11,769**	**14,034**	**(1,636)**	**12,398**

Risk management

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

Subsequent events

There were no relevant events after the end of the fiscal period 2013 and up today.

Foreseeable evolution of operations

Despite some forecasts showed a timid recovery in 2014 in the Euro area, the latest estimates still indicate a substantial stagnation. For Italy and Spain a de facto recession is expected with a recovery only and possibly starting from 2015. For Turkey the estimates are very different: there we expect our subsidary to continue to grow at double digit rates and to consolidate its leadership in the sector in the Country.

In Italy, following the fall of the Letta government and the swearing in of the Renzi Government, the hoped for injection of liquidity in the system by the Public Administration has still not taken place. To date, considering the uncertain political situation, the Prime Minister has placed on top of the Government's agenda the payment of 60 billion Euro of debt out of a total of 120 billion that the Public Administration owes companies. Should this occur, it will certainly give a boost to the recovery. However, the Government continues not to invest in IT and innovation as they do in other European Countries. This would be very important as it would bring significant savings to the Current Public Spending in favour of the efficiency of services.
The Itway Group has been for some time now well positioned in value added markets like Security of information systems and Virtualization (VAD SBU, VAR SBU) and the new and emerging Cloud Computing (VAS SBU) and aims at continuing to operate in these sectors with a role of primary player in Southern Europe. Some markets like Cloud Computing are growing and the Group will act as a start-up player and as a concentrating element of initiatives underway through the growing VAS (Value Added Services) SBU.

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

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

On September 16, 2013 the sale of 661,765 own shares, equal to 8.37% of share capital to Sky-Nectics S.A., part of the Libanica S.A. group that is active in the IT security sector, was completed with the agreed payment of Euro 1,125,000.

In addition to this, during the fiscal year ending December 31, 2013, 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 relationship between Itway Group and the related parties was essentially comprised of ordinary commercial relationships, regulated at market conditions, whose overall value is in any case not relevant in terms of volumes of the activities of the Group.

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.

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Research and Development activities

During the period no research and development activity was brought forward.

Own shares

The parent company at December 31, 2013 owns No. 375,794 own shares (equal to 4.75% of share capital) for a nominal value of 187,897 Euro and a cost of purchase of some 612 thousand Euro; During the period 577,386 own shares were purchased (equal to 7.30% of share capital) for a nominal value of 288,693 Euro, as authorized by the Shareholders meeting of Itway S.p.A on January 16, 2012 and 709,350 own shares were sold (equal to 8.97% of share capital) for a nominal value of Euro 354,675.

Stakes held by the directors as per art. 79 and 126 reg. CONSOB 24/02/98

The following table sums up the information requested by the Consob regulation regarding the stakes in the parent company held by Directors, Auditors, Managing directors their spouses, minors, both directly or through controlling companies, trusts or delegated third parties. Please not that the data, unchanged from December 31, 2012, are normally updated with communication carried out between the Shareholders and the Company.

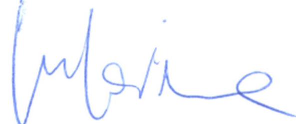
	Number of shares			
Last name and name	**owned as of 30/09/2011**	**purchased**	**sold**	**owned as of 31/12/2011**
Farina G.Andrea	2.573.787	0	0	2.573.787
Gavioli Anna Rita (*)	179.412	0	0	179.412
Valenti Cesare	1.090.284	0	0	1.090.284
Total	**3.843.483**	**0**	**0**	**3.843.483**

*spouse of Farina G. Andrea

The only shareholder that exceeds 10% of share capital is G. Andrea Farina and Cesare Valenti.

Ravenna, March 13, 2014
For the Board of Directors

Chairman and CEO
G.Andrea Farina



CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2013

ITWAY GROUP

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CONSOLIDATED INCOME STATEMENT

Thousand of Euro		Fiscal Year as of	
	Notes	**31/12/13**	**31/12/12**
Assets in use			
Revenues	1	99,919	104,022
Other operating revenues	2	1,744	1,459
Products	3	(79,302)	(85,419)
Costs of services	4	(6,291)	(5,902)
Costs of personnel	5	(11,340)	(10,214)
Other operating expenses	6	(2,224)	(2,089)
(EBITDA		**2,506**	**1,857**
Amortisation	7	(601)	(698)
EBIT		**1,905**	**1,159**
Write-off of immaterial assets		-	(2,366)
Financial proceeds	8	246	128
Financial charges	8	(1,923)	(1,765)
Profit before taxes		**228**	**(2,844)**
Taxes of the period	9	(763)	(54)
Result for the period from operations		**(535)**	**(2,898)**
Attributable to:			
Shareholders of parent company		(535)	(2,898)
Result per share			
From operations:			
Basic	10	(0.07)	(0,38)
Diluited	10	(0.07)	(0,38)

** For the nature of the relationship with related parties, please see Note 31 "Information of related parties".*
***the definition of Ebit and Ebitda is given in the Notes of the consolidated Financial Statements attached to the current Report*

CONSOLIDATED BALANCE SHEET

Thousand of Euro	**31/12/13**	**31/12/12**
Net result	(535)	(2,898)
Profit/Losses from the conversion of the balance sheet of foreign subsidiaries	(382)	43
Comprehensive result	**(917)**	**(2,855)**
Attributable to:		
Shareholders of parent company	(917)	(2,855)

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CONSOLIDATED FINANCIAL STATEMENT

Thousand of Euro	Notes	31/12/13	31/12/12
ASSETS			
Non current assets			
Property, plants and equipment	11	3,369	3,553
Goodwill	12	8,294	8,297
Other intangibile assets	13	1,203	1,019
Investmens	14	1,803	1,467
Deferred tax assets	15	1,761	1,610
Other non current assets	16	141	174
Total		**16,571**	**16,120**
Current assets			
Inventories	17	3,849	4,716
Account receivables - Trade	18	48,040	58,839
Other current assets	19	2,405	3,135
Cash on hand	20	3,738	5,557
Total		**58,032**	**72,247**
Total assets		**74,603**	**88,367**
NET EQUITY AND LIABILITIES			
Share Capital and other reserves			
Share capital and reserves		12,304	15,296
Net Result of the Period		(535)	(2,898)
Total Net Equity	21	**11,769**	**12,398**
Share capital and reserves of minorities		2	-
Total Group Net Equity		**11,771**	**12,398**
Non current liabilities			
Severance indemnity	22	750	694
Provision for risks and charges	23	156	148
Deferred tax liabilities	24	886	873
Non current financial liabilities	25	2,631	2,454
Total		**4,423**	**4,169**
Current liabilities			
Financial current liabilities	26	20,342	26,581
Account payable - Trade	27	32,972	38,805
Tax payable	28	2,745	4,407
Other current liabilities	29	2,351	2,007
Total		**58,410**	**71,800**
Total liabilities		**62,833**	**75,969**
Totale Net Equity and Liabilities		**74,603**	**88,367**

Consolidated statement of changes in equity

Thousand of Euro	Share capital	Own share reserve	Share premium reserve	Legal reserve	Voluntary reserve	Other reserves	Translation reserve	Result for the period	Net Equity of Group	Minority interest	Totale Net Equity
					Cumulated profit (loss)						
Balance at January 1, 2012	**3,953**	**(391)**	**17,584**	**450**	**4,792**	**(10,800)**	**(271)**	**447**	**15,764**	**-**	**15,764**
Purchase of own shares		(510)	-	-	-)	-	-	-	(510)	-	(510)
Allocation of the result for the year	-		-	-	-	447	-	(447)	-	-	-
Change in consolidation area	-	-	-	-	-	-	-	-	-	-	-
Overall result	-		-	-	-	-	43	(2,898)	(2,855)	-	(2,855)
Balance at December 31, 2012Note 21	**3,953**	**(901)**	**17,584**	**450**	**4,792**	**(10,353)**	**(228)**	**(2,898)**	**12,399**	-	**12,399**

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	Totale Net Equity
					Cumulated profit (loss)						
Balance at January 1, 2013	**3,953**	**(901)**	**17,584**	**450**	**4,792**	**(10,353)**	**(228)**	**(2,898)**	**12,399**	-	**12,399**
Purchase of own shares		289	-	-	-	-	-	-	289	-	289
Allocation of the result for the year	-	-	-	-	-	(2,898)	-	2,898	-	-	-
Change in consolidation area	-	-	-	-	-	-	-	-	-	2	2
Overall result	-	-	-	-	-	-	(382)	(535)	(917)	-	(917)
Balance at December 31, 2013Note 21	**3,953**	**(612)**	**17,584**	**450**	**4,792**	**(13,251)**	**(610)**	**(535)**	**11,771**	2	**11,773**

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CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Thousand of Euro	**Fiscal year ending**	
	31/12/2013	**31/12/2012**
Results for the period from assets in use	(535)	(2,898)
Adjustments of items not affecting liquidity:		
Write-off of immaterial assets	-	2,366
Depreciation of tangible assets	258	317
Depreciation of other intangible assets	343	381
Allowance for doubtful accounts	453	482
Provision for severance indemnity, net of payments to social security bodies	161	156
Variation in non current assets/liabilities	(98)	(95)
Cash flow from operating activities, grosso f the variation in working capital	**582**	**710**
Payments of severance indemnity	(105)	(159)
Variation in trade receivable and other current assets	11,077	(8,098)
Variation in inventories	867	119
Variation in trade payables and other current liabilities	(7,151)	5,767
Cash flow from operations generated (absorbed) by changes in NWC	**4,688**	**(2,371)**
Cash flow from operations (A)	**5,269**	**(1,661)**
Additions in tangible assets (net of assets sold)	(74)	(132)
Change in non current financial liabilities	177	(99)
Additions in other intangibile assets(net of dismessa and reclassification)	(860)	(408)
Cash flow from investing activities (B)	**(757)**	**(639)**
Trade of own shares	289	(510)
Cash flow from financial activities (C)	**289**	**(510)**
Net impact of the variation in translation of non Euro Exchange rates on cash on hand	(382)	43
Increase/(Decrease)of cash available and cash equivalents (A+B+C)	**4,419**	**(2,767)**
Short term Net Financial Position at the beginning of the period	(21,023)	(18,256)
Short term Net Financial Position at the end of the period	(16,604)	(21,023)

EXPLANATORY NOTES OF THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

Itway S.p.A. (the “Company” or the “Parent Company”) is a public limited company constituted in Italy. The addresses of the legal headquarters and of the locations where the main activities of the Group are carried out are indicated below.

The Itway Group mainly operates in the distribution of information technology products (so-called Value Added Distribution Strategic Business Area) 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 Strategic Business Unit).

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, 2012. 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

Presentation of the consolidated financial statement, 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 are drafted in the following way:

- In the financial statement, current and non current assets are reported separately. The consolidated financial statement as at December 31, 2013 was compared with the balances of the previous fiscal year, which ended on December 31, 2012;
- In the income statement, the representation of the costs is carried out on the basis of their own nature. The income statement on December 31, 2013 was compared with that of the previous fiscal year. The consolidated statement of comprehensive income acknowledges those changes to net equity which, not being pertinent to the transactions with shareholders, do not have an impact on the result of the fiscal year;
- The indirect method was used for the consolidated statement of changes in financial position;
- Ebitda (gross operating result) is an economic indicator not defined in the International Accounting Standards. Ebitda is used by the management of the Company to monitor and assess the operational performance of the Company and of the Group. Management considers Ebitda an important parameter to measure the performance of the Group as it is not impacted by the volatility generated by the different criteria used to determine taxable income, by the amount and the characteristics of employed capital as well as the related amortization and depreciation policies. Ebitda is defined as Profit/Loss before amortizations of material and immaterial assets, depreciation of material and immaterial assets, accruals to cover losses of subsidiaries, financial charges and income and income taxes;
- EBIT (operating Result) is defined as the Profit/Loss before of depreciation of material and immaterial assets, accruals to cover losses of subsidiaries, financial charges and proceeds and income taxes.

Consolidation procedures

The Financial Statements include the Financial Statements of the parent company and of the companies that it controls as of December 31, 2013, 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 as indicated later.

The subsidiaries purchased by the Group are booked with the acquisition 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 detailed subsequently, is periodically, at least once every fiscal year, reviewed to check if it can be recovered through future cash flows generated from the underlying investment.

The higher values of the acquired assets and liabilities, since booked at the fair value on the date of

their purchase, compared with values recognized for fiscal purposes, 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:

	December 31, 2013		December 31, 2012	
	Average rate	End-period rate	Average rate	End-period rate
New Turkish lira	2,53	2,96	2,31	2,36

The consolidated Financial Statements of the Itway Group include the results of the parent company Itway S.p.A, and the companies it controls.

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

NAME	HEADQUARTERS	SHARE CAPITAL €	% Of direct ownership	% Of in direct ownership	% Of overall ownership
Itwayvad S.r.l,	Via L. Braille,15, Ravenna	10,000	100%	-	100%
Itway Iberica S.L.	Argenters 2, Cerdanyola del Vallès, Barcelona	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, Rome	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	85%	15%	100%

** 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,
Business-e Trentino S.r.l.	Via Cesare Battisti 26, Trento	20,000	-	50%	50%
Be Infrastrutture S.r.l,	Via Trieste, 76 Ravenna	100,000	-	30%	30%
Itsecurity S.r.l.	Via A. De Gasperi, 320, Bari	20,000	-	24.9%	24.9%

The minority interests assessed with the cost method are:

NAME	HEADQUARTERS	SHARE CAPITAL €	% Of direct ownership	% of indirect ownership	% of overall ownership
Serendipity Energia S.p.A.	Piazza Bernini 2 - Ravenna	1.117.758	-	10,5%	10,5%
Dexit S.r.l.	Via G. Gilli 2 – Trento	700,000	9%	-	9%
Netwin Italia S.p.A.	Via Martiri Baffè, 2/A-Sant'Agata sul Santerno (RA)	5,000,000		10%\	10%

Following are the controlled interests that have not been consolidated as they are not yet operational:

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

Use of estimates

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

The Financial Statements item most subject to estimates is goodwill.

Following is the summary of the valuation processes and the estimate/assumptions deemed receptive, should the forecasted events not take place, in full or in part, of 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 seen 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 financial statement. Payments for the lease are divided between capital and interest, directly 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, of 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 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". Eventually impairment losses are booked to the income statement and cannot be reversed successively.

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

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

Intangible assets

An intangible asset is booked only if it can be identified, it is probable that it will generate future economic benefits and its cost can be determined in a reliable way. Intangible assets are registered at the cost determined according to criteria indicated for tangible assets. Should it be estimated that the assets have a defined useful life then they are amortized systematically during the estimated useful life and the amortization starts from the moment in which the assets are ready for use or in any case form 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, but at the end of each fiscal year, the Group reviews the book value of its tangible and intangible assets to determine if there are indications that these assets incurred in impairment. Should such indications emerge, the amount that can be recovered is estimated in order to determine the amount of impairment loss. Should it not be possible to determine the recoverable value of a single 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

The 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. The net realized value 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 substantially transferred to the factor, determines the elimination of the receivables from assets.

- **Contract works in progress -** When the result of an order can be estimated with reason, the contract work in progress is assessed based on the earned revenue, 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 to the income statement.

Cash on hand

Cash on hand includes petty cash, checks and 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.

Own shares

Own shares are stated at cost and reported debiting net equity, including ancillary expenses in buying and selling. The economic effects deriving from possible subsequent sales are recognized 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

Severance indemnity refers to the Italian companies of the Group. Following the Italian complementary pensions reform, only liabilities relating to employee benefits (TFR) remaining within the company are determined based on actuarial hypothesis founded on demographic and financial hypothesis. The annual provision is booked on an accrual basis coherently with the employment necessary to obtain the benefit. The matured share is paid to a separate entity, with no further obligations for the company towards the employee.

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, then debts are booked at their current value, attributing the discount as financial cost on an accrual basis.

Other current liabilities

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

Derivatives

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

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

Revenue recognition

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

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

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

Interest – are 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 financial statement. Financial charges are booked on an accrual basis as a function of time using the effective interest rate.

Income Taxes

The parent company Itway S.p.A. and its 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 consolidating companies 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 fiscal 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 possible 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 planning Budget and Business Plans used for the impairment tests it has been considered future taxable income.

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 in force at the date of the Financial Statements.

Foreign currency transactions

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

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

Recently issued accounting principles

The consolidated Financial Statements were drafted using the principles and criteria used to draft the consolidated Financial Statements at December 31, 2012, since they are compatible, except in terms of what is detailed below.

Accounting principles, amendments and interpretations applicable from January 1, 2013

In June 2012 EC regulation No. 475/2012 was issued recognizing at a EU level the revised version of IAS 19 (employee benefits) mandatorily applicable, in a retrospective manner, from January 1, 2013, as foreseen by IAS 8 (accounting principles, changes in accounting estimates and errors).
The amendment to IAS 19 requires to express the deficit or surplus of the fund in its entirety in the economic and financial statement, to recognize separately in the balance sheet the costs related to employment and net financial charges and to book actuarial profits and losses that derive from the re-calculation of liabilities or assets with other comprehensive income/(losses). Furthermore the return of assets included in net financial charges will be calculated based on the discount rate of the liabilities rather than their expected rate of return. The first application of the above-mentioned principle therefore entailed the need to reclassify in Net Equity as part of accumulated Profits (Losses) and the effect of the reclassification in the Income Statement is not very significant

- On June 16, 2011 IASB issued an amendment to IAS 1 – Presentation of Financial Statements to ask companies to group together the components of other comprehensive income/(losses) depending on whether they can be recycled or not subsequently in the income statement. The amendment has to be applied from the fiscal periods commencing after July 1, 2012. The adoption of this amendment has not produced any result in terms of the assessments of the items in the Financial Statements.

- IFRS 7 amendments “Financial Instruments: disclosures” published by IASB on December 16, 2011 and applicable from January 1, 2013 requires additional disclosure on the effects of netting arrangements of financial assets and liabilities on an entity’s financial position;

- IFRS 13 “Fair value measurement” issued by IASB on May 12, 2011 and applicable from January 1, 2013 gives an unequivocal definition to the concept of fair value clarifying the ways to determine it in financial statements

Please note some amendments to IFRS issued in May 2012, also in force from the annual fiscal years starting from January 1, 2013:

IAS 1 Presentation of Financial Statements that clarifies the difference between voluntary additional comparative information and minimum required comparative information

• IAS 16 Property, Plant and Equipment: the amendment clarifies that major spare parts and servicing equipment have to be capitalized only if they meet the definition of property, plant and equipment otherwise they are to be classified as inventory;

• IAS 32 Financial instruments: this amendment clarifies that income taxes arising from distributions to equity holds are booked pursuant to IAS 12.

Accounting principles, amendments and interpretations not yet effective and that the Group di not adopt in a pre-emptive manner

- IFRS 10 “Consolidated financial statements” and parts of IAS 27, published by IASB on May 12, 2011 and applicable by January 1, 2014. It establishes new principles to draft consolidated financial statements;

- IFRS 11 “Joint Arrangements” published by IASB on May 12, 2011 and applicable by January 1, 2014 redefines the ways of reporting joint arrangements in consolidated financial statements;

- IFRS 12 “Disclosure of interest in other entities” issued by IASB on May 12, 2011 and applicable by January 1, 2014 broadens the disclosure required on the different types of investments;

Amendments to IAS 32, “Financial instruments presentation on asset and liability offsetting clarifies some of the requirements to offset financial assets and liabilities applicable by January 1, 2014.

Amendments to IAS 36 – Disclosure on the recoverable value of non-financial assets. It regulates the disclosure that has to be supplied on the recoverable value of assets that incurred a loss in value, if this value is based on the fair value less costs of sale. The amendments have to be applied retroactively from the fiscal periods that start from January 1, 2014.

Minor amendments to IAS 39 – Financial instruments; recognition and measurements entitled "Novation of Derivatives and Continuation of Hedge Accounting".

Lastly, the effects of the Principles and Interpretations approved but not yet endorsed by the European Union were considered, noting that these could have a potential impact, but not material on the balance sheet, financial and economic situation.

Accounting principles, amendments and interpretations that have still not been endorsed by the European Union

To the date of the writing of the current Financial Statements, the competent bodies of the European Union have still not finalized the endorsement process necessary to adopt the following accounting principles and amendments:

- On November 12, 2009, IASB published IFRS 9 – Financial instruments. The same standard was re-issued in October 2010 and was amended in November 2013. The principle addresses the classification, the recognition and measurement of assets financial assets and liabilities and hedge accounting. It replaces for these parts IAS 39 – Financial Instruments: recognition and measurement. As part of the November 2013 amendments, among other, IASB removed the standard's mandatory effective date, previously set on January 1, 2015. This date will be reintroduced once the full standard is published, at the conclusion of the IFRS 9 project.

- On May 20, 2013, IASB issued IFRIC 21 – Levies, an interpretation of IAS 37 – Provisions, potential assets and liabilities. The interpretation clarifies the accounting on how to measure liabilities for the payment of levies that are not income taxes. IFRIC 21 has to be applied for the fiscal periods starting from January 1, 2014. An earlier application is allowed.

- On November 21, IASB published some minor amendments to IAS 19 –Employee benefits entitled "Defined benefit plans: Employee contributions". These amendments regard the simplification of the accounting .on contributions for benefit plans from

employees or third parties in specific cases. The amendments are effective, retrospectively, for the fiscal periods that begin July 1, 2014. An earlier application is allowed.

- On December 12, 2013, IASB issued a series of amendments to the IFRS standards (Annual Improvements to IFRSs – 2010-2012 Cycle and Annual Improvements to IFRSs – 2011-2013 Cycle. The most important topics are, among others, the definition of vesting conditions to IFRS 2 – Share based payments, the aggregation of operating segments in IFRS 8 – Operating Segments and the definition of key management personnel with strategic responsibility in IAS 24 – Related party disclosures, the exclusion in the scope of IFRS 3 – Business Combinations to all types of joint arrangements (as defined by IFRS 11 – Joint Arrangements) and some clarifications on the application of certain exceptions to the application of IFRS 13 – Fair value Measurement.

The Group will comply with these new standards and amendments based on their relevant effective dates when endorsed by the European Union and it will evaluate their potential impacts on the Consolidated financial statements.

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 for the fiscal period ending December 31, 2013 totalled 99,919 thousand euro and are comprised by:

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/201	Variation
Revenues from sale of products	85,990	91,108	(5,118)
Revenues from services	13,929	12,914	1,015
Total	**99,919**	**104,022**	**(4,103)**

The Itway Group mainly operates in the information products distribution segment (hardware and software) and offers a complete portfolio of services and technological solutions for security of information and to manage IT infrastructures.

2. Other operating revenues

Other operating revenues for the fiscal period ending December 31, 2013 totalled 1,744 thousand Euro and are comprised by:

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/2012	Variation
Advertising and Marketing Contributions	947	922	25
Refund of transportation and collection costs	38	76	(38)
Non operating income	69	63	6
Other revenues and proceeds	690	398	292
Total	**1,744**	**1,459**	**285**

The advertising and marketing contributions refer to contribution by vendors for marketing and co-marketing activities carried out during the fiscal period. These fees are provided in the main distribution agreements.

3. Products (net of charges in inventories of raw materials and goods)

Following is the breakdown:

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/2012	Variation
Purchase of products	76,445	82,755	(6,310)
Costs for resold services	2,240	2,048	192
Additional purchasing charges (transportation)	318	313	5
Other purchases of consumption material and miscellaneous	299	303	(4)
Total	**79,302**	**85,419**	**(6,117)**

4. Costs of services

Following is the breakdown:

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/2012	Variation
Consultancy and collaborators	1,449	1,475	(26)
Advertising and trade expositions	613	464	149
Travel and representation	844	704	140
Directors' remunerations of the parent company and social charges	686	671	15
Directors' remunerations of subsidiaries and social charges	50	76	(26)
Auditing company fees	203	256	(53)
Agents	219	171	48
Telecom expenses	231	244	(13)
Services, courses and client assistance	501	359	142
Insurance	251	234	17
Specialist costs, IR and securities service	97	141	(44)
Compensation for statutory Auditors	95	95	-
Electricity, water and gas	99	109	(10)
Other expenses and services	953	903	50
Total	**6,291**	**5,902**	**389**

Please note that:

- The "consultancy and collaborators" item includes technical consultancies for 131 thousand Euro and commercial consultancy and collaborators for 134 thousand Euro, marketing consultancy and collaborators of 401 thousand Euro, administrative and financial consultancies for 82 thousand Euro, fiscal, legal or notary consultancy for 499 thousand Euro and various consultancy for 202 thousand Euro.
- In the table emoluments for the corporate entities deliberated by the Shareholders meeting including the relative social charges.

5. Costs of Personnel

Following is the breakdown, compared with the previous period:

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/2012	Variation
Salaries	7,816	6,986	830
Social Charges	2,357	2,141	216
Severance indemnity	389	428	(39)
Other costs	778	659	119
Total	**11,340**	**10,214**	**1,126**

Following the introduction of new regulations in Italy, some items previously included in Cost of services as of December 31, 2012 were included in Personnel costs. Therefore, for comparison sake, the corresponding items as of June 30, 2012 were reclassified, without any impact on EBITDA.

The following table details the number of employees per category compared with the same period the previous fiscal year and the effective position on December 31, 2013:

	31/12/2013 *Avg figure*	**31/12/2012** *Avg figure*	**Variation**	**31/12/2013** *Actual figure*	**31/12/2012** *Actual figure*	**Variation**
Managers	9	9	-	10	8	2
Mid-managers	26	26	-	23	27	(4)
Employees	186	168	18	191	166	25
Total	**221**	**203**	**18**	**224**	**201**	**23**

6. Other operating expenses

Following is the breakdown of the other operating expenses compared with the previous fiscal period:

	Fiscal year ending		**Variation**
Thousand of Euro	**31/12/2013**	**31/12/2012**	
Rent for lease, offices and vehicles	1,426	1,555	(129)
Allowance for doubtful accounts	453	482	(29)
Use of provisions	-	(389)	389
Other extraordinary	73	91	(18)
Other	272	350	(78)
Total	**2,224**	**2,089**	**135**

7. Depreciation and Amortization

	Fiscal year ending		
Thousand of Euro	**31/12/2013**	**31/12/2012**	**Variation**
Depreciation of tangible assets	258	317	(59)
Amortization of intangible assets	343	381	(38)
Total	**601**	**698**	**(97)**

8. Interest income and expenses

Following is the breakdown of item:

Thousand of Euro	Fiscal period ending 31/12/2013	31/12/2012	Variation
Interest income	9	10	(1)
Income from investments	41	38	3
Other income	196	80	116
Total financial income	**246**	**128**	**118**
Interest charges	(1,738)	(1,507)	(231)
Bank commissions	(220)	(210)	(10)
Profits and (losses) on exchange	35	(48)	83
Total financial charges	**(1,923)**	**(1,765)**	**(158)**

The increase in interest charges on banking debt is essentially due to the rise in applied interest rates, following the turbulence on financial markets despite the lower average exposure in the two reference periods.

9. Income taxes

Following is the breakdown of income taxes:

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/2012	Variation
Current income Taxes	375	391	(16)
Ires refund	362	311	51
Irap	(162)	(263)	101
Deferred/(prepaid) taxes	188	(385)	573
Total	**763**	**54**	**709**

In the 2012 fiscal year the tax charge was presented net of the effects of the deductibility from IRES of the part of IRAP relating to personnel costs, in accordance to article 2 of Legislative Decree 201 of 2011. This article admitted the analytical deductibility from corporate income the part of IRAP related to personnel costs as integrated by Legislative Decree 16 of 2012. This allowed asking for an IRES and/or IRPEF tax refund for an amount equal to the amount of IRAP not deducted relating to these costs.

The request for the refund relating to the fiscal years from 2007 to 2011 for the Group totals some 0.4 million euros. This amount has been booked in the consolidated financial statement of 2012, as a result of the positive view of its advisors, among tax credits.

The following table highlights the reconciliation of the theoretical fiscal charge and the effective fiscal charge relating to income taxes:

Thousand of Euro	Fiscal year ending 30/12/2013		31/12/2012	
	Taxable	**Tax**	**Taxable**	**Tax**
Result before taxes	**228**		**(2,843)**	
Theoretical tax rate (27.50%)		62		(782)
Temporary differences to be made in successive fiscal periods	966	266	881	242
Differences that will not be carried over to future years	(828)	(228)	691	190
Carry forward of temporary differences from previous fiscal periods	71	20	(18)	(5)
Taxable income and related loss carry forward not booked	927	255	2,710	746
Taxable at 27.50%	1,364	375	1,421	391
Current taxes of the fiscal year		**375**		**391**
Deferred tax net of the use of taxes allocated in previous years		(228)		(280)
Anticipated tax net of use of anticipated taxes allocated in previous years		63		5
Net tax of the fiscal period		**210**		**116**

The following table highlights the reconciliation of the theoretical fiscal charge and the effective fiscal charge relating to the Irap tax:

Thousand of Euro	Fiscal year ending 31/12/2013		31/12/2012	
	Taxable	**Tax**	**Taxable**	**Tax**
Result before taxes	228		(2,843)	
Results of foreign companies included in the consolidation , not subject to IRAP	1,104		3,822	
Result subject to IRAP	1,332		979	
Undeductable costs for IRAP purposes	7,123		6,584	
Total	8,454		7,563	
Theoretical fiscal charge (3.9%)		330		295
Temporary differences to be realized in future years	49		98	
Differences that will not be carried forward to future years	34		(2)	
Carry forward of temporary differences from previous years	(93)		(303)	
Tax rate	8,444		7,356	
Taxable at 4.82%	3,427	165	2,616	
Taxable at 4.97%	96	5	-	
Taxable at 3.90%	4,922	192	4,739	
IRAP current fiscal period		**362**		**311**
Deferred tax net of use of taxes allocated in previous fiscal periods		(1)		8
Anticipated taxes net of use of taxes allocated in previous fiscal periods		3		4
Net IRAP of the fiscal period		**364**		**323**

10. Net result and earnings per share

The base result per share relative to the fiscal year that ended December 31, 2013, of a negative Euro 0.07, was determined dividing the loss of the appropriate fiscal year by the average weighted number of outstanding Itway shares in the semester, excluding own shares.

The weighted average number of outstanding shares is 7,305,222.

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/2012
Net Result	(535)	(2,898)
Weighted average no. of shares outstanding	7,305,222	7,701,262
Net result per share in Euro:		
- Basic	(0,07)	(0,38)
- Diluted	(0,07)	(0,38)

There are that entail a dilution of the number of outstanding shares and therefore the base result coincides with the diluted one

11. Property, plant and equipment

Property, plants and equipment are expressed net of accumulated depreciation and have the following composition and variation in the last two fiscal years:

Thousand of Euro	Property and offices	Equipment	Tools	Other goods	Total
Purchase cost	3,321	232	10	3,835	7,398
Balance at 31.12.2011	**3,321**	**232**	**10**	**3,835**	**7,398**
Increases	-	1	-	148	149
Decreases	-	-	-	(140)	(140)
Book value as at 31.12.2012	**3,321**	**233**	**10**	**3,843**	**7,407**
Accumulated depreciation	190	200	9	3,260	3,659
Balance at 31.12.2011	**190**	**200**	**9**	**3,260**	**3,659**
Amortization for the period	69	17	1	230	317
Decreases	-	-	-	(122)	(122)
Balance amortization as at 31.12.2012	**259**	**217**	**10**	**3,368**	**3,854**
Net book value:					
As of December 31 2011	3,131	32	1	575	3,739
As of December 31 **2012**	**3,062**	**16**	**0**	**475**	**3,553**

Thousand of Euro	Property and offices	Equipment	Tools	Other goods	Total
Purchase cost	3,321	233	10	3,843	7,407
Balance at 31.12.2012	**3,321**	**233**	**10**	**3,843**	**7,407**
Increases	4	14	1	94	113
Decreases	-	(3)	-	(184)	(187)
Book value as at 31.12.2013	**3,325**	**244**	**11**	**3,753**	**7,333**
Accumulated depreciation	259	217	10	3,368	3,854
Balance at 31.12.2012	**259**	**217**	**10**	**3,368**	**3,854**
Amortization for the period	69	15	1	173	258
Decreases		(3)		(145)	(148)
Balance amortization as at 31.12.2013	**328**	**229**	**11**	**3,396**	**3,964**
Net book value:					
As of December 31 2012	3,062	16	-	475	3,553
As of December 31 **2013**	**2,997**	**15**	**-**	**357**	**3,369**

The item property and offices reflects the value of the Milan office, bought in October 2008 through an 18-year leasing agreement, booked including directly attributable accessory charges. The related residual debt is booked in the non current and current financing liabilities line (Note 25).

Investments made during the period essentially refer to the purchase of personal computers, network servers and telephone systems.

12. Goodwill

Goodwill as of December 31, 2013 totalled 8,294 thousand Euro. This goodwill is allocated to the units generating cash flows (Cash Generating Units), represented by the single companies that they refer to:

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/2012
Business-e	3,284	3,284
Itway Iberica	2,977	2,977
Itway Hellas	1,843	1,843
Other minors *	191	194
Total	**8,294**	**8,297**

The Group updated the review of the recoverability of goodwill. The recoverable value of the CGU to which goodwill is attributed to is determined by identifying the value in use.

In order to verify the possible impairment of goodwill, the Discounted Cash Flow (DCF) method was used. This method requires discounting cash flows on the basis of an interest rate that represents the specific risk of any Cash Generating Units (CGU).

The expected cash flows are taken from the Budget of the next fiscal period, in the context of the five-year business plan to December 31, 2018 of the identified CGUs, approved by their respective Board of Directors, based on the performance expected, forecasted by independent Institutions, of the market trends where the single CGU operate and acknowledged on the basis of the historical individual performances and the expected specificity. In addition to the expected flows expected for the 2014-2018 period, it has to add the so-called Perpetuity, which represents the Terminal Value. The medium/long term growth rate is of 1%.

The discounted interest rate used (WACC – Weighted Average Cost of Capital) is between 6.1% and 14%, depending essentially on the Country risk of the where the single CGU operate.

In this context, the situation caused by the current economic and financial crisis entailed the need to make assumptions regarding a future performance that were characterized by significant 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 review of the values as of December 31, 2013 did not prompt the need to write-down goodwill.

13. Other intangible assets

Following is the breakdown and variation of other intangible assets:

Thousand of Euro	Development costs	Patent rights	Other	Work in progress	Total
Purchase costs	795	1,351	3,908	-	6,054
Balance at 31.12.2011	**795**	**1,351**	**3,908**	**-**	**6,054**
Increases	-	119	153	-	272
Decreases	-	-	-	-	-
Balance at historical cost as at 31.12.2012	**795**	**1,470**	**4,061**	**-**	**6,326**
Accrued amortizations	756	1,166	3,004	-	4,926
Balance as at 31.12.2011	**756**	**1,166**	**3,004**	**-**	**4,926**
Amortizations	8	147	226	-	381
Amortization balance as at 31.12.2012	**764**	**1,313**	**3,230**	**-**	**5,307**
Net value:					
December 31, 2011	39	185	904	-	1,128
December 31, 2012	**31**	**157**	**831**	**-**	**1,019**

Thousand of Euro	Develop ment costs	Patent rights	Other	Work in progress	Total
Purchase costs	795	1,470	4,061	-	6,326
Balance at 31.12.2012	**795**	**1,470**	**4,061**	**-**	**6,326**
Increases	-	86	127	314	527
Decreases	-	-	-	-	-
Balance at historical cost as at 31.12.2013	**795**	**1,556**	**4,188**	**314**	**6,853**
Accrued amortizations	764	1,313	3,230	-	5,307
Balance as at 31.12.2012	**764**	**1,313**	**3,230**	**-**	**5,307**
Amortizations	22	243	78	-	343
Amortization balance as at 31.12.2013	**786**	**1,556**	**3,308**	**-**	**5,650**
Net value:					
December 31, 2012	31	157	831	-	1,019
December 31, 2013	**9**	**-**	**880**	**314**	**1,203**

The most significant increases refer to the investments underway on iNebula S.r.l. and the update of the corporate information system.

14. Investments in minority interests

Following are the non-controlling investments as at December 31, 2013:

- **Business-e Trentino** was constituted in March 2011. In 2013, on a preliminary basis, the fiscal year, not yet approved by directors, ended with a volume of activity of some 0.7 million euro and a result of the period broadly break-even.
- **Business-e Infrastrutture S.r.l.,** controlled by Cooperativa Muratori Cementisti-CMC aims at supplying Information Technology services in the construction sector. Business-e owns 30% of the share capital; as of December 31, 2013 this stake was valued with the equity method that coincides with the cost, since the company's mission is mainly to supply services at cost to the majority shareholder.
- **Dexit S.r.l**, which operates in the IT services sector for the public administration. The 9% investment is valued at its purchase cost;
- **Itsecurity S.r.l.**, which was constituted at the end of 2010, owned at 24.9%, with the aim of presiding over the logical security of systems market in Southern Italy. The company to date has just become operational.
- **Serendipity Energia S.p.A.**, a 10.5% stake from the Business-e subsidiary with the aim of ensuring the development part of remote control over alternative energy plants that the subsidiary will build.
- **Netwin Italia S.p.A.**, operating in legal gambling, started its operation in the semester, and the main part of the gambling machines are operating with the network provided by the subsidiary Business-e;
- **iNebula Tech S.r.l**. is not operating.

The detail of total assets and liabilities, of revenues and of the result for the period of the investments is highlighted in the following table (data in thousand of Euro):

Company name	Country	Assets	Liabilities	Revenues	Result of the period
Be Infrastrutture Srl*	Italy	482	332	1,050	350
Dexit srl*	Italy	4,640	2,723	9,269	762
Itsecurity Srl	Italy	143	120	165	(1)
Serendipity Energia SpA	Italy	1,102	82	-	(6)

**Refer to December 31, 2012 the last available Financial Statements*

15. Deferred tax assets

Deferred tax assets of Euro 1,761 thousand (Euro 1,610 thousand December 31, 2012) are comprised of the fiscal impact of: timing non-deductible provisions for Euro 447 thousand (Euro 476 thousand as of December 31, 2012), fiscal losses for Euro 1,106 thousand (Euro 895 thousand as of December 31, 2012) and other timing differences for Euro 208 thousand (Euro 239 thousand as of December 31, 2012) that the Group expects to recover in future fiscal years, based on the expected taxable income.

16. Other non current assets

Other non current assets total, as of December 31, 2013, Euro 141 thousand (Euro 174 thousand as of December 31, 2012).

17. Inventories

Inventories as of December 31, 2013 totalled Euro 3,849 thousand (Euro 4,716 thousand as of December 31, 2012) net of an allowance of Euro 445 thousand (Euro 340 thousand as of December 31, 2012).

18. Account receivables-Trade

Trade receivables as of December 31, 2013, all short term, totalled Euro 48,040 thousand (Euro 58,839 thousand as of December 31, 2012). The value is net of the allowance for doubtful accounts, which, as of December 31, 2013 stood at Euro 2,900 thousand (Euro 2,557 thousand as of December 31, 2012). Such allowance is considered congruous with the insolvency risks of the existing receivables.

Account receivables also include work in process on contracts for Euro 10,092 thousand (Euro 9,013 thousand as of December 31, 2012).

Following are the movements of the allowance for doubtful accounts:

	Fiscal year ending	
Thousand of Euro	**31/12/2013**	**31/12/2012**
Beginning balance	**2,557**	**2,727**
Provisions for the period	453	482
Use	(110)	(652)
Ending balance	**2,900**	**2,557**

Following is the breakdown of account receivables as at December 31, 2013 classified by expiration:

	Fiscal year ending	
Thousand of Euro	**31/12/2013**	**31/12/2012**
Expiring	39,261	50,172
Expired up to 30 days	1,744	2,.816
Expired from 30 to 60 days	1,941	1,310
Expired over 60 days	5,094	4,541
Total net receivables	**48,040**	**58,839**

19. Other current assets

Following is the breakdown of the other current assets:

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/2012	Variation
Tax receivables	776	1,507	(731)
Other receivables	1,304	1,365	(61)
Accruals and Deferrals	325	263	62
Total	**2,405**	**3,135**	**(730)**

20. Cash on hand

Following is the breakdown:

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/2012	Variation
Bank and Postal deposits in Euro	3,340	5,101	(1,761)
Bank Deposits in US Dollars	393	451	(58)
Money and petty cash	5	5	-
Total	**3,738**	**5,557**	**(1,819)**

Bank deposits in foreign exchange are valued at the exchange rate at the end of the period and generally are to make payments in foreign currency in the first days of the subsequent fiscal year.

The cash available is of a temporary nature as its origins lie in the normal short-term financial cycle that establishes a concentration of inflows from clients at the end of the month while payments to suppliers are less concentrated.

21. Net Equity

Share Capital

The paid-in share capital of the holding company as of December 31, 2013 is represented by No. 7,905,318 ordinary shares with a nominal value of 0.5 Euro each, equal to Euro 3,952,659.

Own shares reserve

This reserve recognizes the value of the own shares at the date of the current Financial Statements.

Share premium
As of December 31, 2013, it totals Euro 17,584 thousand unchanged compared with the previous fiscal year.

Pursuant to article 2431 of the Civil Code please note that the share premium reserve can be eventually distributed if the legal reserve reaches a fifth of share capital.

Legal reserve
As of December 31, 2013 it stands at Euro 450 thousand.

Voluntary reserve
As of December 31, 2013, it stands at Euro 4,792 thousand, unchanged from the previous fiscal period.

Retained earnings (losses)
In addition to the reserves indicated above, this item is also comprised of the , the reserve for results carried forward, the reserve generated from the adoption of IFRS and, highlighted separately, the translation reserve generated from the conversion into Euro of the balance sheets expressed in different values different from euro.

22. Employee benefits

This item is comprised of severance indemnity of the Italian companies of the Group.

Following are the variations; among the movements are the transfers to pension funds and to the INPS treasury fund.

Thousand of Euro	31/12/2011	Increases	Use	Payments as per l. 296/2006	31/12/2012
Employee benefits	697	318	(159)	(162)	694
Total	**697**	**318**	**(159)**	**(162)**	**694**

Thousand of Euro	31/12/2012	Increases	Use	Payments as per l. 296/2006	31/12/2013
Employee benefits	694	373	(105)	(212)	750
Total	**694**	**373**	**(105)**	**(212)**	**750**

23. Accruals for risks and charges

Accruals of Euro 156 thousand as of December 31, 2013 (Euro 148 thousand as of December 31, 2012) are constituted by the sales agent leaving indemnity and charges for contingent liabilities.

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.

No additional accrual has been posted since:

- The companies involved feel they can make their theses count also in light of previously acquired jurisprudence and the verdict of the Court of Appeals;
- There are in any case settlements to make the charge fall on, if and as the losing party, the related company, the employer, and not on the Group.

24. Deferred tax liabilities

Deferred tax liabilities are booked against temporary differences taxable in future fiscal years and amount to, as of December 31, 2013 Euro 886 thousand (Euro 873 thousand as of December 31, 2012).

25. Non current financial liabilities

Following is the breakdown of the item:

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/2012	Variation
Non-current debts for leasing	2,240	2,312	(72)
Special purpose financing for Dexit partecipation purchase	110	142	(32)
24-month financing from BPER	279	-	279
Others	2	-	2
Total	**2,631**	**2,454**	**177**

This item represents for Euro 2,240 thousand the non current quota of the residual debt towards the leasing institute for the Milan offices as previously said (Note 11), expiring in 2026. The main details of the leasing transaction are: cost of the property: 2,995 thousand

Euro; variable interest rate (3-month Euribor plus spread 160bps), convertible into a fixed rate chosen by the lessee.

Following are the details of the residual non current leasing debt divided by expiry date:

	Fiscal year ending	
Thousand of Euro	**31/12/2013**	**31/12/2012**
Non current residual debt for leasing, including the interest quota:		
from 1 to 5 years	900	900
Over 5 years	2,660	2,885
Total	**3,560**	**3,785**
Interests	(1,320)	(1,473)
Residual leasing debt, net of interest	**2,240**	**2,312**

	Fiscal year ending	
Thousand of Euro	**31/12/2013**	**31/12/2012**
Residual leasing debt, net of interest:		
from 1 to 5 years	341	319
Over 5 years	1,899	1,993
Residual leasing debt, net of interest	**2,240**	**2,312**

Furthermore, non current financing liabilities reflect for Euro 110 thousand the funding of a special purpose financing for the purchase of the stake in Dexit S.r.l. and two 24-month financings with Banca Popolare dell'Emilia Romagna and other minor ones.

26. Bank overdrafts and Loans

As of December 31, 2013 they total Euro 20,342 thousand (Euro 26,581 thousand as of December 31 2012) and are essentially comprised of debts towards banks for advance payments on short-term account receivables, regulated at a 1-3 month Euribor plus an average spread of 480 bps and are not covered by other guarantees. Furthermore, this item includes, for some Euro 72 thousand, the short-term quota of the leasing and for financial debts reported in Note 25.

27. Trade payables

Trade payables, including invoices not yet received, amount to Euro 32.972 thousand as of December 31, 2013 and Euro 38,805 thousand as of December 31, 2012.

28. Tax payables

Tax payables amounts to Euro 2.745 thousand as of December 31, 2013 (Euro 4,407 thousand as of December 31, 2012) with the following breakdown:

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/2012	Variation
Debt for income tax	339	508	(169)
VAT	1.860	3.352	(1.492)
Withholding on personnel compensations	483	476	7
Other	63	71	(8)
Total	**2.745**	**4.407**	**(1.662)**

All companies of the Group in Italy and abroad closed the fiscal year according to the natural expiry terms foreseen by the laws in force in the respective Countries, without further charges compared to those declared.

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 to date followed by notices of investigation. The companies of the Group, supported by their tax consultants, challenge the notice 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

As of December 31, 2013, the other current liabilities total Euro 2,351 thousand (Euro 2,007 thousand as of December 31, 2012) with the following breakdown:

Thousand of Euro	Fiscal year ending 31/12/2013	31/12/2012	Variation
Debt towards personnel for remuneration	365	225	140
Other debt towards personnel	506	453	53
Debt towards directors and collaborators	40	141	(101)
Debt towards social institutions	576	465	111
Accruals and deferrals	797	705	92
Advanced payments received and others	67	18	49
Total	**2,351**	**2,007**	**344**

The other debt towards personnel includes provisions for deferred remuneration (regular vacation and additional yearly payroll).
The accruals and deferrals mainly include deferrals for services invoiced, relevant in the subsequent fiscal year.

30. Obligations and guarantees

Following are the existing obligations and guarantees as of December 31, 2013:

- Obligations towards banks for the purchase of foreign currency for Euro 10,771 thousand to hedge exchange rates for specific commercial transactions to buy products;
- Goods held by third parties for 1,238 thousand Euro in their warehouse;
- Third party guarantees in our favour for 209 thousand Euro relative to bank guarantees on behalf of the Group for taking part in public tenders.

31. Information on related parties

During the fiscal year, the Group had commercial relationships with related companies. These are normal business activities, regulated with contractual conditions established by the parities at fair value, consistent with the ordinary market procedures.

The transactions between Itway S.p.A and its subsidiaries included in the consolidation perimeter were eliminated from the consolidated Financial Statements and are highlighted in the current Note.

32. Remuneration to directors, auditors, managing directors and managers with strategic responsibility

Following the introduction of article 123 ter of the TUF, the data on these remunerations are reported analytically on the report on remuneration that will be made available to the public within the terms foreseen by law at the legal headquarters. It will also be possible to consult them on the Internet site www.itway.com in the Investor Relation section.

33. Net financial position

Pursuant to Consob Communication No. 6064293 of July 28 2006, following is the breakdown of the Group's net financial position (NFP) toward the financial system:

	31/12/2013	**31/12/2012**
Cash on hand	3,738	5,558
Current financial liabilities	(20,342)	(26,581)
Net current financial position	**(16,604)**	**(21,023)**
Non current financial liabilities	(2,631)	(2,454)
Total net financial position	**(19,235)**	**(23,477)**

The current Net Financial Position improved confirming the process to contain working capital that has been carried out during the period as well as the effects of the reduction of volumes at the end of the fiscal period and the use of non-recourse factoring of trade receivables for Euro 6,925 thousand as of December 31, 2013.

The cash on hand is temporary in nature as it derives from the normal short-term financial cycle that entails a heavy concentration of inflows from clients at the end of the month while payments to suppliers are less concentrated.

The non current net financial position reflects the medium term debt towards a leasing company, for the rent of the Milan offices and the financings detailed in Note 25 that increased in the fiscal period by Euro 281 thousand.

34. Information on the sector

The Group has two reference sectors: “Valued Added Distribution” and “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, specialized certification services on software technologies and pre- and post-sales technical assistance. Clients of the company are “system integrators” and “value added resellers” who sell products to end clients.
The VAS sector reported data is not material and have therefore been aggregated in VAD sector.

Through the “e-business Services and Security Management” 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,

Following is the breakdown of the main economic data regarding the identified segments, in the fiscal year ending December 31, 2013:

Thousand of Euro	VAD	VAR	Total Consolidated
Revenues			
Revenues	77,514	22,405	99,919
Other operating revenues	1,406	338	1,744
Total revenues	**78,920**	**22,743**	**101,663**
Operating costs			
Cost of products	(66,853)	(12,449)	(79,302)
Cost of personnel	(5,579)	(5,761)	(11,340)
Other costs and operating expenses	(5,381)	(3,134)	(8,515)
Total operating cost	**(77,813)**	**(21,344)**	**(99,157)**
EBITDA	**1,107**	**1,399**	**2,506**
Amortizations	(505)	(96)	(601)
EBIT	**602**	**1,303**	**1,905**
Financial income and charges	(1,249)	(383)	(1,677)
Pretax result	**(692)**	**920**	**228**

Following is the breakdown of the main economic data regarding the identified segments, in the fiscal year ending December 31, 2012:

Thousand of Euro	VAD	VAR	Total Consolidated
Revenues			
Revenues	83,956	20,066	104,022
Other operating revenues	1,150	309	1,459
Total revenues	**85,106**	**20,375**	**105,481**
Operating costs			
Cost of products	(73,532)	(11,887)	(85,419)
Cost of personnel	(5,702)	(4,512)	(10,2143)
Other costs and operating expenses	(5,040)	(2,949)	(7,989)
Total operating cost	**(84,275)**	**(19,348)**	**(103,623)**
EBITDA	**829**	**1,028**	**1,857**
Amortizations	(577)	(121)	(698)
EBIT	**255**	**907**	**1,159**
Write-off of immaterial assets	(2,366)	-	(2,366)
Financial income and charges	(1,149)	(489)	(1,637)
Pretax result	**(3,262)**	**418**	**(2,844)**

Following is the breakdown of the main financial items of the identified segments as of December 31, 2013

	VAD	VAR	Consolidated
Non-current assets			
Property, plants and equipment	3,309	60	3,369
Goodwill	7,128	1,166	8,294
Other intangible assets	1,136	67	1,203
Deferred Taxes assets	1,571	190	1,761
Investments	384	1,419	1,803
Other non current assets	111	30	141
Total	**13,639**	**2,932**	**16,571**
Current assets			
Inventories	3,800	49	3,849
Account receivables – Trade	26,773	21,202	47,975
Receivables towards other companies of the group	-	65	65
Other current assets	1,904	501	2,405
Cash on hand	3,198	540	3,738
Total	**35,675**	**22,357**	**58,032**
Total Assets	**49,314**	**25,289**	**74,603**
Net Equity	8,640	3,131	11,771
Non current liabilities			
Severance indemnity	626	124	750
Provision for risks and charges	40	116	156
Deferred tax liabilities	483	403	886
Non current financial liabilities	2,524	107	2,631
Total	**3,673**	**750**	**4,423**
Current liabilities			
Financial current liabilities	17,611	2,731	20,342
Intra-sector payables/receivables	(9,534)	9,534	-
Account payable – Trade	26,279	6,693	32,972
Tax payable	1,837	908	2,745
Other current liabilities	809	1,542	2,351
Total	**37,002**	**21,408**	**58,410**
Total liabilities	**49,314**	**25,289**	**74,603**

Following is the breakdown of the main financial items of the identified segments as of December 31, 2012

Thousand of Euro	VAD	VAR	Total consolidated
Non current assets			
Property, plants and equipment	3,471	82	3,553
Goodwill	7,133	1,166	8,297
Other intangible assets	938	82	1,019
Deferred Taxes assets	1,378	232	1,610
Investments	386	1,081	1,467
Other non current assets	131	40	174
Total	**13,437**	**2,683**	**16,120**
Current assets			
Inventories	4,519	197	4,716
Account receivables – Trade	39,725	19,101	58,826
Receivables towards other companies of the group	-	13	13
Other current assets	2,639	497	3,135
Cash on hand	2,513	3,044	5,557
Total	**49,397**	**22,851**	**72,247**
Total assets	**62,834**	**25,533**	**88,367**
Net Equity	9,764	2,633	12,398
Non current liabilities			
Severance indemnity	564	130	694
Provision for risks and charges	34	115	148
Deferred tax liabilities	536	338	873
Non current financial liabilities	2,454	-	2,454
Total	**3,587**	**583**	**4,169**
Current liabilities			
Financial current liabilities	23,025	3,556	26,581
Intra-sector payables/receivables	(10,874)	10,874	-
Account payable – Trade	33,126	5,679	38,805
Tax payable	3,425	982	4,407
Other current liabilities	781	1,227	2,007
Total	**49,476**	**22,324**	**71,800**
Total liabilities	**62,828**	**25,539**	**88,367**

35. Subsequent events

There were no relevant events after the close of the fiscal period 2013 and up today.

36. Contingent liabilities

There are no potential liabilities related to those controversies that have not been considered for the allocation of funds in the consolidated balance sheet, commented in Note 23.

37. Non recurrent, atypical and/or unusual transactions

On September 16, 2013 the sale of 661,765 own shares, equal to 8.37% of share capital to Sky-Nectics S.A., part of the Libanica S.A. group that is active in the IT security sector, was completed with the agreed payment of Euro 1,125,000.

In addition to this, during the fiscal year that ended on December 31, 2013, 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.

38. Financial risk management: objectives and criteria

The international accounting principle IFRS 7 requires providing disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the financial position and performances;
- the nature and entity of risks arising from financial instruments to which the Group is exposed during the fiscal year and as at the reporting date, and how the entity managed those risks.

The accounting principles regarding financial instruments applied in drafting the consolidated balance sheet are described in the section Accounting Principles and Main Assessment Criteria, 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 risks identified are reported hereinafter.

The main financial activities of the group are represented by account receivables, cash and cash on hand that directly derives from the 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 sheet reconciles the balance sheet items that represent financial instruments and the financial assets and liabilities categories in accordance with accounting principle IAS 39:

ASSETS *Thousand of Euro*	December 31, 2013 *Carrying amount*	*Assets at FVTPL (*)*	*Loans and receivables*	*Derivatives used for hedging*	*Available-for-sale*
Investments	1,803	-	-	-	1,803
Other non current assets	141	-	141	-	-
Non current assets	**1,944**		**141**		**1,803**
Trade receivables	48,040	-	48,040	-	-
Other current assets	2,405	-	2,405	-	-
Cash on hand	3,738	-	3,738	-	-
Current assets	**54,183**	-	**54,183**	-	-

ASSETS *Thousand of Euro*	December 31, 2012 *Carrying amount*	*Assets at FVTPL (*)*	*Loans and receivables*	*Derivates used for hedging*	*Available-for- sale*
Investments	1,467	-	-	-	1,467
Other non current assets	174	-	174	-	-
Non current assets	**1,640**		**174**		**1,467**
Trade receivables	58,839	-	58,839	-	-
Other current assets	3,135	-	3,135	-	-
Cash on hand	5,557	-	5,557	-	-
Current assets	**67,531**	-	**67,531**	-	-

LIABILITIES *Thousand of Euro*	December 31, 2013 *Carrying amount*	*Liabilities at FVTPL (*)*	*Other financial liabilities*	*Derivates used for hedging*
Non current financial liabilities	2,631	-	2,631	-
Non current liabilities	**2,631**	-	**2,631**	-
Current financial liabilities	20,342	-	20,342	-
Trade payables	32,972	-	32,972	-
Tax payables	2,745	-	2,745	-
Other current liabilities	2,351	-	2,351	-
Current liabilities	**58,410**	-	**58,410**	-

LIABILITIES	December 31, 2012			
Thousand of Euro	***Carrying amount***	***Liabilities at FVTPL (*)***	***Other financial liabilities***	***Derivates used for hedging***
Non current financial liabilities	2,454		2,454	
Non current liabilities	**2,454**	**-**	**2,454**	**-**
Current financial liabilities	26,581		26,581	
Trade payables	38,805		38,805	
Tax payables	4,407		4,407	
Other current liabilities	2,007		2,007	
Current liabilities	**71,800**	**-**	**71,800**	**-**

**Fair Value Trough Profit and Loss*

Financial assets and liabilities are booked at a value that is not different from the fair value.

Interest rate risk

The financial instruments of the Group include anticipated credits by banking institutes 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 short-term average exposure in the period, a fluctuation of 1 percentage point of interest rates would entail a change in interest payments of some 200 thousand Euro. On non current financial liabilities a 1 percentage point fluctuation in interest rates would entail a variation of +/- of interests of some Euro 25 thousand per fiscal year.

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 or the Turkish Lira.
In order to reduce the foreign exchange risk deriving from expected assets, liabilities 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 isn't deemed it opportune to highlight quantitative and detailed information, except for the details regarding account receivables per expiration breakdown in 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 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 preset terms and maturities. A punctual management of the optimization of financing of commercial activities at a central level by the parent company limits the liquidity risk of the Group. Utilization of credit lines and liquidity management is centrally managed in a bid to optimize the management of the Group's financial resources.

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 been already reported, in the other statements of the Financial Statements and in the notes regarding current financial liabilities, expiring within the end of next fiscal year, the following table analyzes the Group's non current liabilities, grouped together on the basis of the contract expiration compared with the balance sheet date.

Thousand of Euro	***31/12/2013***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***other***
Non current liabilities	2,631	2,631	388	341	1,902
Non current liabilities	**2,631**	**2,631**	**388**	**341**	**1,902**

Thousand of Euro	***31/12/2012***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***Over***
Non current liabilities	2,454	2,454	104	348	2,002
Non current liabilities	**2,454**	**2,454**	**104**	**348**	**2,002**

The Group to the date of the Financial Statements had approved credit lines not used for some Euro 17 million mainly for advances against invoices and about Euro 4 million for non-recourse receivable sales in addition to cash and cash on hand for Euro 3,7 million. With these amounts, along with those deriving from the collection of account receivables, the Group is able to face its commitments in the short and medium term.

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 above.

39. Financial Instruments

The financial instruments of the Group booked in the consolidated financial statements are not significantly far from their fair value.

40. Seasonality of activities

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

41. Compensation for the auditing firm - Art. 149 duodecies of Issuers Regulations - Prospectus

Description	**Thousand Euro**
Compensation for PwC for the auditing activity of the financial statements of the fiscal year and the consolidated financial statements of Itway SpA	61,50
Compensation for PwC for periodic auditing	5,51
Compensation for PwC for other services	-
Compensation to entities that are part of PwC network for other services	9,95
Compensation for PwC for auditing activities of subsidiaries	101,34
Total	**178,30**

In addition to the compensation mentioned above, no other mandates were given to the auditing firm.

42. Publication of the Financial Statements

The Board of Directors of Itway approved the Financial Statements at the March 13, 2014 meeting and also approved its publication, giving the Chairman the mandate to make changes or formal integrations should they be necessary or opportune to better draft and to make the text more complete.

43. Companies of the Itway S.p.A. Group

Following is the list of companies and relevant stake holdings of the Group, pursuant to Consob Deliberation No. 11971 of May 14 1999 and successive modification and Consob communication No. DEM/6064293 of July 28 2006.

Below is the list of companies broke down by type of control, type of consolidation. For each company the following is highlighted: name, headquarters, country affiliation, share capital in the original currency. Furthermore, also listed are the shareholdings, voting rights in ordinary shareholders meeting, if different from the stake of the capital and the controlling companies

PARENT COMPANY	HEADQUARTER	SHARE CAPITAL
Itway S.p.A.	Ravenna	3,952,659

CONTROLLED COMPANIES CONSOLIDATED WITH THE FULL METHOD	HEADQUARTERS	SHARE CAPITAL €	%STAKE IN CAPITAL	CONTROLLING COMPANY
Itwayvad S.r.l.	Ravenna	10,000	100%	Itway S.p.A.
Itway Iberica S.L.	Barcelona	560,040	100%	Itway S.p.A
Itway France S.A.S.	Paris	100,000	100%	Itway S.p.A
Itway Hellas S.A.	Athens	846,368	100%	Itway S.p.A
Itway Cube S.r.l.	Ravenna	10,000	100%	Itway S.p.A
Diogene S.r.l.	Roma	78,000	100%	Itway S.p.A
Itway Turkiye Ltd.	Istanbul	1,500,000 *	99.93%	Itwayvad S.r.l.
			0.07%	Itway S.p.A
Business-e S.p.A.	Ravenna	1,001,084	100%	Itway S.p.A.
iNebula	Ravenna	10,000	85%	Itway S.p.A.
			15%	iNebula Tech S.r.l.

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

NON-CONSOLIDATED CONTROLLED COMPANIES	HEADQUARTERS-	SHARE CAPITAL	% STAKE IN CAPITAL	CONTROLLING COMPANY
iNebula Tech S.r.l.	Ravenna	10.000	100%	Itway S.p.A

RELATED COMPANIES VALUED WITH THE EQUITY METHOD	HEADQUARTERS	SHARE CAPITAL €	% STAKE	CONTROLLING COMPANY
Itsecurity	Bari	20,000	24.9%	Business-e S.p.A.
BE Infrastrutture S.r.l.	Ravenna	100,000	30%	Business-e S.p.A.
Business-e Trentino S.r.l.	Trento	20,000	50%	Business-e S.p.A.