Consolidated Financial Statements for the fiscal year ending December 31, 2015

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Directors' report on operations for the fiscal year ending December 31, 2015

Board of Directors

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

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

Board of Statutory Auditors

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

Name last name	*Position*
Alessandro Antonelli	President
Daniele Chiari	Member
Silvia Caporali	Member

Manager mandated to draft corporate accounting documents

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

Auditing Firm

PricewaterhouseCoopers S.p.A.

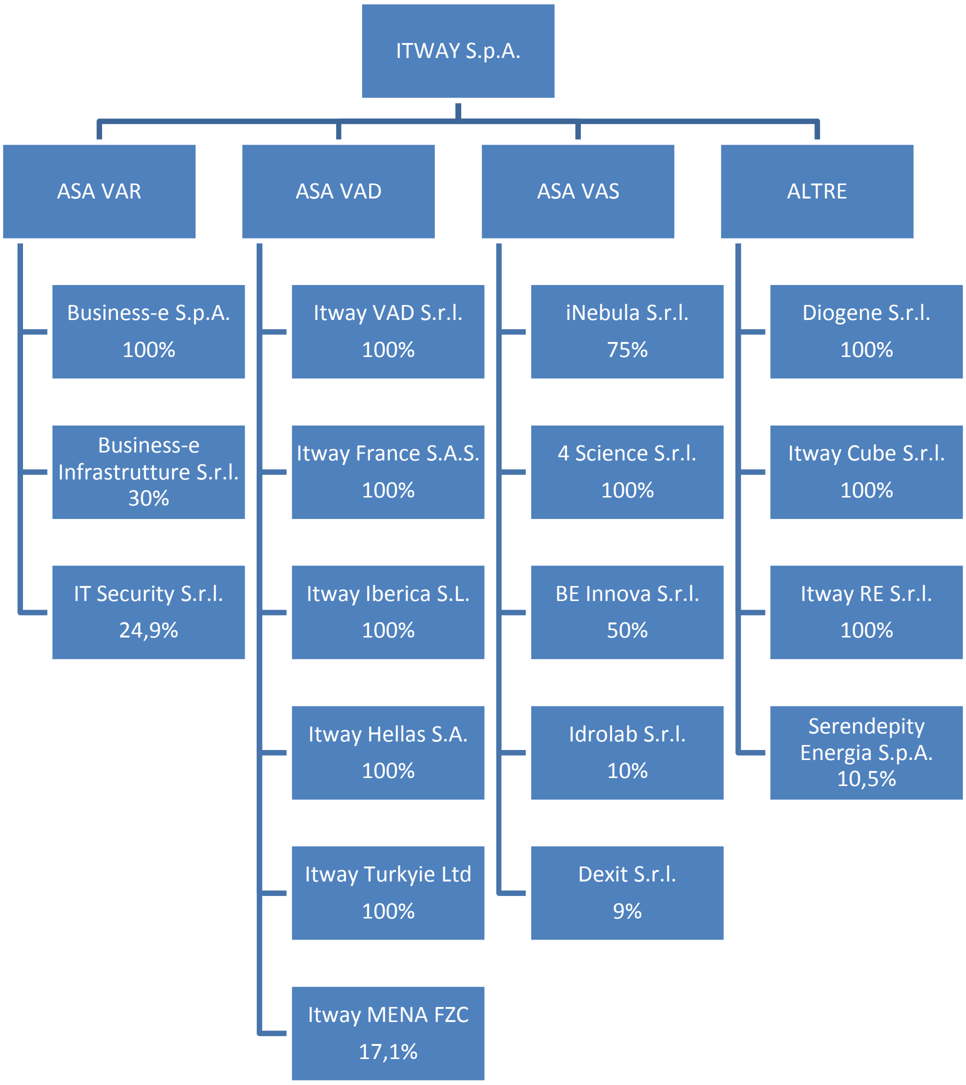
The mandate to the auditing company was given by the ordinary shareholders meeting of January 11, 2010 for the nine year period ending with the approval of December 31, 2017 Financial Statements and, pursuant to current regulations, it cannot be renewed.

Report on the ownership and on corporate governance

In accordance to current laws, please note 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 2015:



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

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

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

Performance of the Group and the reference market

The accounting principles, the evaluation principles and the consolidation principles referred to in preparing the Management Report and the attached Consolidated Financial Statements as of December 31, 2015 are, as in the previous fiscal year, the international accounting principles defined as IFRS. In particular, these principles require forward looking statements, as indicated 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 context that characterized the fiscal period that ended December 31, 2015 is still not positive. The forecasts for Italy are still of a slight growth (+0.8%), while in Greece, after the significant tension of the past months, the situation is improved. However, not everyone thinks this is the case and some fear that possible unrest in the Country is still possible. Our activities in Greece continue with signs of improvement and with an increase in turnover and profitability. Turkey confirms to be once again a dynamic and expanding economy: following the elections won once again by Erdogan, GDP is seen up around 4%, however strongly held back by the tensions in European Union economies. It is worth underlining that migrants seeking asylum due to wars in Syria and other African nations prompted a slowdown in the economies most exposed to this trend. During 2015, over one million migrants reached Europe, of which 800,000 Greece and some 150,000 Italy (source: International Organization for Migration – IOM December 2015). Some flee wars, others poverty -- the so-called economic migrants. Overall they could potentially reach over 200 million people: it is obvious that this is the main systemic problem that the European Union today has to face. The funds take away from investments for growth to face this phenomenon are in the order of some tens of billions of euros.

The subject of growth and employment seem to have been brought, first timidly and then always more persistently, to the centre of Governments’ attention, and one can catch a glimpse of concrete policies to invert the trend. In Italy the Government has started to produce some results that have not yet been completely structured with a plan for the future or industrial and economic policies for the Country. The measures like the one to add €80 in the pay check of 10 million workers that was confirmed also for 2016 and the recently approved Jobs Act give greater security and flexibility for workers and companies while the abolition of the IRAP tax on labour costs certainly represent a very important first step. However, decisive measures on unproductive public spending that generates tens of billions of euros of waste are needed as well as a serious restructuring of the Public Administration and acting on fiscal pressure that oppresses both households and companies: all this to say how much more work still needs to be done.

In this context, having kept or increased market share and industrial profitability has to be considered in a positive light. A last note has to be reserved to the financial sector in the hope it is quickly proactive and that it returns to concretely assist the real economy and the corporate world. Obviously the above mentioned macroeconomic situation continues to weigh on financial markets with tensions, related to an excess of non-performing loans, especially on the cost of funding and despite the strong injections of liquidity from the ECB

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

General context and performance of the ICT Market: In October 2015, Assinform published the updated data on the sector, on the basis of the first half that grew 1.5% compared with 2014 that saw a 1.4% contraction. The sectors in which the Group operates are those of Security, Virtualization and the newly created Cloud Computing, which are defined as "additional and innovative ICT components". While "traditional ICT components" are broadly steady, the "additional and innovative ICT component" sector is seen growing 4.8% (Assinform 10/2015 data for Italy and proportionally estimated for other Countries).

Market positioning:: During the period the repositioning on new product distribution lines continued, with the aim of replacing lower-margin lines with higher value added ones that also allow a smaller use of working capital. The positive performance of the US economy while the euro area is essentially and overall stagnating (and in recession in some countries) has led to a progressive weakening of the European currency versus the US one, although values of today essentially stable.

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

The alliance with Libanica S.A. led the Group in October 2014 to take part in the constitution of

Itway MENA with a 17.1% stake. The company is based in Dubai-Sharjah, in the United Arab Emirates. Exploiting its geopolitical and technical expertise of Libanica and the technical and specialized expertise of Itway, the newly constituted group will expand in markets in the Middle East and North Africa (MENA), Itway MENA started during 2015 to develop the market in the UAE, Iran and Nigeria with the expected results better described in the foreseeable evolution of operations.

Following is the consolidated condensed Income Statements at December 31, 2015 compared with those of the same periods a year earlier:

In thousands of Euro	31/12/2015	31/12/2014
Turnover		
Revenue	98,219	86,189
Other operating revenue	2,374	2,944
Total Turnover	**100,593**	**89,133**
Operating costs		
Cost of products	(78,204)	(68,267)
Personnel costs	(9,935)	(10,467)
Other costs and operating charges	(9,098)	(7,745)
Total operating costs	**97,237**	**86,479**
Ebitda*	**3,356**	**2,654**
Amortizations	(444)	(442)
Ebit*	**2,912**	**2,212**
Net financial charges	(1,909)	(1,530)
Recurrent pre-tax result	**1,003**	**682**
Non recurrent charges	(308)	(270)
Pre-tax result	**695**	**412**
Taxes	(670)	(937)
Result for the period	**25**	**(525)**

**The definition of Ebitda and Ebit 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.

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, comparing the data at December 31, 2015 and 2014, revenues rose some 13% while Ebitda was of 3,356 thousand Euro compared with 2,654 thousand in 2014 (+26%); the pre-tax was of 695 thousand Euro, up 69% from the previous fiscal period.

Some orders of products and the value of contracts that were booked in the budget and pipeline recorded in the last quarter of the 2015 were enough not only to recover but also to improve of the gross margin of the first half but also to improve the result compared with the previous year. Others were booked at the beginning of 2016 and will make up this year's result.

Performance by segment of business: *Value Added Distribution*

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

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

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

In thousands of Euro	**31/12/2015**	**31/12/2014**
Total revenues	76,301	66,009
Ebitda*	2,433	1,230
Ebit*	2,063	866
Pre-tax result	602	(221)
Non recurring charges	(158)	(270)
Recurrent net result	444	(490)
Net result	(35)	(808)

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

As in the previous quarter, volume growth continued, for the first time in six quarters. In the period there was also a pick-up in profitability.

Following is the analysis by Country.

The Italian market, the most important one for the Group, where there has been a significant recovery, revenues and margins posted solid growth thanks to the continued measures to reposition the VAD Italia business as well as the signing of some important contracts and the countermeasures put in place.

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 on the Turkish market that, being out of the Euro area, confirms having significant development prospects.

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

The French subsidiary, which was restructured in the previous fiscal period, posted a profit in the period and started to generate new revenues that brought it to break-even. To date, no further costs were incurred beyond those already booked in the first semester 2015 as a series of charges are non-recurring and related to the significant restructuring carried out in 2014.

The Iberian subsidiary after the restructuring that was completed in the past fiscal years ended the period with an over 30% increase in revenues and a significant growth in Ebitda (up some 68%).

Performance by segment of business: Value Added Reseller SBU

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

- Distribution and integration of products and services for the logical security of information systems
- Professional services and production of solutions and software technologies for e-business
- 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 thousands of Euro	31/12/2015	31/12/2014
Total revenue	24,292	23,124
Ebitda*	923	1,424
Ebit*	849	1,346
Pre-tax result	401	903
Non-recurrent charges	(150)	-
Recurrent net result	251	903
Net result	60	283

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

Business-e continued to consolidate its acquired clients and added new significant partners to its portfolio. In 2015 it sealed contracts with a solid increase in volumes but with lower profitability. The recovery in the contribution margin continued and it is now in line with the previous year, while some orders were delayed to 2016, despite incurring costs already in 2015.

Sector performance: *Other sectors*

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

The new sectors are:

- **Cloud information services**: Managed Services for SMEs in network and cloud environment in the areas of Security, Storage Management, Business Continuity, Green IT, Energy Recovery, intelligent analysis of video-surveillance flows;
- **Assisted services in N+SOC and MSSP** solutions to check networks;
- **Information Technology for Science:** On December 23, 2015 4Science S.r.l. was constituted with the objective of becoming a leader in the ICT for Cultural Heritage and Data Curation services. The reference market is worth 4 billion Euros and there are slightly more than 10 players specialized in this sector at a global level.

Personnel

The average number of employees of the Group in the period was of 213 units, unchanged from the previous fiscal period. However, when comparing the punctual end 2015 figure with that of 2014 there is an increase of 26 units.

Following is the breakdown by category compared with the data of the previous fiscal period:

	31/12/2015 *Avg Number*	**31/12/2014** *Avg number*	**31/12/2015** *Actual*	**31/12/2014** *Actual*
Managers	9	10	9	7
Mid-managers	21	21	22	19
Employees	183	182	190	172
Total	**213**	**213**	**221**	**198**

Net financial position

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

	31/12/2015	31/12/2014
Cash on hands	5,237	4,141
Bank overdraft and loans	(20,167)	(19,562)
Net current financial position	**(14,930)**	**(15,421)**
Non current financial liabilities	(5,191)	(2,494)
Total net financial position	**(20,121)**	**(17,915)**

The current net financial Position improved from December 31, 2014, confirming the process to contain working capital that has been carried out during the period as well as the effects of 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 current level of debt at the end of the period is related to the to the working capital performance at the end of the period that is in turn impacted both by factors that do not directly depend on the Group (like the timing of payments) and by the degree of non recourse factoring.

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

The non-current net financial position increased by some 2.7 million Euros compared with December 31, 2014.

In particular, on September 10, 2015 Itway RE S.r.l. purchased 100% of the stakes owned by the company that owns the property of the legal headquarters of Itway S.p.A., by underwriting a 10 year 800,000 Euro financing.
In December Crimar S.r.l. was incorporated into Itway RE S.r.l. effective, on a statutory and fiscal basis, from January 1, 2015.

On April 27, 2015, the placement of up to a cumulative 1 million Euro of commercial paper with a six month maturity began. It was completed in May 2015; on October 31, 2015 the transaction was completed with the repayment of the financial instrument. This transaction is part of a broader plan to diversify the sources of liquidity procurement. The commercial paper program foresees issuance of up to Euro 10 million over the next 3/5 years and will allow the Itway Group to raise short term capital from institutional and professional investors. The financial instruments will be traded on the Professional Segment ExtraMOT Pro, managed by Borsa Italiana.

The first commercial paper of Itway, regulated by Law No. 43/1994 “Regulations of Financial Bills” as modified in Law No. 134/2012, was issued on April 29, 2015 for a nominal Euro 1 milion, an annual interest rate of 4.20% and maturing October 31, 2015, when it was repaid. During 2016 the Group will examine further commercial paper issues.

On August 5, 2015, rating agency CERVED Rating Agency S.p.a. renewed the Itway’s B1.2 (solvent) rating, equivalent to a BBB- by S&P and Baa3 by Moody’s.

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:

	2015			2014		
	Recurrent assets	Non recurrent assets Total	Total	Recurrent assets	**Non recurrent assets**	**Total**
Net result of the Parent Company	**582**	**-**	**582**	**119**	**-**	**119**
Results achieved by subsidiaries	1,036	(253)	783	1,317	(219)	1,098
Adjustment of the values already included in the consolidated financial statements	(1.340)	-	(1,340)	(1,742)	-	(1,742)
Consolidated Net Result	**278**	**(253)**	**25**	**(306)**	**(219)**	**(525)**

	2015			2014		
	Recurrent assets	Non recurrent assets	Total	Recurrent assets	**Non recurrent assets**	**Total**
Net equity of the Parent Company	**26,072**	**(7,800)**	**18,272**	**25,685**	**(7,800)**	**17,885**
Results achieved by subsidiaries	(9,258)	(1,589)	(10,847)	(9,701)	(1,808)	(11,,509)
Other consolidated entries	(5,168)	-	(5,168)	(3,645)	-	(3,645)
Adjustment to values already included in the Consolidated Financial Statements	-	7,753	7,753		7,753	7,753
Consolidated Net Equity	**11,646**	**(1,636)**	**10,010**	**12,339**	**(1,855)**	**10,484**

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 2015 fiscal period and up today.

Foreseeable evolution of operations

During 2015 there was a timid recovery in the Euro area, which was unfortunately weaker than expected. The latest forecasts for 2016 indicate a slight growth that is however strongly influenced by the international climate and the tensions in terms of financial policy present in the European Community.

In particular for Italy and Spain there are forecast of a timid recovery, even though with levels already from 2016 are below previous estimates -- 1.4% growth in Italy and 2.7% in Spain where the political instability however is destined to play an important role. In Turkey, on the other hand, where average GDP growth in the past years was at around +4%, the subsidiary is expected to continue posting double-digit growth consolidating ever more its leadership in the sector in the Country. In Greece, after the tensions with Europe last summer, uncertainty persists on how the Country will come out of the crisis with a recession expected again in 2016. France no longer represents a reference market for the Group.

In the area of interest of the recently constituted subsidiary Itway MENA forecasts are quite positive, with growth rates seen at around +3%. Itway MENA, which became operational during 2015, will deliver tangible results in 2016: it signed Security and Cloud collaboration contracts with the main telecommunications operator in the United Arab Emirates. In Iran, there is an in-depth study for important collaboration opportunities with the exclusive fibre optics operator while in Nigeria the Group is looking into Security and Cloud themes on which Itway could intervene immediately.

For Italy there are forecasts of modest growth with some positive signals related to the expected investments in the IT sector and innovation, along the lines of other European Countries. Investments in the Digital Agenda would be very important as they would generate significant savings to current Public Spending in favour of efficiency of services. On the other hand, it should be underlined that the investments allocated for IT innovation by the central government are still modest even if there are important signs, with 150 million Euros of investments planned, of a strategic role given to Cybersecurity, a sector in which our group has a significant presence. 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 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

During the fiscal year ending December 31, 2015, there were no transactions that can be defined as significant, non-recurrent, atypical and/or unusual with third parties or among companies of the Group, as defined in Consob Communication of July 28, 2006 other than the non-recurring charges already mentioned.

Relationship with related parties

During the 2015 fiscal period, the Group had commercial and financial relationships with related parties. These relationships were part of normal management activity, regulated at market conditions that are established by contract by the parties in line with the standard procedures.

Following is a summary:

In thousands of €uro	Receivables	Payables	Costs	Revenues
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	414	-	-	3
Business-e S.p.A. vs Be Innova S.r.l.	2,240	10	-	218
Itway S.p.A. vs Be Innova S.r.l.	125	-	-	125
TOTAL	**2,779**	**10**	**-**	**346**

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

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

Research and Development activities

During the period a total of Euro 589 thousand was invested in research and development in particular in the VAR and VAS areas.

Own shares

The parent company at December 31, 2015 owned No, 838.514 own shares (equal to 10.61% of share capital) for a nominal value of 419,257.00 Euro and a cost of purchase in the fiscal year of some 214 thousand Euro. During the period a total of No. 135.439 own shares (equal to 1.71% of share capital) were purchased for a nominal value of 67,719.50 Euro, as authorized by the Shareholders meeting of Itway S.p.A. while no shares were sold.

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, are normally updated with communication carried out between the Shareholders and the Company.

		Number of shares		
Last name and name	**Owned as of 31/12/2014**	**Purchased**	**Sold**	**Owned as of 31/12/2015**
G. A. Farina & Co. S.r.l.	2,573,787	-	-	2,573,787
Gavioli Anna Rita (*)	179,412	-	-	179,412
Valenti Cesare	1,035,284	-	23,000	1,012,284
Total	**3,788,483**	**-**	**23,000**	**3,765,483**

(*) Spouse of Farina G. Andrea

The only shareholder that exceeds 10% of share capital is the company G. Andrea Farina & Co. S.r.l. and Cesare Valenti.

Ravenna, March 1, 2016

For the Board of Directors

Chairman and CEO
G.Andrea Farina

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2015

ITWAY GROUP

CONSOLIDATED INCOME STATEMENT

Thousand of Euro	NOTES	Fiscal year as of					
		31 Dec 2015			31 Dec 2014		
		Total	*not recurrent*	*recurrent*	*Total*	*not recurrent*	*recurrent*
Revenues from sales*	1	98,219		98,219	86,189		86,189
Other operating revenues	2	2,374		2,374	2,944		2,944
Products	3	(78,204)		(78,204)	(68,267)		(68,267)
Costs of services*	4	(7,050)		(7,050)	(5,835)		(5,835)
Costs of personnel	5	(10,093)	(158)	(9,935)	(10,531)	(270)	(10,261)
Other operating expenses	6	(2,198)	(150)	(2,048)	(2,116)		(2,116)
EBITDA**		**3,048**	**(308)**	**3,357**	**2,384**	**(270)**	**2,654**
Amortisation	7	(444)		(444)	(442)		(442)
EBIT**		**2,604**	**(308)**	**2,912**	**1,942**	**(270)**	**2,212**
Financial proceeds	8	200		200	146		146
Financial charges	8	(2,109)		(2,109)	(1,676)		(1,676)
Profit before taxes		**695**	**(308)**	**1,003**	**412**	**(270)**	**682**
Taxes	9	(670)	55	(725)	(937)	51	(988)
Result for the period from operations		**25**	**(253)**	**278**	**(525)**	**(219)**	**(306)**
Attributable to:							
Shareholders of parent company		25			(510)		
Minorities		-			(15)		
Result per share							
From operations:							
Basic	10	-			(0.07)		
Diluted		-			(0.07)		

** 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 INCOME STATEMENT

Thousand of Euro	31/12/15	31/12/14
Net result	25	(525)
Components that can be reclassified to the income statement:		
Profit/Losses from the conversion of the balance sheet of foreign subsidiaries	(237)	(11)
Components that cannot be reclassified to the income statement:		
Actuarial gain (losses) on defined-benefit plans	36	(236)
Comprehensive result	**(176)**	**(772)**
Attributable to:		
Shareholders of parent company	(757)	(917)
Minorities	(15)	-

CONSOLIDATED FINANCIAL STATEMENT

Thousand of Euro		NOTE	31/12/15	31/12/14
ASSETS				
Non current assets				
Property, plants and equipment		11	4,208	3,371
Goodwill		12	8,294	8,294
Other intangibile assets		13	2,387	1,952
Investmens		14	1,594	1,884
Deferred tax assets		15	2,020	1,876
Other non current assets		16	99	195
	Total		**18,602**	**17,572**
Current assets				
Inventories		17	3,725	3,678
Account receivables – Trade*		18	56,243	49,262
Other current assets*		19	3,112	2,749
Cash on hand		20	5,237	4,141
	Total		**68,317**	**59,830**
Total assets			**86,919**	**77,402**
NET EQUITY AND LIABILITIES				
Share Capital and other reserves				
Share capital and reserves			9,979	11,006
Net Result of the Period			25	(510)
Total Net Equity			**10,004**	**10,496**
Share capital and reserves of minorities			3	(15)
Total Group Net Equity		21	**10,007**	**10,481**
Non current liabilities				
Severance indemnity		22	981	1,002
Provision for risks and charges		23	169	166
Deferred tax liabilities		24	903	795
Non current financial liabilities		25	5,191	2,494
	Total		**7,244**	**4,457**
Current liabilities				
Financial current liabilities		26	20,167	19,562
Account payable – Trade*		27	40,273	34,829
Tax payable		28	6,210	5,663
Other current liabilities		29	3,018	2,410
	Total		**69,668**	**62,464**
Total liabilities			**76,912**	**66,921**
Totale Net Equity and Liabilities			**86,919**	**77,402**

** For the nature of the relationship with related parties, please see Note 31 "Information of related parties".*

CONSOLIDATED STATEMENT OF CHARGES IN FINANCIAL POSITION

Thousand of Euro	NOTES	Fiscal year ending 31/12/2015	31/12/2014
Results for the period from assets in use		25	(525)
Adjustments of items not affecting liquidity:			
Depreciations of tangible assets	7-11	205	196
Depreciations of other intangible assets	7-12-13	239	246
Allowances for doubtful accounts	6	686	373
Provisions for severance indemnity, net of payments to social security bodies	22	160	168
Variation in non current assets/liabilities	15-16-23-24	(91)	(250)
Cash flow from operating activities, grosso f the variation in working capital		**1,224**	**208**
Payments of severance indemnity	22	(146)	(148)
Variation in trade receivable and other current assets	18-19	(8,030)	(1,940)
Variation in inventories	17	(47)	171
Variation in trade payables and other current liabilities	27-28-29	6,600	4,835
Cash flow from operations generated (absorbed) by changes in NWC		**(1,623)**	**2,918**
Cash flow from operations (A)		**(399)**	**3,126**
Additions in tangible assets (net of assets sold)	11	(946)	(198)
Changes in non current financial liabilities	25	2,697	(137)
Additions in other intangibile assets(net of dismessa and reclassification)	13-14	(410)	(1,077)
Cash flow from investing activities (B)		**1,341**	**(1,412)**
Variation of own shares		(214)	(519)
Cash flow from financial activities (C)		**(214)**	**(519)**
Net impact of the variation in translation of non Euro Exchange rates on cash on hand		(237)	(11)
Increase/(Decrease)of cash available and cash equivalents (A+B+C)		**491**	**1,184**
Short term Net Financial Position at the beginning of the period	20-26	(15,421)	(16,604)
Short term Net Financial Position at the end of the period	20-26	(14,930)	(15,421)

The taxes paid in the fiscal year totalled 828 thousand Euro (686 thousand Euro in the previous fiscal year).

The financial charges paid in the fiscal year totalled 1,676 thousand Euro (1,973 thousand Euro in the previous fiscal year).

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, 2014	**3,953**	**(612)**	**17,584**	**450**	**4,792**	**(13,251)**	**(610)**	**(535)**	**11,771**	**-**	**11,773**
Variation of own shares		(519)	-	-	-	-	-	-	(519)	-	(519)
Total operations with Shareolders	**-**	**(519)**	**-**	**-**	**-**	**-**	**-**	**-**	**(519)**	**-**	**(519**
Allocation of the result for the year	-	-	-	-	-	(535)	-	535	-	-	-
Result of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(510)**	**(510)**	**(15)**	**(525)**
Other components of Comprehensive Result at 31 Dec 2014:											
Gain (losses) on defined-benefit palns	-	-	-	-	-	(235)	-	-	(235)	-	(235)
Overall result	-	-	-	-	-	-	(11)	-	(11)	-	(11)
Comprehensive result	**-**	**-**	**-**	**-**	**-**	**(235)**	**(11)**	**(510)**	**(756)**	**(15)**	**(771)**
Balance at December 31, 2014Note 21	**3,953**	**(1,131)**	**17,584**	**450**	**4,792**	**(14,021)**	**(621)**	**(510)**	**10,496**	**(15)**	**10,481**

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, 2015	**3,953**	**(1,131)**	**17,584**	**450**	**4,792**	**(14,021)**	**(621)**	**(510)**	**10,496**	**(15)**	**10,481**
Variation of own shares		(214)	-	-	-	-	-	-	(214)	-	(214)
Total operations with Shareolders	**-**	**(214)**	**-**	**-**	**-**	**-**	**-**	**-**	**(214)**	**-**	**(214)**
Allocation of the result for the year	-	-	-	6	-	(516)	-	510	-	-	-
Result of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25**	**25**	**-**	**25**
Other operations	-	-	-	-	-	(102)	-	-	(102)	18	(84)
Other components of Comprehensive Result at 31 Dec 2015:											
Gain (losses) on defined-benefit palns	-	-	-	-	-	36	-	-	36	-	36
Overall result	-	-	-	-	-	-	(237)	-	(237)	-	(237)
Comprehensive result	**-**	**-**	**-**	**-**	**-**	**(66)**	**(237)**	**25**	**(278)**	**18**	**(260)**
Balance at December 31, 2015Note 21	**3,953**	**(1,345)**	**17,584**	**456**	**4,792**	**(14,603)**	**(858)**	**25**	**10,004**	**3**	**10,007**

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 Parent Company does not have secondary offices but it is active with commercial offices in Milan and Rome at the following addresses

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

The Itway Group mainly operates in the distribution of information technology products (so-called Value Added Distribution 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, 2014. 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, 2015 was compared with the balances of the previous fiscal year, which ended on December 31, 2014;
- 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, 2015 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 and does not have to be considered an alternative measure to assess the performance of the operating results. Ebitda is used by the management of the Company to monitor and assess the operational performance of the Company and of the Group. Management considers Ebitda an important parameter to measure the performance of the Group as it is not impacted by the volatility generated by the different criteria used to determine taxable income, by the amount and the characteristics of employed capital as well as the related amortization and depreciation policies. Ebitda is defined as Profit/Loss before amortizations of material and immaterial assets, depreciation of material and immaterial assets, financial charges and income and income taxes. Since the composition of Ebitda is not regulated by the reference accounting principles, the criteria to determine here applied may not be homogeneous with that adopted by other entities and therefore not be comparable.
- EBIT (operating Result) is an economic indicator not defined in the International Accounting Standards and does not have to be considered an alternative measure to assess the performance of the operating results and it is defined as the Profit/Loss before of depreciation of material and immaterial assets, financial charges and proceeds and income taxes. Since the composition of Ebit is not regulated by the reference accounting principles, the criteria to determine here applied may not be homogeneous with that adopted by other entities and therefore not be comparable.

Consolidation procedures

The Financial Statements include the Financial Statements of the parent company and of the companies that it controls as of December 31, 2015, approved by the respective Board of Directors with the opportune adjustments, where necessary, to make them consistent with the accounting principles of the parent company.

The full consolidation method can be summarized in the following way 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 income statement.

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

	December 31, 2015		**December 31, 2014**	
	Average rate	End-period rate	Average rate	End-period rate
New Turkish lira	3.025.	3.18.	2.91.	2.83.

The consolidated Financial Statements of the Itway Group include the results of the parent company Itway S.p.A, and the companies it controls.
On May 15, 2015 Itway RE S.r.l., a 100% controlled subsidiary, was constituted. On September 10, 2015 Itway RE bought 100% of the stakes of the company that owns the property in which Itway S.p.A. has its legal headquarters. Subsequently, in the month of December, it bought this company incorporated it into Itway RE S.r.l effective, on a statutory and fiscal basis from January 1, 2015.
Itway RE S.r.l. was fully consolidated in the 2015 fiscal period.

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

NAME	HEADQUARTERS	SHARE CAPITAL €uro	% 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.	4, Avenue Cely – Asniere Sur Seine, Cedex	100,000	100%	-	100%
Itway Hellas S.A.	Agiou Ioannou Str , 10 Halandri, Athens	846,368	100%	-	100%
Itway Turkiye Ltd.	Eski Uscudar Yolu NO, 8/18, Istanbul	1,500,000 *	100%		100%
Itway Cube S.r.l.	Via L. Braille,15, Ravenna	10,000	100%	-	100%
Diogene S.r.l.	Via V. Mazzola, 66, 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	75%		75%
Itway RE S.r.l.	Via L. Braille, 15, Ravenna	10,000	100%	-	100%

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

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

NAME	HEADQUARTERS	SHARE CAPITAL €uro	% Of direct ownership	% Of indirect ownership	% Of overall ownership,
Be Innova 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 €uro	% Of direct ownership	% of indirect ownership	% of overall ownership
Serendipity Energia S.p.A.	Piazza Bernini 2 – Ravenna	1.117.758	-	10,5%	10,5%
Dexit S.r.l.	Via G. Gilli 2 – Trento	700,000	9%	-	9%
Idrolab	dell’Arrigoni, 220 – Cesena (FC)	52.500		10%\	10%
Itway MENA FZC	PO Box 53314, HFZ, Sharjah, United Arab Emirates	35,000		17.1%	17.1%

Idrolab S.r.l. was purchased in the first half of 2015 by the subsidiary Business-e S.p.A. It is active in the management of data in the plumbing, sanitary and related components.
During the fiscal period the interest in the company was sold to Newtin Italia SpA realizing the book value included in the 2015 financial statements.

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

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

**on 23/12/2015 the business name of the non-operational subsidiary iNebula Tech Srl was changed into 4Science Srl.*

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.

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, if subjected to the control of the group, it is probable that it will generate future economic benefits and its cost can be determined in a reliable way. Intangible assets are registered at the cost determined according to criteria indicated for tangible assets. Should it be estimated that the assets have a defined useful life then they are amortized systematically during the estimated useful life and the amortization starts from the moment in which the assets are ready for use or in any case form when they start producing economic benefits for the company.

The costs incurred to develop products are capitalized when the technical feasibility and the technical capability of the Group to complete the intangible asset are proven, when there is the intention to complete it for future use or sale and when there is the capability of using or selling the intangible asset.
Eventual incurred costs for intangible assets are booked to the income statement in the fiscal period when they are incurred, should they not satisfy the above mentioned criteria.

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

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

Impairment

At least once per year, but at the end of each fiscal year, the Group reviews the book value of its tangible and intangible assets to determine if there are indications that these assets incurred in impairment. Should such indications emerge, the amount that can be recovered is estimated in order to determine the amount of impairment loss. Should it not be possible to determine 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 or Joint Venture are accounted using the equity method.

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

Inventories

Inventories are recognized as the lower of cost and market. Cost is determined, when possible at the specific purchasing cost or otherwise, using the average weighted cost method. The purchase costs include the additional charges incurred to bring the stock in the current place or in the current conditions. 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

Liabilities related to defined benefit plans (including severance pay for the quota matured before January 1, 2007) are calculated net of eventual assets serving the plan on the basis of actuarial hypothesis and on an accrual basis, coherently with the employment necessary to obtain the benefit; the liability is assessed by independent actuaries. The value of the actuarial profits and losses is booked in the other components of comprehensive income. Following

Financial Law No. 296 of December 27, 2006, for companies with over 50 employees the severance indemnity accrued from January 1, 2007 is considered a defined benefit plan.

Accruals for risks and charges

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

Accounts payable - Trade

Payables are recognized at a nominal value. When, owing to the agreed payment terms there is a financial transaction, 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 – pursuant to IAS 18, 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 and pursuant to IAS 11.

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, 2014, since they are compatible, except in terms of what is detailed below.

Accounting principles, amendments and interpretations applicable from January 1, 2015

The accounting principles in drafting the consolidated financial statements are coherent with those adopted for the drafting of the annual balance sheet for the fiscal period that ended December 31, 2014 with the exception of the adoption of new principles and interpretations that were applicable from January 1, 2015 and are as follows:

EU endorsement regulation	Title
(EU) Regulation 1361/2014	EU Commission Regulation 1361/2014 dated December 18, 2014, published in the Official Journal No. 365 on December 19, 2014, adopts an annual improvement cycle to IFRS for 2011-2013... The objective of the annual improvements is to address non-urgent, but necessary issues discussed by the IASB during the project cycle that began in 2011 on areas of inconsistency in IFRS or where clarification of wording is required. Amendments to IFRS 3 and 13 are clarifications or corrections to the respective standards. Amendments to IAS 40 involve changes to the existing requirements or additional guidance on the implementation of those requirements

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

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

EU endorsement regulations	Title	In force from the fiscal period starting
(EU) Regulation 2015/2441	**EU Regulation 2015/2441 of the EU Commission dated December 18, 2015 published in the Official Journal L336 on December 23 adopts Amendments to IAS 27 - Separate Financial Statements: equity method in the separate financial statements.** The objective is to permit entities to use the equity method, as described in IAS 28 - Investments in Associates and Joint Ventures, to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.	Companies apply the amendments, at the latest, starting from the beginning of their first fiscal period that begins on January 1 or subsequently
EU Regulation 2015/2406	**EU Regulation 2015/2406 of the EU Commission dated December 18, 2015, published on the Official Journal L. 333 on December 19 adopts Amendments to IAS 1 - Presentation of financial statements: disclosure initiative.** The amendments aim to improve the effectiveness of disclosure and to encourage companies to apply professional judgment in determining what information to disclose in their financial statements when applying IAS 1.	Companies apply the amendments, at the latest, starting from the beginning of their first fiscal period that begins on January 1, 2016 or subsequently
EU Regulation 2015/2343	**EU Regulation 2015/2343 of the EU Commission dated December 15, 2015, published on the Official Journal L 330 on December 16** adopts the Annual Improvements to International Financial Reporting Standards 2012-2014 Cycle in the framework of its regular improvement process which aims at streamlining and clarifying the standards.	Companies apply the amendments, at the latest, starting from the beginning of their first fiscal period that begins on January 1, 2016 or subsequently
EU Regulation 2015/2231	**EU Regulation 2015/2231 of the EU Commission dated December 2, 2015, published on the Official Journal L 317 on December 3** adopts Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets entitled Clarification of Acceptable Methods of Depreciation and Amortisation.	Companies apply the amendments, at the latest, starting from the beginning of their first fiscal period that begins on January 1, 2016 or subsequently
EU Regulation 2015/2173	**EU Regulation 2015/2173 of the EU Commission dated November 24, 2015 published on the Official Journal L 307 on November 25 adopts Amendments to IFRS 11*Accounting for Acquisitions of Interests in Joint Operations.*** The amendments provide new *guidance* on the accounting	Companies apply the amendments, at the latest, starting from the beginning of their first fiscal period that

	treatment of an acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business.	begins on January 1, 2016 or subsequently
(EU) Regulation 2015/29	**EU Regulation 2015/29 of the EU Commission dated December, 2014 published in the Official Journal L5 on January 9, adopts Amendments to IAS 19 – Defined benefits plans – employee contribution.** The changes aim to simplify and clarify the accounting of employee or third party benefits. related to defined benefit	Companies apply the amendments, at the latest, starting from the beginning of their first fiscal period that starts on February 1, 2015 or subsequently.
EU Regulation 2015/28	**EU Regulation 2015/28 dated December 17, 2014 of the EU Commission published in the Official Journal L5 on January 9 adopts the Annual improvements cycle to IFRS 2010-2012** The aim of the annual improvements is to address non-urgent but necessary issues discussed by IASB during the project cycle that began in 2011 on areas of inconsistency found in IFRS or where clarification of the wording was required. The amendments to IFRS 8 and IAS 16, 24, and 38 are clarifications or corrections to the respective standards. The amendments to IFRS 2 and 3 involve changes to the existing requirements and further indications on their application.	Companies must apply the amendments at the latest starting from the beginning of their first fiscal period that starts February 1, 2015 or subsequently.

During the fiscal period, IASB amended some IAS/IFRS principles that were previously issued and published new International accounting principles.

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

None of these updates were used to draft the consolidated financial statements to December 31, 2015 since the EU Commission still did not endorse them.

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 from sale

Revenues from sale for the fiscal period ending December 31, 2015 totalled 98,219 thousand euros and are comprised by:

Thousand of Euro	Fiscal year ending 31/12/2015	31/12/2014	Variation
Revenues from sale of products	83,466	69,958	13,508
Revenues from services	14,753	16,231	(1,478)
Total	**98,219**	**86,189**	**12,030**

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.
Information on the revenue rise is included in the Management Report.

2. Other operating revenues

Other operating revenues for the fiscal period ending December 31, 2015 totalled 2,374 thousand Euros and are comprised by:

Thousand of Euro	Fiscal year ending 31/12/2015	31/12/2014	Variation
Advertising and Marketing Contributions	650	707	(57)
Refund of transportation and collection costs	22	43	(21)
Non operating income	120	193	(73)
Other revenues and proceeds	1,582	2,001	(419)
Total	**2,374**	**2,944**	**(570)**

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 31/12/2015	31/12/2014	Variation
Purchase of products	75,745	65,794	9,951
Costs for resold services	2,040	1,995	45
Additional purchasing charges (transportation)	178	215	(37)
Other purchases of consumption material and miscellaneous	241	263	(22)
Total	**78,204**	**68,267**	**9,937**

In the Purchase of Products item the rise is related in a more than proportional manner to the increase in sales volumes indicated in the management report.
The costs of products for the 2015 fiscal year were presented net of non-operating income of Euro 1,532 thousand achieved by some vendors following agreements stipulated among the parties to reduce debt for the purchase, in past fiscal periods, of raw materials.

4. Costs of services

Following is the breakdown:

Thousand of Euro	Fiscal year ending 31/12/2015	31/12/2014	Variation
Consultancy and collaborators	1,662	1,238	424
Advertising and trade expositions	581	530	51
Travel and representation	977	872	105
Directors' remunerations of the parent company and social charges	749	694	55
Directors' remunerations of subsidiaries and social charges	185	64	121
Auditing company fees	183	210	(27)
Agents	282	250	32
Telecom expenses	138	220	(82)
Services, courses and client assistance	185	381	(196)
Insurance	259	258	1
Specialist costs, IR and securities service	112	137	(25)
Compensation for statutory Auditors	103	101	2
Electricity, water and gas	97	85	12
Other expenses and services	1,537	795	742
Total	**7,050**	**5,835**	**1,215**

Please note that:

- The "consultancy and collaborators" item includes technical consultancies for 137 thousand Euro and commercial consultancy and collaborators for 209 thousand Euro, marketing consultancy and collaborators of 380 thousand Euro, administrative and financial consultancies for 144 thousand Euro, fiscal, tax consultancy for Euro 311 thousand, legal and notary consultancy for 319 thousand Euro and various consultancy for 162 thousand Euro.

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

5. Costs of Personnel

Following is the breakdown, compared with the previous period:

Thousand of Euro	**Fiscal year ending** **31/12/2015**	**31/12/2014**	**Variation**
Salaries	7,436	7,286	150
Social Charges	2,164	2,250	(86)
Retirement costs for defined benefit plans	398	398	-
Other costs	396	597	(201)
Capitalisation of personnel costs	(301)	-	(301)
Total	**10,093**	**10,531**	**(438)**

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, 2015:

	31/12/2015 *Avg figure*	**31/12/2014** *Avg figure*	**Variation**	**31/12/2015** *Actual figure*	**31/12/2014** *Actual figure*	**Variation**
Managers	9	10	(1)	9	7	2
Mid-managers	21	21	-	22	19	3
Employees	183	182	1	190	172	18
Total	**213**	**213**	**-**	**221**	**198**	**23**

The average number of employee of the Group during the fiscal period was of 213 units, unchanged from the previous fiscal period. The punctual number at the end of 2015 compared with that of end 2014 shows an increase of 23 units. The non-recurring restructuring charges included in this item total Euro 158 thousand (Euro 270 thousand as of December 31, 2014).

6. Other operating expenses

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

Thousand of Euro	Fiscal year ending 31/12/2015	31/12/2014	Variation
Rent for lease, offices and vehicles	977	1,317	(340)
Writedowns of doubtful accounts	686	377	309
Other extraordinary	268	133	135
Other	267	289	(22)
Total	**2,198**	**2,116**	**82**

During the 2015 fiscal period, the Group renegotiated rent contracts in order to limit fixed costs also in the long term.

7. Depreciation and Amortization

Thousand of Euro	Fiscal year ending 31/12/2015	31/12/2014	Variation
Depreciation of tangible assets	205	196	9
Amortization of intangible assets	239	246	(7)
Total	**444**	**442**	**2**

8. Interest income and expenses

Following is the breakdown of item:

Thousand of Euro	Fiscal period ending 31/12/2015	31/12/2014	Variation
Interest income	2	4	(2)
Income from investments	36	39	(3)
Other income	162	103	59
Total financial income	**200**	**146**	**54**
Interest charges	(1,690)	(1,373)	(317)
Bank commissions	(360)	(328)	(32)
Profits and (losses) on exchange	(59)	25	(84)
Total financial charges	**(2,109)**	**(1,676)**	**(433)**

The increase in financial charges is attributable to a rise in medium-term debt of the Group compared with the previous fiscal period.

9. Income taxes

Following is the breakdown of income taxes:

Thousand of Euro	Fiscal year ending 31/12/2015	31/12/2014	Variation
Current income Taxes	541	718	(177)
Ires refund	172	383	(211)
Irap	(199)	(310)	111
Deferred/(prepaid) taxes	156	146	10
Total	**670**	**937**	**(267)**

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 30/12/2015		31/12/2014	
	Taxable	**Tax**	**Taxable**	**Tax**
Result before taxes	**695**		**412**	
Theoretical tax rate (27.50%)		191		113
Temporary differences to be made in successive fiscal periods	954	262	171	47
Differences that will not be carried over to future years	97	27	1247	343
Carry forward of temporary differences from previous fiscal periods	(319)	(87)	401	110
Taxable income and related loss carry forward not booked	539	148	379	104
Taxable at 27.50%	1,966	541	2,610	718
Current taxes of the fiscal year		**541**		**718**
Deferred tax net of the use of taxes allocated in previous years		(167)		(217)
Anticipated tax net of use of anticipated taxes allocated in previous years		(27)		(87)
Net tax of the fiscal period		**347**		**414**

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 31/12/2015		31/12/2014	
Result before taxes	695		412	
Results of foreign companies included in the consolidation , not subject to IRAP	(811)		(572)	
Result subject to IRAP	(116)		(160)	
Undeductable costs for IRAP purposes	2,817		7,329	
Total	2,701		7,169	
Theoretical fiscal charge (3.9%)		280		280
Temporary differences to be realized in future years	232			
Differences that will not be carried forward to future years	1165		1,682	
Carry forward of temporary differences from previous years	(38)			
Tax rate	4,060		8,851	
Taxable at 4.82%	1,426	69	4,132	199
Taxable at 4.97%	37	1		
Taxable at 3.90%	2,634	102	4,719	184
IRAP current fiscal period		**172**		**383**
Deferred tax net of use of taxes allocated in previous fiscal periods		(8)		(9)
Anticipated taxes net of use of taxes allocated in previous fiscal periods		3		3
Net IRAP of the fiscal period		**167**		**377**

10. Net result and earnings per share

The base result per share relative to the fiscal year that ended December 31, 2015 was approximated to zero and was determined dividing the result of the appropriate fiscal year by the average weighted number of outstanding Itway shares in the fiscal period, excluding own shares.

The weighted average number of outstanding shares is 7,155,525.

Thousand of Euro	Fiscal year ending 31/12/2015	31/12/2014
Net Result	25	(525)
Weighted average no. of shares outstanding	7,155,525	7,336,196
Net result per share in Euro:		
- Basic	-	(0,07)
- Diluted	-	(0,07)

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	3,325	244	11	3,753	7,333
Balance at 31.12.2013	**3,325**	**244**	**11**	**3,753**	**7,333**
Increases	1	-	-	200	201
Decreases	-	-	-	(26)	(26)
Book value as at 31.12.2014	**3,326**	**244**	**11**	**3,927**	**7,508**
Accumulated depreciation	328	229	11	3,396	3,964
Balance at 31.12.2013	**328**	**229**	**11**	**3,396**	**3,964**
Amortization for the period	69	4	-	123	196
Decreases	-	-	-	(23)	(23)
Balance amortization as at 31.12.2014	**397**	**233**	**11**	**3,496**	**4,137**
Net book value:					
As of December 31 2013	2,997	15	-	357	3,369
As of December 31 **2014**	**2,929**	**11**	**-**	**431**	**3,371**

Thousand of Euro	Property and offices	Equipment	Tools	Other goods	Total
Purchase cost	3,326	244	11	3,927	7,508
Balance at 31.12.2014	**3,326**	**244**	**11**	**3,927**	**7,508**
Increases	907	5	-	130	1,042
Book value as at 31.12.2015	**4,233**	**249**	**11**	**4,057**	**8,550**
Accumulated depreciation	397	233	11	3,496	4,137
Balance at 31.12.2014	**397**	**233**	**11**	**3,496**	**4,137**
Amortization for the period	76	4	-	125	205
Balance amortization as at 31.12.2015	**473**	**237**	**11**	**3,621**	**4,342**
Net book value:					
As of December 31 2014	2,929	11	-	431	3,371
As of December 31 **2015**	**3,760**	**12**	**-**	**436**	**4,208**

The item property and offices includes the value of the Milan office, bought in October 2008 through an 18-year leasing agreement, booked including directly attributable accessory charges.
The increase in the fiscal period reflects the purchase of the property in which the Parent Company has its legal headquarters. In particular on September 10, 2015, the unit Itway RE S.r.l. bought 100% of the company that owns the building which hosts the legal headquarters

of Itway S.p.A., and towards this end underwrote a 800,000 Euro 10-year financing. Subsequently, in December 2015 this company was merged into Itway RE S.r.l. effective, con a statutory and fiscal basis, January 1, 2015.

The related residual debt is booked in the non current and current financing liabilities line (Note 25).

12. Goodwill

Goodwill as of December 31, 2015 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; no impairments were previously allocated to the CGUs to which goodwill was allocated today.

	Fiscal year ending	
Thousand of Euro	**31/12/2015**	**31/12/2014**
Business-e	3,284	3,284
Itway Iberica	2,977	2,977
Itway Hellas	1,843	1,843
Other minors *	190	190
Total	**8,294**	**8,294**

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 Budgets of the next fiscal period, in the context of the five-year business plan to December 31, 2020 of the identified CGUs, approved by their respective Board of Directors, based on the performance expected 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 2016-2020 period, it has to add the so-called perpetuity, which represents the *Terminal Value*. The medium/long term growth rate is equal to the expected value of inflation in the reference country.

The discounted interest rate used (WACC – Weighted Average Cost of Capital) is between 6.3% and 15.7%, depending 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, 2015, also through the sensitivity analysis carried out, 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	1,556	4,188	314	6,853
Balance at 31.12.2013	**795**	**1,556**	**4,188**	**314**	**6,853**
Increases	-	-	211	784	995
Decreases	-	-	-	-	-
Balance at historical cost as at 31.12.2014	**795**	**1,556**	**4,399**	**1,098**	**7,848**
Accrued amortizations	786	1,556	3,308	-	5,650
Balance as at 31.12.2013	**786**	**1,556**	**3,308**	**-**	**5,650**
Amortizations	8	-	238	-	246
Amortization balance as at 31.12.2014	**794**	**1,556**	**3,546**	**-**	**5,896**
Net value:					
December 31, 2013	9	-	880	314	1,203
December 31, 2014	**1**	**-**	**853**	**1,098**	**1,952**

Thousand of Euro	Development costs	Patent rights	Other	Work in progress	Total
Purchase costs	795	1,556	4,399	1,098	7,848
Balance at 31.12.2014	**795**	**1,556**	**4,399**	**1,098**	**7,848**
Increases	-	-	85	589	674
Balance at historical cost as at 31.12.2015	**795**	**1,556**	**4,484**	**1,687**	**8,522**
Accrued amortizations	794	1,556	3,546	-	5,896
Balance as at 31.12.2014	**794**	**1,556**	**3,546**	**-**	**5,896**
Amortizations	1	-	238	-	239
Amortization balance as at 31.12.2015	**795**	**1,556**	**3,784**	**-**	**6,135**
Net value:					
December 31, 2014	1	-	853	1,098	1,952
December 31, 2015	**-**	**-**	**700**	**1,687**	**2,387**

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

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

14. Investments in minority interests

Following are the non-consolidated investments as at December 31, 2015:

- **BE Innova S.r.l.** is 50% controlled by the subsidiary Business-e S.p.A.; it offers a combination of services that cover the whole range of activities connected to the management of information systems and security of large- and medium-sized firms.
- **Business-e Infrastrutture S.r.l.,** controlled by Cooperativa Muratori Cementisti-CMC aims at supplying Information Technology services in the construction sector. Business-e owns 30% of the share capital; as of December 31, 2015 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 S.p.A. subsidiary with the aim of ensuring the development part of remote control over alternative energy plants that the subsidiary will build.
- **4Science S.r.l.** On December 23, 2015 the business name of fully controlled subsidiary Inebula Tech Srl was changed into 4Science Srl, the objective of which is to become a leader in the ICT sector for Cultural Heritage and Data Curation;
- **Itway Mena FZC,** 17.1% controlled by Itwayvad S.r.l.. It was constituted at the end of October 2014 thanks to the partnership with Libanica that led the Group, after an in-depth study, to commit to a Partnership in the United Arab Emirates, in Dubai-Sharjah. Exploiting the geopolitical knowledge and techniques of Libanica, and the technical and specialist skills of Itway, the Company will expand on Middle Eastern and North African (MENA) markets. This company during 2015 started to develop in the markets of the UAE, Iran and Nigeria.
- **Idrolab S.r.l** operates in the plumbing and sanitary sector with Business-e S.p.A. owning a 10% stake, which was purchased in the first half of 2015.

The book value posted in the financial statements of subsidiaries is as follows:

Thousand of Euro	Fiscal year ending 31/12/2015	31/12/2014
4Science S.r.l.	10	10
Not consolidated participations	**10**	**10**
BE Innova S.r.l.	828	828
Be Infrastrutture S.r.l.	30	30
Itsecurity Srl	5	5
Related participations	**863**	**863**
Netwin Italia S.p.A.	-	500
Dexit S.r.l.	374	374
Serendipity Energia SpA	118	118
Itway MENA FZC	29	20
Idrolab S.r.l.	195	-
Banca Centropadana	5	-
Other companies participations	**1,012**	**931**

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 Innova S.r.l.*	Italy	2,732	1,914	1,662	-
Be Infrastrutture Srl*	Italy	844	693	1,037	1
Itsecurity Srl **	Italy	102	79	58	-

**Refer to December 31, 2014 the last available Financial Statements*
***Refer to December 31, 2013, the last available Financial Statements*

Company name	Country	Assets	Liabilities	Revenues	Result of the period
Dexit srl*	Italy	4,387	2,174	8,158	570
Serendipity Energia SpA *	Italy	1,096	81	-	(3)
Idrolab S.r.l.	Italy	1,472	1,372	1,361	(84)
Itway MENA FZC	United Arab Emirates	-	-	-	-

**Refer to December 31, 2014 the last available Financial Statements*

15. Deferred tax assets

Deferred tax assets of Euro 2,020 thousand (Euro 1,876 thousand as of December 31, 2014) are comprised of the fiscal impact of: timing non-deductible provisions for Euro 459 thousand (Euro 447 thousand as of December 31, 2014), fiscal losses for Euro 1,275 thousand (Euro 1,225 thousand as of December 31, 2014) and other timing differences for Euro 286 thousand (Euro 204 thousand as of December 31, 2014) 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, 2015, Euro 99 thousand (Euro 195 thousand as of December 31, 2014).

17. Inventories

Inventories as of December 31, 2015 totalled Euro 3,725 thousand (Euro 3,678 thousand as of December 31, 2014) net of an allowance of Euro 386 thousand (Euro 371 thousand as of December 31, 2014).

18. Account receivables-Trade

Trade receivables as of December 31, 2015, all short term, totalled Euro 56,243 (Euro 49,262 thousand as of December 31, 2014). The value is net of the allowance for doubtful accounts, which, as of December 31, 2015 stood at Euro 2.880 thousand (Euro 2,469 thousand (as of December 31, 2014). Such allowance is considered congruous with the insolvency risks of the existing receivables.

Account receivables also include work in process on contracts for Euro 13.801 thousand (Euro 13,245 thousand as of December 31, 2014). These include Euro 2,750 thousand, relating to a construction contract in progress recorded in prior years allocated in past fiscal years for which the client notified the subsidiary Business-e S.p.A. that it was rejecting the amount requested by the Company based on the progress of the work carried out. Trade payables at December 31, 2015 include an amount, equal to approximately Euro 1.3 million, for liabilities to suppliers related to this work in progress. The Company, with the support of its legal advisers, by the end of March 2016 will start a legal procedure with this client in order obtain the consideration of this credit, considering its expectations to be founded. Since the legal dispute is still at a preliminary phase, the Company has not carried out any writedowns in the current Financial Statements.

Following are the movements of the allowance for doubtful accounts:

	Fiscal year ending	
Thousand of Euro	**31/12/2015**	**31/12/2014**
Beginning balance	**2,469**	**2,900**
Provisions for the period	686	373
Use	(275)	(804)
Ending balance	**2,880**	**2,469**

Following is the breakdown of account receivables as at December 31, 2015 classified by expiration:

	Fiscal year ending	
Thousand of Euro	**31/12/2014**	**31/12/2013**
Expiring	48,673	42,740
Expired up to 30 days	2,560	1,176
Expired from 30 to 60 days	853	745
Expired over 60 days	4,157	4,601
Total net receivables	**56,243**	**49,262**

19. Other current assets

Following is the breakdown of the other current assets:

	Fiscal year ending		
Thousand of Euro	**31/12/2015**	**31/12/2014**	**Variation**
Tax receivables	1,691	1,332	359
Other receivables	1,028	1,109	(81)
Accruals and Deferrals	393	308	85
Total	**3,112**	**2,749**	**363**

The other receivables include receivables towards the company Giovanni Andrea Farina & Co S.r.l. for Euro 414 thousand (Euro 211 thousand as at December 31, 2014).

20. Cash on hand

Following is the breakdown:

	Fiscal year ending		
Thousand of Euro	**31/12/2015**	**31/12/2014**	**Variation**
Bank and Postal deposits in Euro	4,009	3,732	277
Bank Deposits in US Dollars	1,224	401	823
Money and petty cash	4	8	(4)
Total	**5,237**	**4,141**	**1,096**

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, 2015 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, 2015, 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, 2015 it stands at Euro 456 thousand.

Voluntary reserve

As of December 31, 2015, 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	31/12/2014	Financial charges	Profits (Actuarial losses)	Increases	Use	Payments as per l. 296/2006	31/12/2015
Employee benefits	1,002	14	399	(50)	(146)	(238)	981,
Total	**1,002**	**14**	**399**	**(50)**	**(146)**	**(238)**	**981,**

Following are the main assumptions used in the actuarial estimates of employee benefits:

Calculation date	**31/12/2015**
Mortality rate	INPS55 Tables
Invalidity rate	INP Tables -2000
Personnel rotation rate	3.00%
Discount rate	2.03%
Salary increase rate	3.00%
Rate of advances	2.00%
Inflation rate	1.50%

The actuarial hypotheses include:

a) Demographic hypothesis on the future characteristics of employees that are entitled to benefits include:
   - Mortality: mortality rate of employees (the death probability are those every-day tables used by insurers);
   - Inability of the active population: the probability of becoming invalid during work activity (the probabilities are those every-day tables used by insurers and reinsurers);
   - Turnover: is the probability of elimination due to reasons other than death, of inability and of retirement (the hypothesis used reflect the reality of the Group);
   - Annual probability of requests for advances on the severance pay: the propensity to ask for an advanced payment of a part of the total accrued severance pay.

b) Financial hypothesis
   - Discount rate: the interest rate used to bring to present value the liabilities related to after the end of the work relationship has to be calculated with reference to market returns at the reference date of the balance sheet; the medium/long-term average yield of high-quality *corporate* securities (those with at least an AA rating) is used, in line with the average duration of the services rendered;
   - Salary increase rate: it is an estimate of future salary lines; it considers inflation and professional title;
   - Expected inflation rate: the ISTAT long-term inflation rate is used.

Assuming a 50 basis point increase in the technical actuarial rate compared with the one effectively applied for assessments to December 31, 2015 and all other actuarial hypothesis being equal, the potential loss of current value of liabilities for defined benefit plans underway would total some Euro 33 thousand. At the same time, assuming a 50 basis point drop in the same interest rate, there would be a potential increase in the current value of the liability of some Euro 36 thousand.

The changes to the remaining actuarial hypothesis would generate a significantly lower impact on the current value of the liabilities for defined benefit plans booked in the balance sheet.

23. Accruals for risks and charges

Accruals of Euro 169 thousand (Euro 166 thousand as of December 31, 2015) 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, 2015 Euro 903 thousand (Euro 795 thousand as of December 31, 2014).

25. Non current financial liabilities

Following is the breakdown of the item:

Thousand of Euro	Fiscal year ending 31/12/2015	31/12/2014	Variation	Due Date
Non-current debts for leasing	2,081	2,163	(82)	Nov 2026
Special purpose financing for Dexit participation purchase	44	77	(33)	Mar 2018
Financing from BPER	107	-	107	May 2017
Financing from Unicredit	1,280	-	1,280	Mar 2018
Financing from Banca Centropadana	378	-	378	Apr 2018
Financing from MPS	250	-	250	Jun 2018
Financing from o ICCREA	1,170	-	1,170	May 2022
Financing from Credem	-	254	(254)	Dec 2016
Financial accruals	(119)	-	(119)	-
Total	**5,191**	**2,494**	**2,697**	

This item represents for Euro 2,081 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.

The ICCREA financings for their entire duration impose the following covenants:

- Net financial debt/net equity ratio of no more than 2.00 (two/oo);
- Ebitda/net financial charges ratio of no less than:
  1.60 (one/60) until the financial statements ending 31/12/2017
  3.00 (three/00) until the expiry of the financing.

To 31/12/2015, the requirements of these covenants were fulfilled.

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

Thousand of Euro	Fiscal year ending 31/12/2015	31/12/2014
Residual leasing debt, net of interest:		
from 1 to 5 years	390	365
Over 5 years	1,691	1,798
Residual leasing debt, net of interest	**2,081**	**2,163**

26. Bank overdrafts and Loans

As of December 31, 2015 they total Euro 20,167 thousand (Euro 19,562 thousand as of December 31 2014) 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 500 bps (425 bps for the previous fiscal year) and are not covered by other guarantees. Furthermore, this item includes, for some Euro 2,665 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 40,273 thousand as of December 31, 2015 and 34,829 thousand as of December 31, 2014.

28. Tax payables

Tax payables amounts to Euro 6.210 thousand as of December 31, 2015 (Euro 5,663 thousand as of December 31, 2014) with the following breakdown:

	Fiscal year ending		
Thousand of Euro	**31/12/2015**	**31/12/2014**	**Variation**
Debt for income tax	223	614	(391)
VAT	5,558	4,338	1,220
Withholding on personnel compensations	419	441	(22)
Other	10	270	(260)
Total	**6,210**	**5,663**	**547**

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

In the fiscal year ending September 30, 2011 Itway S.p.A. and the subsidiary Business-e S.p.A. were, at two different moments, subject to two distinctive reviews by the Ravenna

Province Tax Agency for the 2008 fiscal year. The reviews ended up with the official tax audit report 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, 2015, the other current liabilities total Euro 3,018 thousand (Euro 2,410 thousand as of December 31, 2014) with the following breakdown:

	Fiscal year ending		
Thousand of Euro	**31/12/2015**	**31/12/2014**	**Variation**
Debt towards personnel for remuneration	396	367	29
Other debt towards personnel	559	449	110
Debt towards directors and collaborators	224	93	131
Debt towards social institutions	628	549	79
Accruals and deferrals	851	861	(10)
Advanced payments received and others	360	91	269
Total	**3,018**	**2,410**	**608**

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, 2015:

- Obligations towards banks for the purchase of foreign currency for Euro 7,884 thousand to hedge exchange rates for specific commercial transactions to buy products;
- Goods held by third parties for 1,034 thousand Euro in their warehouse;
- Third party guarantees in our favour for 1,607 thousand Euro relative to bank guarantees on behalf of the Group in favour of suppliers or to take part in public tenders.

31. Information on related parties

During the 2015 fiscal year, the Group had commercial and financial 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.

In thousand of Euro	Receivables	Payables	Costs	Revenues
Itway S.p.A. vs Giovanni Andrea Farina & Co. S.r.l.	414	-	-	3
Itway S.p.A. vs Be Innova S.r.l.	125	-	-	125
Business-e S.p.A. vs Be Innova S.r.l.	2,240	10	-	218
TOTAL	**2,779**	**10**	**-**	**346**

The Group's relationship with its managers is summed up in the Remuneration Report of the Board of Directors.

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

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):

	31/12/2015	31/12/2014
Cash on hand	5,237	4,141
Current financial liabilities	(20,167)	(19,562)
Net current financial position	**(14,930)**	**(15,421)**
Non current financial liabilities	(5,191)	(2,494)
Total net financial position	**(20,121)**	**(17,915)**

The trend ofthe current Net Financial Position at the end of period is attributable to the performance of working capital at the end of that is both influenced by factors that do not depend directly on Group (like the timing of payments) and by the use of non-recourse factoring of trade receivables for Euro 9,048 thousand as of December 31, 2015 (Euro 8,665 thousand as of December 31, 2014).

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 financings detailed in Note 25.

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 are “system integrators” and “value added resellers” who sell products to end clients.
In the fiscal year 2015 the VAS sector reported data is not material as still in the implementation phase 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, 2015:

Thousand of Euro	VAD recurrent	VAD not recurrent	VAD Total	VAR recurrent	VAR not recurrent	VAR Total	Total Consolidated
Revenues							
Revenues from sale	74,349	-	74,349	23,870	-	23,870	98,219
Other operating revenues	1,951	-	1,951	423	-	423	2,374
Total revenues	**76,301**	**-**	**76,301**	**24,292**	**-**	**24,292**	**100,593**
Operating costs							
Cost of products	(64,287)	-	(64,287)	(13,917)	-	(13,917)	(78,204)
Cost of personnel	(4,009)	(158)	(4,167)	(5,926)	-	(5,926)	(10,093)
Other costs and operating expenses	(5,573)	-	(5,573)	(3,525)	(150)	(3,675)	(9,248)
Total operating cost	**(73,869)**	**(158)**	**(74,027)**	**(23,368)**	**(150)**	**(23,518)**	**(97,545)**
EBITDA	**2,432**	**(158)**	**2,274**	**923**	**(150)**	**774**	**3,048**
Amortizations	(370)	-	(370)	(74)	-	(74)	(444)
EBIT	**2,062**	**(158)**	**1,904**	**849**	**(150)**	**700**	**2,604**
Financial income and charges	(1,461)	-	(1,461)	(448)	-	(448)	(1,909)
Pretax result	**601**	**(158)**	**444**	**401**	**(150)**	**251**	**695**

Following is the breakdown of the main economic data regarding the identified segments, in the fiscal year ending December 31, 2014:

Thousand of Euro	VAD recurrent	VAD not recurrent	VAD Total	VAR Total	Total Consolidated
Revenues					
Revenues from sale	63,656		63,656	22,533	86,189
Other operating revenues	2,352		2,352	592	2,944
Total revenues	**66,008**	**-**	**66,008**	**23,124**	**89,133**
Operating costs					
Cost of products	(55,750)		(55,750)	(12,517)	(68,267)
Cost of personnel	(4,354)	(270)	(4,624)	(5,907)	(10,531)
Other costs and operating expenses	(4,675)		(4,675)	(3,276)	(7,951)
Total operating cost	**(64,778)**	**(270)**	**(65,048)**	**(21,700)**	**(86,749)**
EBITDA	**1,230**	**(270)**	**960**	**1,424**	**2,384**
Amortizations	(364)		(364)	(78)	(442)
EBIT	**866**	**(270)**	**596**	**1,346**	**1,942**
Financial income and charges	(1,086)		(1,086)	(444)	(1,530)
Pretax result	**(220)**	**(270)**	**(490)**	**902**	**412**

Following is the breakdown of the main financial items of the identified segments as of December 31, 2015:

	VAD	VAR	Consolidated
Non-current assets			
Property, plants and equipment	4,141	67	4,208
Goodwill	7,128	1,166	8,294
Other intangible assets	1,810	577	2,387
Deferred Taxes assets	1,805	215	2,020
Investments	418	1,176	1,594
Other non current assets	69	30	99
Total	**15,371**	**3,231**	**18,602**
Current assets			
Inventories	3,310	415	3,725
Account receivables – Trade	32,681	23,123	55,804
Receivables towards other companies of the group	86	353	439
Other current assets	2,340	772	3,112
Cash on hand	3,165	2,072	5,237
Total	**41,582**	**26,735**	**68,317**
Total Assets	**56,953**	**29,966**	**86,919**
Net Equity	6,288	3,719	10,007
Non current liabilities			
Severance indemnity	752	229	981
Provision for risks and charges	52	117	169
Deferred tax liabilities	599	304	903
Non current financial liabilities	5,139	52	5,191
Total	**6,542**	**702**	**7,244**
Current liabilities			
Financial current liabilities	17,313	2,854	20,167
Intra-sector payables/receivables	(8,471)	8,471	-
Account payable – Trade	28,278	11,995	40,273
Tax payable	5,957	253	6,210
Other current liabilities	1,046	1,972	3,018
Total	**44,123**	**25,545**	**69,668**
Total liabilities	**56,953**	**29,966**	**86,919**

Following is the breakdown of the main financial items of the identified segments as of December 31, 2014:

	VAD	VAR	Consolidated
Non-current assets			
Property, plants and equipment	3,324	47	3,371
Goodwill	7,129	1,166	8,295
Other intangible assets	1,659	293	1,952
Deferred Taxes assets	1,717	159	1,876
Investments	403	1,481	1,884
Other non current assets	164	31	195
Total	**14,396**	**3,177**	**17,574**
Current assets			
Inventories	3,468	210	3,678
Account receivables – Trade	24,552	24,675	49,227
Receivables towards other companies of the group	-	35	35
Other current assets	2,158	592	2,749
Cash on hand	2,635	1,506	4,141
Total	**32,812**	**27,018**	**59,830**
Total Assets	**47,209**	**30,195**	**77,404**
Net Equity	6,841	3,642	10,483
Non current liabilities			
Severance indemnity	751	251	1,002
Provision for risks and charges	49	117	166
Deferred tax liabilities	476	319	795
Non current financial liabilities	2,241	253	2,494
Total	**3,517**	**939**	**4,456**
Current liabilities			
Financial current liabilities	17,107	2,456	19,562
Intra-sector payables/receivables	(11,219)	11,219	-
Account payable – Trade	25,302	9,527	34,829
Tax payable	4,882	781	5,663
Other current liabilities	778	1,632	2,410
Total	**36,851**	**25,614**	**62,465**
Total liabilities	**47,209**	**30,195**	**77,404**

35. Subsequent events

There were no relevant events after the close of the fiscal period 2015 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

During the fiscal year that ended on December 31, 2015, no significant and/or non recurrent and/or atypical and/or unusual transactions were carried out with third parties or between the companies of the Group as defined by Consob Communication of July 28, 2006. Refer to the Management Report on Operations,

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	**December 31, 2015**				
Thousand of Euro	***Carrying amount***	***Assets at FVTPL (*)***	***Loans and receivables***	***Derivates used for hedging***	***Available-for- sale***
Other non current assets	99	-	99	-	-
Non current assets	**99**	**-**	**99**	**-**	**-**
Trade receivables	56,243	-	56,243	-	-
Other current assets	3,112	-	3,112	-	-
Cash on hand	5,237	-	5,237	-	-
Current assets	**64,592**	**-**	**64,592**	**-**	**-**

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

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

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

**Fair Value 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 Euros. On non current financial liabilities a 1 percentage point fluctuation in interest rates would entail a variation of +/- of interests of some Euro 52 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	***31/12/2015***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***Over***
Non current liabilities	5,191	5,192	1,801	1,223	2,167
Non current liabilities	**5,191**	**5,192**	**1,801**	**1,223**	**2,167**

Thousand of Euro	***31/12/2014***	***Contractual cash flows***	***1-2 years***	***2-5 years***	***other***
Non current liabilities	2,494	2,494	370	326	1,798
Non current liabilities	**2,494**	**2,494**	**370**	**326**	**1,798**

The Group to the date of the Financial Statements had approved credit lines not used for some Euro 9 million mainly for advances against invoices and about Euro 7 million for non-recourse receivable sales in addition to cash and cash on hand for Euro 5,2 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	69
Compensation for PwC for periodic auditing	6
Compensation for PwC for other services	-
Compensation to entities that are part of PwC network for other services	102
Compensation for PwC for auditing activities of subsidiaries	82
Total	**259**

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

42. Publication of the Financial Statements

The Board of Directors of Itway approved the Financial Statements at the March 1, 2016 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 €uro
Itway S.p.A.	Ravenna	3,952,659

CONTROLLED COMPANIES CONSOLIDATED WITH THE FULL METHOD	HEADQUARTERS	SHARE CAPITAL €uro	%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 *	100%	Itway S.p.A.
Business-e S.p.A.	Ravenna	1,001,084	100%	Itway S.p.A.
iNebula	Ravenna	10,000	75%	Itway S.p.A.
Itway RE S.r.l.	Ravenna	10.000	100%	Itway S.p.A.

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

NON-CONSOLIDATED CONTROLLED COMPANIES	HEADQUARTERS	SHARE CAPITAL €uro	% STAKE IN CAPITAL	CONTROLLING COMPANY
4Science S.r.l.	Ravenna	10.000	100%	Itway S.p.A

OTHER COMPANIES	HEADQUARTERS	SHARE CAPITAL €uro	% STAKE IN CAPITAL	CONTROLLING COMPANY
Dexit S.r.l.	Trento	700.000	9%	Itway S.p.A
	Ravenna	100.000		Business-e S.p.A.
Itway MENA FZC	Saudi Arabia	35.000*	17,1%	iNebula S.r.l.
Idrolab S.r.l.	Cesena	52.500	10%	Business-e S.p.A.
Serendipity Energia SpA	Ravenna	1.117.758	10,5%	Business-e S.p.A.

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