ESPRINET GROUP

Half-year Financial Report
as at 30 June 2016

Approved by the Board of Directors on 15 September 2016

Parent Company:

Esprinet S.p.A.
VAT number: IT 02999990969
Monza and Brianza Companies' Register and Tax number: 05091320159
Repository of financial and administrative information (R.E.A.) number: 1158694
Registered Office and Administrative HQ: Via Energy Park, 20 - 20871 Vimercate (MB)
Subscribed and paid-in share capital as at 30/06/2016: Euro 7,860,651
www.esprinet.com - info@esprinet.com

Company Officers

Board of Directors:

(Mandate expiring with approval of accounts for the year ending 31 December 2017)

Chairman	Francesco Monti	(SC)
Deputy Chairman	Maurizio Rota	(SC)
Chief Executive Officer	Alessandro Cattani	(SC) (CSC)
Director	Valerio Casari	(CSC)
Director	Marco Monti	(SC)
Director	Tommaso Stefanelli	(SC) (CSC)
Director	Matteo Stefanelli	(SC) (CSC)
Director	Cristina Galbusera	(InD) (CRC) (RAC)
Director	Mario Massari	(InD) (CRC) (RAC)
Director	Chiara Mauri	(InD) (CRC) (RAC)
Director	Emanuela Prandelli	(InD)
Director	Andrea Cavaliere	
Secretary	Manfredi Vianini Tolomei Studio Chiomenti	

Notes:

(InD): Independent Director
(CRC): Control and Risk Committee
(RAC): Remuneration and Appointments Committee
(SC): Strategy Committee
(CSC): Competitiveness and Sustainability Committee

Board of Statutory Auditor:

(Mandate expiring with approval of accounts for the year ending 31 December 2017)

Chairman	Giorgio Razzoli
Permanent Auditor	Bettina Solimando
Permanent Auditor	Patrizia Paleologo Oriundi
Alternate Auditor	Antonella Koenig
Alternate Auditor	Bruno Ziosi

Independent Auditor:

(Mandate expiring with approval of accounts for the year ending 31 December 2018)

EY S.p.A.

Waiver of the obligations to provide information on extraordinary transactions

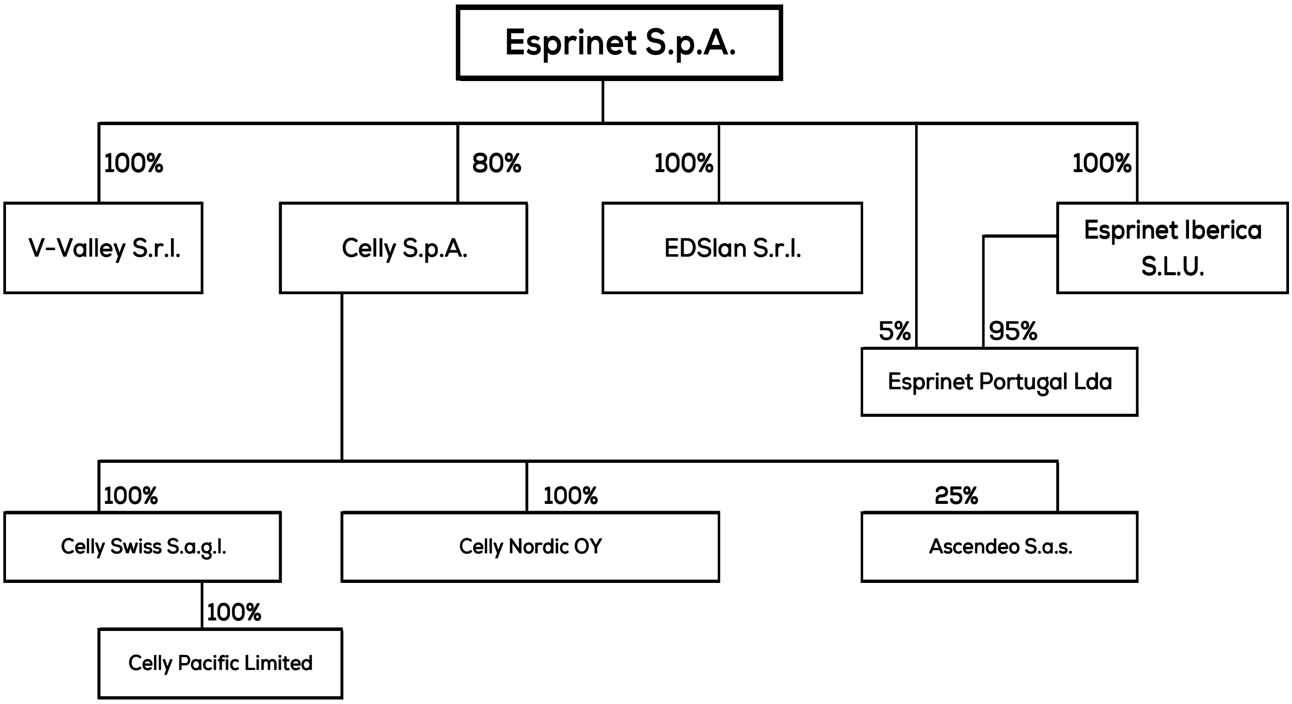
Pursuant to article 70, section 8, and article 71, section 1-bis, of the Issuers' Regulations issued by Consob, on 21 December 2012 the Board of Directors of Esprinet S.p.A. resolved to make use of the right to waive the obligations to publish the information documents stipulated for significant transactions relating to mergers, demergers, increases in capital by the contribution of goods in kind, acquisitions and transfers.

CONTENTS

Activities and structure of the Esprinet Group

1. General information about the Esprinet Group

The chart below illustrates the structure of the Esprinet Group as at 30 June 2016:



Esprinet S.p.A. (hereafter 'Esprinet' or the 'parent company') and its subsidiaries (the 'Esprinet Group' or the 'Group') operate on the Italian, Spanish and Portuguese markets in the 'business-to-business' (B2B) distribution of Information Technology (IT) and consumer electronics.

References to Subgroup Italy and Subgroup Iberica can be found in next comments and tables.
At period end, the 'Subgroup Italy' includes, along with the parent company Esprinet S.p.A., the following directly-controlled companies V-Valley S.r.l., Celly S.p.A. and EDSlan S.r.l. was established on 24 March 2016 and started operating on 8 April 2016 after purchasing the distribution business referring to the networking, cabling, Voip e UCC-Unified Communication & Collaboration sectors (transaction details are under '*Significant events occurred during the period*' paragraph).

It should be highlighted that on 28 April 2016, Esprinet S.p.A. sold its shares (equal to 9.52% of the total share capital) in the associated company Assocloud S.r.l.. (for further information please refer to the paragraph 'Significant events occurred in the period').

The subsidiary Celly S.p.A., a company operating in the 'business-to-business' (B2B) distribution of Information Technology (IT) and consumer electronics and more specifically in the wholesale distribution of accessories for mobile devices, includes also its wholly-owned subsidiaries:

- Celly Nordic OY, a Finnish-law company;
- Celly Swiss SAGL, a Helvetic-law company;
- Celly Pacific LTD, a Chinese-law company, completely owned by Celly Swiss SAGL; all of which are operating in the same segment as the Holding Company, as well as Celly's 25% share in Ascendeo SAS, a French-law company.

At the same date, the Spanish Subgroup is made up by the subsidiary Esprinet Iberica S.L.U. as well as by Portuguese subsidiary Esprinet Portugal Lda, established on 29 April 2015 and operating since the beginning of June 2015.

Esprinet S.p.A. has its registered and administrative offices in Italy in Vimercate (Monza e Brianza), while warehouses and logistics centres are located in Cambiago (Milan) and Cavenago (Monza e Brianza).
Esprinet S.p.A. uses Banca IMI S.p.A. as its specialist firm.

2. Target Market Trend

Europe

In the first half 2016, the distribution industry generated revenues for approx. 29.31 billion euro, up slightly (+0.7%) with respect to 29.11 billion euro in the first half 2015, as measured by the English company, Context (July 2016), with reference to a distributors panel representative of the general trend. In particular, while the year-on-year comparison is negative (-0.9%) in the first quarter, it becomes positive (+2.3%) in the second quarter mainly thanks to UK results.
Being the first market in Europe, UK accounts for the biggest share in results growing by 7% to 6.35 billion euro, while the German distribution market (the second largest in Europe) remained stable at 6.13 billion euro.
The French market records a negative result (-4% year-on-year) along with Italy (-0.5%), Poland (-2.2%) and Scandinavian Peninsula, while Spain reports a +4% year-on-year.

The table below summarises the distribution trend in the first two quarters, as well as in the first half of the current year compared with the same periods of the previous year:

Y-o-Y by country	1Q16 vs 1Q15	2Q16 vs 2Q15	1H 2016 vs 1H 2015
Total	**-0,9%**	**2,3%**	**0,7%**
UK & Ireland	*4,0%*	*9,9%*	*6,9%*
Germany	*0,3%*	*-0,3%*	*0,0%*
Italy	***-0,1%***	***-1,0%***	***-0,5%***
France	*-4,0%*	*-4,0%*	*-4,0%*
Rest of W Europe	*-6,6%*	*1,2%*	*-2,8%*
Spain	***1,9%***	***6,0%***	***4,0%***
Poland	*-6,4%*	*2,4%*	*-2,2%*
Sweden	*-6,6%*	*4,6%*	*-1,2%*
Switzerland	*1,3%*	*5,5%*	*3,3%*
Belgium	*-4,0%*	*2,4%*	*-1,0%*
Denmark	*-1,0%*	*-2,5%*	*-1,7%*
Czech Republic	*-3,8%*	*4,0%*	*0,1%*
Austria	*-2,8%*	*3,0%*	*0,0%*
Norway	*-8,1%*	*8,2%*	*-0,2%*
Finland	*2,6%*	*-8,4%*	*-3,1%*
Portugal	*-5,2%*	*-7,9%*	*-6,5%*
Baltics	*-15,2%*	*-7,8%*	*-11,7%*
Slovakia	*3,7%*	*2,5%*	*3,1%*

Font: Context, July 2016

Italy

IT, electronics consumption and distribution industry

In the first half of 2016, the Italian Information Technology ('IT') and Communication Technology (including TLC) market, as measured by GFK data monitoring a cluster - i.e. sales to individuals which represents approx. 30.0% of Esprinet Italy sales in the first half of the year -, recorded a growth of + 5% to 7.38 euro billion up from 7.03 billion euro.
Phone devices (+36%), small and major household appliances (+12% and +9% respectively) resulted as best performers. Information technology (+3%) and consumer electronics (+4%) sectors grow less than the market trends.

In the first half of 2016 the Italian distribution market (source: Context July 2016) decreased by - 0.5% compared with the same period in 2015. Performance analysis by quarter reveals a y-o-y decrease of -0.1% and of -1% in the first and second quarter respectively.
Negative industry results are affected by TLC sector (the second largest contributor to distributors sales), down -18% (9.4 million euro) compared with the first half of 2015. Notebooks, which account for the largest share of distributors sales (21% as compared to 20% of the first half of 2015), grow by +4% (+24 million euro), mainly due to the result achieved in the month of June (+11 million euro), while desktop and software sectors are both stable. Printers (-2%) and components (-7%) show negative results.

According to Context data, Esprinet Italy confirms its leadership in the Italian distributors market. In the first half of 2016, with a slightly decreasing market share (-100 basis points), mainly in the retailer category, while the 'corporate' category is stable.

The following table summarises the Italian distributors ranking for the last three years:

Company name	Sales (€ m) 2013	2014	2015E	Var. % 14/13	15/14	Market share 2013	2014	2015E
1 Esprinet	1.538,1	1.689,8	1.966,0	10%	16%	25.0%	26.0%	28.1%
2 Computer Gross Italia	781,0	900,0	997,0	15%	11%	12.7%	13.8%	14.2%
3 Tech Data	644,3	812,8	930,0	26%	14%	10.5%	12.5%	13.3%
4 Ingram Micro Italia	613,8	661,2	680,0	8%	3%	10,0%	10.2%	9.7%
5 Datamatic	363,9	329,6	315,0	-9%	-4%	5.9%	5.1%	4.5%
6 Attiva	245,8	237,0	275,0	-4%	16%	4.0%	3.6%	3.9%
7 Brevi	153,0	164,1	180,0	7%	10%	2.5%	2.5%	2.6%
8 Futura Grafica	93,2	97,4	101,0	5%	4%	1.5%	1.5%	1.4%
9 Executive	88,6	96,9	103,0	9%	6%	1.4%	1.5%	1.5%
10 Adveo Italia	83,1	86,9	90,0	5%	4%	1.4%	1.3%	1.3%
11 EDSLan	59,5	76,3	85,0	28%	11%	1.0%	1.2%	1.2%
12 Arrow ECS	55,2	71,1	80,0	29%	13%	0.9%	1.1%	1.1%
13 Cometa	53,1	65,9	71,0	24%	8%	0.9%	1.0%	1.0%
14 Il Triangolo	71,7	61,7	67,0	-14%	9%	1.2%	0.9%	1.0%
15 SNT Trading - ex SNT Technologies	66,1	60,0	45,0	-9%	-25%	1.1%	0.9%	0.6%
16 ITWay	62,9	53,7	58,0	-15%	8%	1.0%	0.8%	0.8%
17 ADL American Dataline	45,4	49,8	51,5	10%	3%	0.7%	0.8%	0.7%
18 Icos	48,9	49,0	48,0	0%	-2%	0.8%	0.8%	0.7%
19 Focelda	47,5	46,8	45,0	-2%	-4%	0.8%	0.7%	0.6%
20 SIDIN - Exclusive Networks	46,0	25,6	20,0	-44%	-22%	0.7%	0.4%	0.3%
Sales top 20 distributors	**5.161,1**	**5.635,5**	**6.207,5**	**9%**	**10%**	**83,9%**	**86,7%**	**88,7%**
Total market	**5.750,0**	**6.160,0**	**6.700,0**	**7%**	**9%**			

Source: internal processing of Channel Partner data, 2016.

Spain

IT, electronics consumption and distribution industry

In the first half of 2016, the Spanish Information Technology ('IT') and Communication Technology (including TLC) market, as measured by GFK data monitoring a cluster - i.e. sales to individuals which represents approx. 39.8% of Esprinet Iberica sales in the first half of the year, recorded a decrease of -1% to 4.47 billion euro from 4.52 billion euro. In all main product categories revenues declined, mainly in phone devices (-6%) and IT (-4%), while consumer electronics remained substantially stable year-on-year.

In the first half of 2016, the Spanish distribution market (source: Context, July 2016) showed a growth of +4% compared to the same period of 2015. Performance analysis by quarter reveals a y-o-y increase of +1.9% and of +6% in the first and second quarter respectively.
In Spain TLC sector was also negative (down from third to fourth position as a contributor to distributors sales) showing a decrease of -9% (-13 million euro) compared with the first half of 2015. Notebooks, which account for the largest share of distributors sales, grew by +2% (+10 million euro), followed by 'software' (up by +14%, +29 million euro) and 'consumables' (+4%).
Storage and desktops changed by -5% and -2% respectively. Among minor categories with respect to revenues, wireless networking and audio video systems reported a robust growth.

Even in the second half, Esprinet Iberica increased its market share, gaining approx. +3 points in the first quarter and +0.5 points in the second one.

Taking into account the completed acquisition of the distributor Vinzeo Technologies, Esprinet Group reached the first position in the Spanish distribution market as well, as reported in the 2013-2015 ranking below:

Company	Sales (€ m)			Var%		Market share		
	2013	2014	2015	14/13	15/14	2013	2014	2015
1 TECH DATA	768,0	866,0	1.026,5	12,8%	18,5%	15,2%	16,4%	17,0%
2 INGRAM MICRO	601,0	660,0	752,4	9,8%	14,0%	11,9%	12,5%	12,4%
3 ESPRINET IBERICA	504,9	601,6	696,1	19,2%	15,7%	10,0%	11,4%	11,5%
4 VINZEO	572,0	492,0	585,0	-14,0%	18,9%	11,3%	9,3%	9,7%
5 ARROW ECS	283,1	339,7	420,1	20,0%	23,7%	5,6%	6,4%	6,9%
6 MCR	141,0	200,0	235,0	41,8%	17,5%	2,8%	3,8%	3,9%
7 GTI	159,0	168,0	203,0	5,7%	20,8%	3,1%	3,2%	3,4%
8 WESTCON	124,3	148,0	168,7	19,1%	14,0%	2,5%	2,8%	2,8%
9 ADVEO IBERIA	346,0	194,9	151,8	-43,7%	-22,1%	6,8%	3,7%	2,5%
10 BRIGHTSTAR 20:20	333,0	132,5	125,9	-60,2%	-5,0%	6,6%	2,5%	2,1%
11 AVNET	61,0	61,0	120,0	0,0%	96,7%	1,2%	1,2%	2,0%
12 DMI COMPUTER	48,0	74,0	89,0	54,2%	20,3%	0,9%	1,4%	1,5%
13 DEPAU	53,2	57,6	75,1	8,2%	30,5%	1,1%	1,1%	1,2%
14 MEGASUR	70,0	72,0	74,0	2,9%	2,8%	1,4%	1,4%	1,2%
15 INFORTISA	50,9	60,9	71,1	19,6%	16,8%	1,0%	1,2%	1,2%
16 GLOBOMATIK	32,0	33,2	69,5	3,6%	109,6%	0,6%	0,6%	1,1%
17 CRAMBO	41,0	48,9	65,9	19,3%	34,8%	0,8%	0,9%	1,1%
18 DESYMAN	30,0	34,1	45,5	13,8%	33,2%	0,6%	0,6%	0,8%
19 EXCLUSIVE NETWORKS	21,0	27,0	36,0	28,6%	33,3%	0,4%	0,5%	0,6%
20 DIODE (GTI)	47,0	45,2	35,0	-3,9%	-22,5%	0,9%	0,9%	0,6%
Top 20 Distributors	**4.286**	**4.317**	**5.046**		**5.160**	**84,6%**	**81,7%**	**83,4%**
Total Market	**5.066**	**5.282**	**6.050**		**6.152**	**100,0%**	**100,0%**	**100,0%**

Source: internal processing of Channel Partner data, 2016.

Group's results for the period

1. Summary of the Group's economic and financial results for the period

(euro/000)		6 months						Q2					
	notes	2016	%	2015	notes	%	% var. 16/15	2016	%	2015	notes	%	% var. 16/15
Profit & Loss													
Sales		1,244,975	100.0%	1,236,389		100.0%	1%	629,551	100.0%	618,839		100.0%	2%
Gross profit		70,762	5.7%	75,865		6.1%	-7%	37,091	5.9%	38,235		6.2%	-3%
EBITDA	(1)	16,458	1.3%	22,833		1.8%	-28%	9,264	1.5%	11,624		1.9%	-20%
Operating income (EBIT)		14,311	1.1%	20,909		1.7%	-32%	8,075	1.3%	10,775		1.7%	-25%
Profit before income tax		13,211	1.1%	18,770		1.5%	-30%	7,268	1.2%	10,218		1.7%	-29%
Net income		10,358	0.8%	13,243		1.1%	-22%	6,113	1.0%	6,979		1.1%	-12%
Financial data													
Cash flow	(2)	12,194		14,843									
Gross investments		3,190		3,109									
Net working capital	(3)	224,206		21,905	(4)								
Operating net working capital	(5)	235,998		34,512	(4)								
Fixed assets	(6)	102,492		101,083	(4)								
Net capital employed	(7)	313,610		111,692	(4)								
Net equity		300,679		297,606	(4)								
Tangible net equity	(8)	224,676		221,695	(4)								
Net financial debt	(9)	12,931		(185,913)	(4)								
Main indicators													
Net financial debt / Net equity		0.0		(0.6)	(4)								
Net financial debt / Tangible net equity		0.1		(0.8)	(4)								
EBIT / Finance costs - net		13.0		9.8									
EBITDA / Finance costs - net		14.9		10.7									
Net financial debt/ EBITDA		0.8		(3.7)	(4)								
Operational data													
N. of employees at end-period		1,131		1,014									
Avarage number of employees	(10)	1,074		992									
Earnings per share (euro)													
- Basic		0.20		0.26			-23%	0.12		0.13			-8%
- Diluted		0.20		0.26			-23%	0.12		0.14			-14%

(1) EBITDA is equal to the operating income (EBIT) gross of amortisation, depreciation and accruals for risks and charges.
(2) Sum of consolidated net profit and amortisations.
(3) Sum of current assets, non-current assets held for sale and current liabilities, gross of current net financial debts.
(4) Figures as at 31 December 2015.
(5) Sum of trade receivables, inventory and trade payables.
(6) Equal to non-current assets net of non-current financial assets for derivatives.
(7) Equal to capital employed as of period end, calculated as the sum of net working capital plus fixed assets net of non-current non-financial liabilities.
(8) Equal to net equity less goodwill and intangible assets.
(9) Sum of financial debts, cash availability, assets/liabilities for financial derivatives and financial receivables from factoring.
(10) Calculated as the average between opening and closing balance of consolidated companies.

The economic and financial results in the first half 2016 and those of the relative period of comparison have been measured by applying International Financial Standards ('IFRSs'), adopted by the EU during the reference period.
In the chart above, in addition to the conventional economic and financial indicators laid down by IFRSs, some 'alternative performance indicators', although not defined by the IFRSs, are presented. These 'alternative performance indicators', consistently presented in previous periodic Group reports, are not intended to substitute IFRSs indicators; they are used internally by the Management for measuring and controlling the Group's profitability, performance, capital structure and financial position.

As required by the Guidelines ESMA / 2015/1415 ESMA (European Securities and Market Authority) issued under Article 16 of the ESMA Regulation, updating the previous recommendation CESR / 05-178b of CESR (Committee of European Securities Regulators) and adopted by Consob with Communication no. 0092543 of 12/03/2015, basis of calculation adopted are defined below the table.

2. Review of economic and financial results of the period

A) Esprinet Group's financial highlights

The Group's main economic, financial and asset results as at 30 June 2016 are hereby summarised:

(euro/000)	H1 2016	%	H1 2015	%	Var.	Var. %
Sales	**1,244,975**	**100.00%**	**1,236,389**	**100.00%**	**8,586**	***1%***
Cost of sales	(1,174,213)	-94.32%	(1,160,524)	-93.86%	(13,689)	*1%*
Gross profit	**70,762**	**5.68%**	**75,865**	**6.14%**	**(5,103)**	***-7%***
Other income	2,677	0.22%	-	0.00%	2,677	*100%*
Sales and marketing costs	(22,864)	-1.84%	(21,968)	-1.78%	(896)	*4%*
Overheads and administrative costs	(36,264)	-2.91%	(32,988)	-2.67%	(3,276)	*10%*
Operating income (EBIT)	**14,311**	**1.15%**	**20,909**	**1.69%**	**(6,598)**	***-32%***
Finance costs - net	(1,101)	-0.09%	(2,135)	-0.17%	1,034	*-48%*
Other investments expenses / (incomes)	1	0.00%	(4)	0.00%	5	*-125%*
Profit before income taxes	**13,211**	**1.06%**	**18,770**	**1.52%**	**(5,559)**	***-30%***
Income tax expenses	(2,853)	-0.23%	(5,527)	-0.45%	2,674	*-48%*
Net income	**10,358**	**0.83%**	**13,243**	**1.07%**	**(2,885)**	***-22%***
Earnings per share - basic (euro)	0.20		0.26		(0.06)	*-23%*

(euro/000)	Q2 2016	%	Q2 2015	%	Var.	Var. %
Sales	**629,551**	**100.00%**	**618,839**	**100.00%**	**10,712**	***2%***
Cost of sales	(592,460)	-94.11%	(580,604)	-93.82%	(11,856)	*2%*
Gross profit	**37,091**	**5.89%**	**38,235**	**6.18%**	**(1,144)**	***-3%***
Other income	2,677	0.43%	-	0.00%	2,677	*100%*
Sales and marketing costs	(12,597)	-2.00%	(10,978)	-1.77%	(1,619)	*15%*
Overheads and administrative costs	(19,096)	-3.03%	(16,482)	-2.66%	(2,614)	*16%*
Operating income (EBIT)	**8,075**	**1.28%**	**10,775**	**1.74%**	**(2,700)**	***-25%***
Finance costs - net	(808)	-0.13%	(557)	-0.09%	(251)	*45%*
Other investments expenses / (incomes)	1	0.00%	-	0.00%	1	*100%*
Profit before income taxes	**7,268**	**1.15%**	**10,218**	**1.65%**	**(2,950)**	***-29%***
Income tax expenses	(1,155)	-0.18%	(3,239)	-0.52%	2,084	*-64%*
Net income	**6,113**	**0.97%**	**6,979**	**1.13%**	**(866)**	***-12%***
Earnings per share - basic (euro)	0.12		0.13		(0.01)	*-8%*

Consolidated sales, equal to 1,245.0 million euro showed an increase of +1% (8.6 million euro) compared to 1,236.4 million euro of the first half 2015. In the second quarter consolidated sales increased by +2% compared to the same period of the previous year (from 618.8 million euro to 629.6 million euro).

Consolidated gross profit, equal to 70.8 million euro, showed a decrease of -7% (-5.1 million euro) compared to the same period of 2015 as consequence of a decrease in the gross profit margin. In the second quarter Gross profit, equal to 37.1 million euro, decreased by -3% compared to same period of previous year.

Other income, amounting to 2.7 million euro, refers entirely to the gain realized from the newly established company, EDSlan S.r.l., for the business unit acquisition relating to distribution activities in networking, cabling, VoIP and UCC- unified communications sectors.

Consolidated operating income (EBIT) of the first half 2016, equal to 14.3 million euro, showed a reduction of -32% compared to the first half 2015 (20.9 million euro), with an EBIT margin decreased to 1.15% from 1.69%, due both to a lower consolidated gross profit margin and higher operating costs (-4.75% in 2016 vs -4.44% in 2015). In the second quarter consolidated EBIT equal to 8.1 million euro, decreased by -25% (-2.7 million euro) compared to the second quarter 2015, with an EBIT margin decreased from 1.74% to 1.28%.

Consolidated profit before income taxes was equal to 13.2 million euro, showing a reduction of -30% compared to the first half 2015, the decrease was lower than the one registered in EBIT (-32%), thanks to a -1.0 million euro decrease in financial charges. In the second quarter profit before income taxes decrease by -29% (-3.0 million euro) reaching the value of 7.3 million euro.

Consolidated net income was equal to 10.4 million euro, showing a decrease of -22% (-2.9 million euro) compared to the first half 2015. In the second quarter 2016 consolidated net income amounted to 6.1 million euro compared with 7.0 million euro of the second quarter 2015 (-12%).

Basic earnings per ordinary share as at 30 June 2016, equal to 0.20 euro, showed a reduction of -23% compared to the value of first half 2015 (0.26 euro). In the second quarter basic earnings per ordinary share was equal to 0.12 euro compared to 0.13 euro of the corresponding quarter in 2015 (-8%).

(euro/000)	**30/06/2016**	**%**	**31/12/2015**	**%**	**Var.**	***Var. %***
Fixed assets	102,492	32.68%	101,083	90.50%	1,410	*1%*
Operating net working capital	235,998	75.25%	34,512	30.90%	201,486	*584%*
Other current assets/liabilities	(11,792)	-3.76%	(12,607)	-11.29%	815	*-6%*
Other non-current assets/liabilities	(13,088)	-4.17%	(11,296)	-10.11%	(1,792)	*16%*
Total uses	**313,610**	**100.00%**	**111,692**	**100.00%**	**201,919**	***181%***
Short-term financial liabilities	72,783	23.21%	29,314	26.25%	43,469	*148%*
Current financial (assets)/liabilities for derivatives	246	0.08%	195	0.17%	51	*26%*
Financial receivables from factoring companies	(4,838)	-1.54%	(2,714)	-2.43%	(2,124)	*78%*
Customers financial receivables	(452)	-0.14%	(507)	-0.45%	55	*-11%*
Cash and cash equivalents	(115,138)	-36.71%	(280,089)	-250.77%	164,951	*-59%*
Net current financial debt	(47,399)	-15.11%	(253,801)	-227.23%	206,402	*-81%*
Borrowings	57,216	18.24%	65,138	58.32%	(7,922)	*-12%*
Debts for investments in subsidiaries	5,091	1.62%	5,222	4.68%	(131)	*-3%*
Non-current financial (assets)/liab. for derivatives	315	0.10%	224	0.20%	91	*41%*
Customers financial receivables	(2,292)	-0.73%	(2,696)	-2.41%	405	*-15%*
Net financial debt (A)	12,931	4.12%	(185,913)	-166.45%	198,845	*-107%*
Net equity (B)	300,679	95.88%	297,605	266.45%	3,074	*1%*
Total sources of funds (C=A+B)	**313,610**	**100.00%**	**111,692**	**100.00%**	**201,919**	***181%***

Consolidated net working capital as at 30 June 2016 is equal to 236.0 million euro compared to 34.5 million euro at 31 December 2015.

Consolidated net financial position as at 30 June 2016, was negative by 12.9 million euro, compared with a cash surplus of 185.9 million euro as at 31 December 2015.
The reduction of net cash surplus was connected to the increase of consolidated net working capital as of 30 June 2016 which in turn is influenced by technical events often not related to the average level of working capital and by the level of utilisation of both 'without-recourse' factoring programs referring to the trade receivables and of the corresponding securitization program.

This program is aimed at transferring risks and rewards to the buyer, thus receivables sold are eliminated from balance sheet according to IAS 39. These programs are aimed to transferring risks and rewards to the buyer, thus receivables sold are eliminated from balance sheet according to IAS 39.

Taking into account other technical forms of cash advances other than 'without-recourse assignment', but showing the same effects – such as 'confirming' used in Spain –, the overall impact on financial debt was approx. 200 million euro as at 30 June 2016 (approx. 287 million euro as at 31 December 2015).

Consolidated net equity as at 30 June 2016 equal to 300.7 million euro, showed an increase of 3.1 million euro compared to 297.6 million euro as at 31 December 2015.

B) Financial highlights by geographical area

B.1) Subgroup Italy

The main economic, financial and asset results for the Italian subgroup (Esprinet, V-Valley, EDSlan[1] and Celly Group) as at 30 June 2016 are hereby summarised:

(euro/000)	H1 2016	%	H1 2015	%	Var.	Var. %
Sales to third parties	927,466		951,492		(24,026)	*-3%*
Intercompany sales	24,207		21,776		2,431	*11%*
Sales	**951,673**		**973,268**		**(21,595)**	***-2%***
Cost of sales	(893,303)		(910,784)		17,481	*-2%*
Gross profit	**58,370**	**6.13%**	**62,484**	**6.42%**	**(4,114)**	***-7%***
Other income	2,677	0.28%	-	0.00%	2,677	*100%*
Sales and marketing costs	(19,657)	-2.07%	(18,941)	-1.95%	(716)	*4%*
Overheads and administrative costs	(29,755)	-3.13%	(27,094)	-2.78%	(2,661)	*10%*
Operating income (EBIT)	**11,635**	**1.22%**	**16,449**	**1.69%**	**(4,814)**	***-29%***

[1] Operating company since 08 April 2016.

(euro/000)	Q2 2016	%	Q2 2015	%	Var.	Var. %
Sales to third parties	465,153		468,275		(3,122)	*-1%*
Intercompany sales	13,341		11,487		1,854	*16%*
Sales	**478,494**		**479,762**		**(1,268)**	***0%***
Cost of sales	(447,714)		(448,911)		1,197	*0%*
Gross profit	**30,780**	**6.43%**	**30,851**	**6.43%**	**(71)**	***0%***
Other income	2,677	0.56%	0	0.00%	2,677	*100%*
Sales and marketing costs	(10,950)	-2.29%	(9,370)	-1.95%	(1,580)	*17%*
Overheads and administrative costs	(15,814)	-3.30%	(13,552)	-2.82%	(2,262)	*17%*
Operating income (EBIT)	**6,693**	**1.40%**	**7,929**	**1.65%**	**(1,236)**	***-16%***

Sales totalled 951.7 million euro, showing a decrease of -2% compared to 973.3 million euro of the first half 2015. In the second quarter 2016, in terms of percentage change, sales were in line compared to the value of 2015.

Gross profit, equal to 58.4 million euro showed a decrease of -7% compared to 62.5 million euro of the first half 2015, due to the combined effect of a gross profit margin reduction (from 6.42% to 6.13%) and lower sales. In the second quarter 2016 gross profit, equal to 30.8 million euro, was in line compared to the second quarter 2015.

Other income, amounting to 2.7 million euro, refers entirely to the gain realized from the newly established company, EDSlan S.r.l., for the business unit acquisition relating to distribution activities in networking, cabling, VoIP and UCC- unified communications sectors.

Operating income (EBIT) equal to 11.6 million euro showed a decrease of -29% compared to the same period of 2015 with an EBIT margin decreased from 1.69% to 1.22% also as a result of the reduction in the gross profit margin and higher operating costs. EBIT in the second quarter 2016 registered a decrease of -16% reaching 6.7 million euro compared to 7.9 million euro of 2015 with an EBIT margin of 1.40% compared to 1.65% of the same period of 2015.

(euro/000)	30/06/2016	%	31/12/2015	%	Var.	Var. %
Fixed assets	110,750	40.81%	110,166	92.85%	585	1%
Operating net working capital	169,818	62.57%	18,333	15.45%	151,485	826%
Other current assets/liabilities	930	0.34%	(1,055)	-0.89%	1,985	-188%
Other non-current assets/liabilities	(10,097)	-3.72%	(8,801)	-7.42%	(1,296)	15%
Total uses	**271,401**	**100.00%**	**118,643**	**100.00%**	**152,759**	**129%**
Short-term financial liabilities	72,598	26.75%	29,038	24.48%	43,560	150%
Current financial (assets)/liabilities for derivatives	246	0.09%	195	0.16%	51	26%
Financial receivables from factoring companies	(4,838)	-1.78%	(2,714)	-2.29%	(2,124)	78%
Financial (assets)/liab. from/to Group companies	(130,000)	-47.90%	(50,000)	-42.14%	(80,000)	160%
Customers financial receivables	(452)	-0.17%	(507)	-0.43%	55	-11%
Cash and cash equivalents	(18,226)	-6.72%	(215,589)	-181.71%	197,363	-92%
Net current financial debt	(80,672)	-29.72%	(239,577)	-201.93%	158,905	-66%
Borrowings	57,216	21.08%	65,138	54.90%	(7,922)	-12%
Debts for investments in subsidiaries	5,091	1.88%	5,222	4.40%	(131)	-3%
Non-current financial (assets)/liab. for derivatives	315	0.12%	224	0.19%	91	41%
Customers financial receivables	(2,292)	-0.84%	(2,696)	-2.27%	405	-15%
Net Financial debt (A)	(20,342)	-7.50%	(171,689)	-144.71%	151,348	-88%
Net equity (B)	291,743	107.50%	290,332	244.71%	1,411	0%
Total sources of funds (C=A+B)	**271,401**	**100.00%**	**118,643**	**100.00%**	**152,759**	**129%**

Operating net working capital as at 30 June 2016 was equal to 169.8 million euro, compared to 18.3 million euro as at 31 December 2015.

Net financial position as at 30 June 2016 was positive by 20.3 million euro, compared to a cash surplus of 171.7 million euro as at 31 December 2015. The impact of both 'without-recourse' sale and securization program of trade receivables as at 30 June 2016 was approx. 99 million euro (approx. 147 million euro as at 31 December 2015).

B.2) Subgroup Iberica

The main economic, financial and asset results for the Iberica Subgroup (Esprinet Iberica and Esprinet Portugal) as at 30 June 2016 are hereby summarised:

(euro/000)	H1 2016	%	H1 2015	%	Var.	Var. %
Sales to third parties	317,509		284,896		32,613	11%
Intercompany sales	-		-		-	100%
Sales	**317,509**		**284,896**		32,613	**11%**
Cost of sales	(304,827)		(271,475)		(33,352)	12%
Gross profit	**12,682**	**3.99%**	**13,421**	**4.71%**	**(739)**	**-6%**
Sales and marketing costs	(3,190)	-1.00%	(2,936)	-1.03%	(254)	9%
Overheads and administrative costs	(6,530)	-2.06%	(5,993)	-2.10%	(537)	9%
Operating income (EBIT)	**2,962**	**0.93%**	**4,492**	**1.58%**	**(1,530)**	**-34%**

Sales was equal to 317.5 million euro, showing an increase of +11% compared to 284.9 million euro of the first half 2015. In the second quarter sales registered an increase of + 9% (equal to 13.8 million euro) compared to the same period of 2015.

Gross profit as at 30 June 2016 totalled 12.7 million euro, showing a decrease of -6% compared to 13.4 million euro of the same period of 2015 with a gross profit margin decreased from 4.71% to 3.99%. In the second quarter Gross profit decreased by -11% compared to the previous period, with a gross profit margin decrease from 4.92% to 4.00%.

Operating income (EBIT), equal to 3.0 million euro decreased by -1.5 million euro compared to the first half of 2015, with an EBIT margin decrease to 0.93% from 1.58%. In the second quarter of 2016, Operating income (EBIT) totalled 1.6 million euro compared to 2.9 million euro of the second quarter 2015, showing an EBIT margin decreased from 1.90% to 1.00%.

(euro/000)	**30/06/2016**	**%**	**31/12/2015**	**%**	**Var.**	***Var. %***
Fixed assets	66,343	56.58%	65,562	96.63%	781	*1%*
Operating net working capital	66,623	56.82%	16,336	24.08%	50,287	*308%*
Other current assets/liabilities	(12,722)	-10.85%	(11,554)	-17.03%	(1,168)	*10%*
Other non-current assets/liabilities	(2,991)	-2.55%	(2,495)	-3.68%	(496)	*20%*
Total uses	**117,253**	**100.00%**	**67,849**	**100.00%**	**49,404**	***73%***
Short-term financial liabilities	185	0.16%	276	0.41%	(91)	*-33%*
Financial (assets)/liab. from/to Group companies	130,000	110.87%	50,000	73.69%	80,000	*160%*
Cash and cash equivalents	(96,912)	-82.65%	(64,500)	-95.06%	(32,412)	*50%*
Net Financial debt (A)	33,273	28.38%	(14,224)	-20.96%	47,497	*-334%*
Net equity (B)	83,980	71.62%	82,073	120.96%	1,907	*2%*
Total sources of funds (C=A+B)	**117,253**	**100.00%**	**67,849**	**100.00%**	**49,404**	***73%***

Operating net working capital as at 30 June 2016 was equal to 66.6 million euro compared to 16.3 million euro as at 31 December 2015.

Net financial position as at 30 June 2016, was negative by 33.3 million euro, compared to a cash surplus of 14.2 million euro as at 31 December 2015. The impact of 'without-recourse' sale of both trade receivables and advancing cash-in of credits was approx. 101 million euro (approx. 140 million euro as at 31 December 2015).

C) Separate income statement by legal entity

Find below the separate income statement showing the contribution of each legal entities as considered significant:[2]

[2] The companies V-Valley S.r.l., as just an Esprinet S.p.A. 'commission sales agent' and Esprinet Portugal Lda because set up in June 2015 and not yet significant, are not showed separately.

(euro/000)	H1 2016							
	Italy					Iberian Pen.		
	E.Spa + V-Valley	Celly*	EDSlan	Elim. and other	Total	E.Iberica + E.Portugal	Elim. and other	Group
Sales to third parties	901,124	11,944	14,398	-	927,466	317,509	-	1,244,975
Intersegment sales	24,784	764	319	(1,660)	24,207	-	(24,207)	-
Sales	**925,908**	**12,708**	**14,717**	**(1,660)**	**951,673**	**317,509**	**(24,207)**	**1,244,975**
Cost of sales	(875,715)	(6,760)	(12,545)	1,717	(893,303)	(304,827)	23,917	(1,174,213)
Gross profit	**50,193**	**5,948**	**2,172**	**57**	**58,370**	**12,682**	**(290)**	**70,762**
Gross Profit %	*5.42%*	*46.81%*	*14.76%*		*6.13%*	*3.99%*		*5.68%*
Other incomes	-	-	2,677	-	2,677	-	-	2,677
Sales and marketing costs	(14,674)	(3,634)	(1,354)	5	(19,657)	(3,190)	(17)	(22,864)
Overheads and admin. costs	(26,985)	(1,770)	(1,001)	1	(29,755)	(6,530)	21	(36,264)
Operating income (Ebit)	**8,534**	**544**	**2,494**	**63**	**11,635**	**2,962**	**(286)**	**14,311**
EBIT %	*0.92%*	*4.28%*	*16.95%*		*1.22%*	*0.93%*		*1.15%*
Finance costs - net								(1,101)
Share of profits of associates								1
Profit before income tax								**13,211**
Income tax expenses								(2,853)
Net income								**10,358**
- of which attributable to non-controlling interests								89
- of which attributable to Group								10,269

(euro/000)	H1 2015						
	Italy				Iberian Pen.		
	E.Spa + V-Valley	Celly*	Elim. and other	Total	E. Iberica + E. Portugal	Elim. and other	Group
Sales to third parties	939,662	11,830	-	951,492	284,896	-	1,236,389
Intersegment sales	22,443	-	(667)	21,776	-	(21,776)	-
Sales	**962,105**	**11,830**	**(667)**	**973,268**	**284,896**	**(21,776)**	**1,236,389**
Cost of sales	(905,550)	(5,860)	626	(910,784)	(271,475)	21,735	(1,160,524)
Gross profit	**56,555**	**5,970**	**(41)**	**62,484**	**13,421**	**(41)**	**75,865**
Gross margin %	*5.88%*	*50.46%*		*6.42%*	*4.71%*		*6.14%*
Sales and marketing costs	(14,186)	(4,781)	26	(18,941)	(2,936)	(91)	(21,968)
Overheads and admin. costs	(24,714)	(2,371)	(9)	(27,094)	(5,993)	99	(32,988)
Operating income (Ebit)	**17,655**	**(1,182)**	**(24)**	**16,449**	**4,492**	**(33)**	**20,909**
EBIT %	*1.84%*	*-9.99%*		*1.69%*	*1.58%*		*1.69%*
Finance costs - net							(2,135)
Share of profits of associates							(4)
Profit before income tax							**18,770**
Income tax expenses							(5,527)
Net income							**13,243**
- of which attributable to non-controlling interests							(337)
- of which attributable to Group							13,580

* Consisting of Celly S.p.A., Celly Nordic OY, Celly Swiss S.a.g.l. and Celly Pacific Limited.

3. Sales by product family and customer type

(euro/million)	H1 2016	%	H1 2015	%	% Var.	Q2 2016	%	Q2 2015	%	% Var.
Dealers	356.5	28.6%	352.0	0.3	1.3%	178.0	28.3%	163.1	26.4%	9.1%
GDO/GDS	292.7	23.5%	291.5	0.2	0.4%	149.3	23.7%	157.2	25.4%	-5.0%
Vars	239.6	19.2%	230.0	0.2	4.2%	125.6	19.9%	111.7	18.1%	12.4%
Office/Consumables dealers	181.2	14.6%	211.6	0.2	-14.4%	89.0	14.1%	108.5	17.5%	-18.0%
Shop on-line	111.3	8.9%	96.2	0.1	15.7%	60.3	9.6%	54.7	8.8%	10.3%
Sub-distributors	63.7	5.1%	55.1	0.0	15.7%	27.4	4.4%	23.6	3.8%	16.2%
Group Sales	**1,245.0**	**100%**	**1,236.4**	**100%**	***1%***	**629.6**	**100%**	**618.8**	**100%**	***2%***

(euro/million)	H1 2016	%	H1 2015	%	% Var.	Q2 2016	%	Q2 2015	%	% Var.
PCs - notebooks	271.4	21.8%	240.0	19.4%	*13%*	137.1	21.8%	118.0	19.1%	*16%*
TLC	194.0	15.6%	243.3	19.7%	*-20%*	91.9	14.6%	128.3	20.7%	*-28%*
PCs - desktops and monitors	137.3	11.0%	121.8	9.9%	*13%*	66.8	10.6%	56.8	9.2%	*18%*
Consumables	116.8	9.4%	124.9	10.1%	*-7%*	59.5	9.4%	58.7	9.5%	*1%*
Consumer electronics	118.8	9.5%	115.9	9.4%	*2%*	60.5	9.6%	59.7	9.6%	*1%*
PCs - tablets	90.7	7.3%	85.0	6.9%	*7%*	51.7	8.2%	39.5	6.4%	*31%*
Storage	58.3	4.7%	60.2	4.9%	*-3%*	27.8	4.4%	29.1	4.7%	*-5%*
Peripherical devices	60.7	4.9%	59.0	4.8%	*3%*	30.2	4.8%	28.1	4.5%	*7%*
Software	58.4	4.7%	51.3	4.1%	*14%*	29.0	4.6%	24.5	4.0%	*18%*
Networking	41.8	3.4%	23.5	1.9%	*78%*	27.4	4.4%	12.9	2.1%	*113%*
Servers	27.0	2.2%	22.8	1.8%	*18%*	13.4	2.1%	11.5	1.9%	*16%*
Services	12.4	1.0%	9.7	0.8%	*28%*	5.9	0.9%	4.7	0.8%	*25%*
Other	57.5	4.6%	79.0	6.4%	*-27%*	28.5	4.5%	47.0	7.6%	*-39%*
Group sales	**1,245.0**	**100%**	**1,236.4**	**100%**	***1%***	**629.6**	**100%**	**618.8**	**100%**	***2%***

The sales analysis by customer type shows an improvement as compared to the first half 2015, for 'Shop on-line' channel (+16%) and 'Sub-distribution' channel (+16%), as well as in large business customers (VAR-Value Added Reseller, +4%) and in small-medium business customers ('Dealer', +1%), while 'GDO/GDS' channel showed substantially flat performance. 'Office/consumables dealers' channel showed a decrease of -14%.

A growth can be highlighted also in the second quarter, always driven by 'Sub-distribution' channel (+16%) and 'Shop-online' (+10%), as well as by a more relevant improvement in the large business customers ('VAR-Value Added Reseller', +12%) and in small-medium business customers ('Dealer', +9%). However both 'Office/consumables' channel and 'GDO/GDS' channel showed a decrease of -18% and -5% respectively.

The analysis by products highlights a relevant increase in 'Networking' category (+78%).
The categories 'Services' (+28%), 'PC notebook' (+13%), 'Pc – desktop & monitor' (+13%), 'software' (+14%) and 'server' (+18%) show positive results, as opposed to the negative trend of 'TLC' (-20%), 'Storage' (-3%) and 'Consumables' (-7%).

The second quarter shows similar trends.

Significant events occurred in the period

The significant events occurred during the period are hereby described:

Shareholders' agreement signed

On 23 February 2016 Francesco Monti, Paolo Stefanelli, Tommaso Stefanelli, Matteo Stefanelli, Maurizio Rota and Alessandro Cattani, disclosed that they entered into a shareholders' voting and blocking agreement (the 'Agreement'), in relation to no. 16,819,135 ordinary shares of Esprinet S.p.A. ('Esprinet' or the 'Company'), representing 32.095% of the entire share capital of the Company.
The abovementioned agreement, in its integral version, was communicated to Consob and filed with the Companies' Register of Monza and Brianza on 24 February 2016.

Purchase of EDSLan

On 24 March 2016, Esprinet S.p.A. created a new company, EDSlan S.r.l., which completed the acquisition of EDSLan S.p.A. on 8 April 2016.
EDSLan, the 11th largest Italian distributor in 2015, was founded in 1988, was headquartered in Vimercate (Italy), and had 8 branch offices, 94 employees, and around twenty sales agents and consultants.[3]
It is well-known as a leading distributor in the networking, cabling, Voip and UCC-Unified Communication & Collaboration segments. Its main suppliers include Hewlett Packard Enterprise Networking, Aruba Networks, Huawei Enterprise, Brocade Networks, Alcatel-Lucent Enterprise, Watchguard, Allied Telesis Panduit, CommScope, Audiocodes and Panasonic.
In 2015, the acquired business served about 3,000 customers such as 'VAR-Value Added Resellers', system integrators, telco resellers and TelCos, as well as installers and technicians.
The deal gives a boost to the Esprinet Group strategy of focusing on the 'complex technologies' market managed through V-Valley S.r.l., thus reinforcing some segments the Group is already operating in (Networking and UCC - EDI) as well as penetrating new 'analog' markets such as cabling, phone control units, video-conference systems and measuring instruments.
In 2015 sales of the purchased business were about 72.1 million euro[4], with an EBITDA[5] of 2.2 million euro.

The price paid, amounting to 7.8 million euro, generated an income of 2.7 million euro.

Disposal of shares in Assocloud S.r.l.

On 28 April 2016, Esprinet S.p.A. sold its shares (equal to 9.52% of the total share capital) in the associated company Assocloud S.r.l., operating in the 'cloud computing' business, to the company SME UP S.p.A.. At the same date, the latter also acquired the shares from 8 of the 9 remaining shareholders. The disposal value was equal to the equity value as reported in the latest financial statements approved as at 31 December 2015.

Esprinet S.p.A. Annual Shareholders Meeting

On 4 May 2016 Esprinet Shareholders' meeting approved the separated financial statements for the fiscal year ended at 31 December 2015 and the distribution of a dividend of 0.150 euro per ordinary share, corresponding to a pay-out ratio of 26%.[6]

[3] Source: Sirmi, January 2016

[4] Source: management estimates on preliminary 2015 data, net of the trading activities of the 'merchandising' division, which are not included in the deal.

[5] Source: management estimates on preliminary 2015 data, net of the trading activities of the 'merchandising' division, which are not included in the deal.

[6] Based on Esprinet Group's consolidated net profit

The dividend payment was scheduled from 11 May 2016, ex-coupon no. 11 on 9 May 2016 and record date on 10 May 2016.

Shareholders' Meeting also approved the first section of the report on remuneration pursuant to paragraph 6 art. 123-ter decree law 58/1998.

The Shareholders' Meeting finally resolved to authorise, subject to prior revocation of former authorization resolved on the Shareholder's Meeting of 30 April 2015, the acquisition and disposal of own shares, within 18 months since the resolution, provided that any such purchase does not exceed the maximum of 5,240,434 ordinary Esprinet shares (10% of the Company's share capital).

Relationship with related parties

Group operations with related parties have been defined as per IAS 24 and were effected in compliance with current laws and according to mutual economic advantage.
Any products sold to individuals were done so under the same conditions as those usually applied to employees.
Operations among the parent company Esprinet S.p.A. and its subsidiaries included in the consolidation area were excluded from the interim consolidated financial statements and therefore they are not quoted in this section.

During the period, relationships with related parties consisted essentially in the sale of products and services at market conditions between Group's entities and companies where the key management personnel or shareholders of Esprinet S.p.A. play important roles.
Relationships with key managers consisted in the compensation awarded for services rendered by the same.
Achieved sales are related to the sales of consumer electronic products to business and private customers at market condition.
Services received mainly refer to leasing agreements entered into at market conditions in previous years with the real estate companies, Immobiliare Selene S.r.l. in the case of the Cambiago (MI) logistics site and M.B. Immobiliare S.r.l. in the case of the Cavenago (MB) logistics site, respectively.

As shown in the previous table, the total value of the aforementioned transactions is not material compared to the total volume of the Company's activities, however.

Balances of the statement of financial position and of income statements deriving from operations with related parties are summarised in the 'Notes to income statement'.
It should be noted that, in the first half of this year, there were no transactions of 'greater importance' as defined by the 'Procedure for the discipline of Transactions with Related Parties', approved by the Board of Directors of Esprinet S.p.A. in compliance with Consob resolution no. 17221 of 12 March 2010, as amended, which came into force on 1 January 2011.

Main risks and uncertainties

Esprinet Group activities are exposed to risk factors able to influence its economic and financial situation.
The Group identifies, assesses and manages risks in compliance with internationally recognised models and techniques such as the 'Enterprise Risk Management - Integrated Framework (CoSo 2).

The identification of key risks has enabled their classification in the following categories:

- strategic risks;
- operational risks;
- compliance risks;

- financial risks.

A brief description of the main risks follows for each category identified, along with the response actions implemented or planned to keep risk levels within acceptable thresholds for the Group.

Strategic risks: criticality in the ability to plan and implement strategies in a systematic and co-ordinated fashion, inadequate response to unfavourable macro-economic scenarios, inadequate response to changes in customers' and suppliers' needs, inadequate management of the analysis/reaction process to price dynamics (deflationary events).
Protection against strategic risks is usually linked to the quality of strategic planning processes and to the generation of new ideas and/or the validation of existing management models, to the frequency and effectiveness of business reviews and to the availability of competitive analysis methods and tools.

Operating risks: interruption of logistic and storage services, dependency on IT and 'web' systems as well as from key vendors, inefficient management of stocks and warehouse turnover.
Operational risks are typically defended against by a mixture of rules and procedures aimed at guaranteeing adequate prevention from risky events, as well as by insurance tools and business continuity and disaster recovery plans aimed at minimizing any possible financial impact of the risky events.

Compliance risks: violation of laws, rules and regulations, including tax ones, which govern the Group operations (please see under 'Non-current provisions and other liabilities' paragraph in the 'Notes to the condensed half-yearly consolidated financial statements' in this report).
These risks are mainly guarded against by an external structure made up of professionals who also guarantee that internal administrative resources are updated on new laws and regulations of any possible interest to the Group.

Financial risks: credit risk and liquidity risk. Credit risk management strategies are as follows:

- in the case of cash and cash equivalents and financial derivatives, by the choice of leading national and international banks;
- in the case of trade receivables, within the limits of the credit negotiated and with the aim of optimizing the balance of costs and benefits, by the transfer of the risk to leading insurance and/or factoring firms, as well as the application of special checking procedures regarding the assignment and periodical revision of lines of credit to customers, besides the requirement of collateral in the case of customers whose ratings are insufficient to guarantee operations.

Liquidity risk management hinges on cash-flow planning and also on the maintenance of consistent amounts of unused lines of credit in Italy and in Spain of a mainly self-liquidating nature, aided by a conservative financial policy favouring stable financing sources including that for financing working capital.

Other significant information

1. Research and development activities

The research and development of IT and 'web' activities are related to the definition and planning of new processes and services referred to the IT platform used by the Group, which is at customers and suppliers disposal for information communication as well as for the management of sales and purchase orders process. These costs were entirely recorded in the income statement, mainly among the costs of respective departments.

2. Number and value of own shares

At the closing date of the current financial report, Esprinet S.p.A. held 646,889 own shares, representing 1.23% of the share capital.
These consist of 31,400 residual own shares purchased in 2007 (fulfilling the Shareholder Meeting resolution dated 26 April 2007) at a unit price of 11.06 euro gross of commissions, fully held at prior year end date.

The remaining 615,489 ordinary shares were bought pursuant to the Shareholder Meeting's resolution dated 30 April 2015 in the period between 22 July 2015 and 4 September 2015, at an average unit price of 7.79 euro, gross of commissions.

3. Atypical and/or unusual operations

No atypical and/or unusual events or operations according to the definition as per Consob communication No. DEM 6064293 of 28 July 2006 occurred during the period.

4. Share incentive plans

Upon the presentation of the 2014 consolidated financial statements to the Esprinet Shareholders' Meeting on 30 April 2015, the share incentive plan ('Long Term Inventice Plan'), approved by the Esprinet Shareholders' Meeting on 9 May 2012 and addressed to the members of the Board of Directors and the executives of the Company, came to maturity.

Subject to achieving revenue targets for the Group within the 3-year period 2012 - 2014 as well as to a service condition up to the presentation date of the consolidated financial statement 2014, the plan provided for the allotment of a maximum of 1,150,000 rights of free stock grants of Esprinet S.p.A. ordinary shares.
On 19 May 2015 following the full achievement of the revenue objectives, no. 1,150,000 shares already available by the issuer have been delivered to the beneficiaries.
As a consequence, the equity reserve in which all costs were recorded during the vesting period was released as regards the delivered shares.

Within the scope of share incentive policies aimed at strengthening the loyalty of executives deemed essential for the purpose of achieving the Group operating targets, on 30 April 2015 Esprinet Shareholders' Meeting approved a new compensation Plan ('Long Term Incentive Plan') for the benefit of the members of the Board of Directors and executives, as proposed by the Remuneration Committee. Such plan will apply for the 3-year period 2015-17 with the purpose of granting a maximum of 1,150,000 rights of free stock grants of Esprinet. S.p.A. ordinary shares.
646,889 of the abovementioned free subscription rights were granted on 30 June 2015 and are conditional upon the achievement of some Group revenue targets in the 2015-17 period and the beneficiary being still employed by the Group at the date of the presentation of the Group's 2017 consolidated financial statements to the Esprinet Shareholder Meeting.

Further information can be found in the 'Notes to the Condensed Half-yearly Consolidated Financial Statement' – paragraph 'Group Personnel costs'.

5. Business combination

Purchase of EDSLan S.r.l..

Consistently with strategic process aimed at focusing on core business and penetrating high-profitability segments, on 8 April 2016, EDSlan S.r.l., established by Esprinet S.p.A. on 24 March 2016, completed the acquisition of the distribution business referring to the networking, cabling, Voip and UCC-Unified Communication & Collaboration sectors from the pre-existing company EDSlan S.p.A.

The asset deal, effected through the acquisition method, determined a 2.7 million euro gain, referred to the acquisition spot price (7.8 million euro) net of the assets and liabilities of the acquired company at 'fair value', as reported in the table below:

(euro/000)	Fair value EDSlan 08/04/2016
Fixed, intangible and financial assets	363
Deferred income tax assets	14
Receivables and other non-current assets	16
Inventory	6,668
Trade receivables	29,006
Other current assets	130
Cash and cash equivalents	3
Long-term financial liabilities	(1,229)
Retirement benefit obligations	(632)
Other non current liabilities	(413)
Trade payables	(13,286)
Other current liabilities	(2,124)
Short-term financial liabilities	(8,033)
Net assets fair value	**10,483**
Provisional goodwill [1]	(2,677)
Cash paid	**7,806**

[1] The gain from the business combination transaction may be revised within 12 months from the transaction date, as allowed by the IFRS3 accounting standard.

The acquisition contract provides for the usual seller guarantees relating to any future liabilities arising from events preceding, but not known at, the transaction date.

Since no other potential losses or significant or measurable adjustments were detected in the assets and liabilities acquired, except for the abovementioned ones, the lower spot compensation compared to the net fair value of those assets and liabilities was entirely entered as an income by virtue of the cost-effectiveness of the transaction.

Fair value of receivables, which are all short-term in nature, represents the expected recoverable value from the customers and includes a 1.2 million euro bad debt provision.
Transaction costs, equal to 0.1 million euro in 2016, were entered in the income statement under overheads & administrative costs and are included in the cash flow provided by operating activities in the cash flow statement, to which reference is made.

The net cash flow from the asset deal was equal to 17.1 million euro, as shown in the following table:

(euro/000)	Fair value EDSlan 08/04/2016
Cash and cash equivalents	3
Short-term financial liabilities	(8,033)
Long-term financial liabilities	(1,229)
Net financial debts acquired (included in cash flows from investing activities)	**(9,259)**
Cash paid	(7,806)
Net cash outflow on acquisition	**(17,065)**

Finally, from the date of the asset deal from the pre-existing company EDSlan S.p.A., corresponding to the actual start of business by EDSlan S.r.l., the latter contributed 14.7 million euro to revenues and 2.5 million euro to the Group's net income. If the acquisition had taken place at the beginning of the year, EDSlan S.r.l. would have contributed approx. 34.2 million euro to revenues and approx 2.7 million euro to net income.

6. Net equity and result reconciliation between Group and parent company.

In compliance with Consob communication no. DEM/6064293 of 28 July 2006 the reconciliation between Group net equity and result of the period together with the relative data of the parent company, Esprinet S.p.A., is illustrated in the table below:

(euro/000)	Net income/(loss)		Equity	
	30/06/2016	30/06/2015	30/06/2016	31/12/2015
Esprinet S.p.A. separate financial statements	**5,537**	**10,906**	**293,250**	**294,968**
Consolidation adjustments:				
Net equity and result for the year of consolidated companies, net of minority interests	4,875	2,387	99,357	87,924
Esprinet S.p.A. 's investments in consolidated subsidiaries carryng amount	-	-	(92,274)	(85,688)
Goodwill from Esprinet Iberica S.L.U. business combination	-	-	1,040	1,040
Goodwill from Celly S.p.A. business combination	-	-	4,153	4,153
Adjustment to equity value of associated companies	-	(5)	-	0
Deletion of non-realised (profit)/loss on inventory, net of fiscal effect	(153)	(39)	(406)	(252)
Option on 40% Celly shares	98	(6)	(5,309)	(5,407)
Other movements	-	-	867	867
Consolidated net equity	**10,358**	**13,243**	**300,679**	**297,605**

Outlook and main risk factors in the second half of the year

In the first half 2016, the distribution industry generated revenues for approx. 29.31 billion euro, up slightly (+0.7%) with respect to 29.11 billion euro in the first half 2015, as measured by the English company, Context (July 2016), with reference to a distributors panel representative of the general trend. In particular, while the year-on-year comparison is negative (-0.9%) in the first quarter, it becomes positive (+2.3%) in the second quarter mainly thanks to UK results.
Being the first market in Europe, UK accounts for the biggest share in results growing by 7% to 6.35 billion euro, while the German distribution market (the second largest in Europe) remained stable at 6.13 billion euro.
The French market records a negative result (-4% year-on-year) as compared with the first half 2015, together with Italy, Poland and Scandinavian Peninsula.

In the first half of 2016 the Italian distribution market (source: Context July 2016) decreased by -0.5% compared with the same period in 2015. Performance analysis by quarter reveals a y-o-y decrease of -0.1% and of -1% in the first and second quarter respectively.

Negative industry results are affected by TLC sector (the second largest contributor to distributors sales), down -18% (9.4 million euro) compared with the first half of 2015. Notebooks, which account for the largest share of distributors sales (21% as compared to 20% of the first half of 2015), grow by +4% (+24 million euro), mainly due to the result achieved in the month of June (+11 million euro), while desktop and software sectors are both stable. Printers (-2%) and components (-7%) show negative results.

During the first six months of 2016, the Spanish distribution market (source: Context, July 2016) grew by +4% compared to the same period in 2015. Performance analysis by quarter reveals a y-o-y increase of +1.9% and of +6% in the first and second quarter respectively.
In Spain TLC sector was also negative (down from third to fourth position as a contributor to distributors sales) showing a decrease of -9% (-13 million euro) compared with the first half of 2015. Notebooks, which account for the largest share of distributors sales, grew by +2% (+10 million euro), followed by 'software' (up by +14%, +29 million euro) and 'consumables' (+4%).
Storage and desktops changed by -5% and -2% respectively. Among minor categories with respect to revenues, wireless networking and audio video systems reported a robust growth.
Even in the second half, Esprinet Iberica increased its market share, gaining approx. +3 points in the first quarter and +0.5 points in the second one.
Taking into account the completed acquisition of the distributor Vinzeo Technologies, Esprinet Group reached the first position in the Spanish distribution market as well.

In the second quarter of 2016, net of the acquisitions completed by the Esprinet Group in April-June period (EDSlan in Italy and Vinzeo in Spain), revenues suffered a further reduction compared to the second quarter of 2015. The slowdown was mainly concentrated in Italy particularly in the mobile phone segment, which on the contrary recorded high volumes in 2015.
For the second half of the year, in absence of further deterioration of the economic situation and of unpredictable events, the management expect an improvement in revenue trend, expecting FY 2016 organic sales basically in line with the previous year. Considering the effects of the consolidation of the acquisitions, management foresees total revenue around 3 billion euro.
As per profitability, the strong pressure on product margin percentages continues, mainly in Italy, due both to the current 'de-stocking' process, especially focused in the mobile phone segment much more than in the notebook one, and to the strong 'price-competition' of some competitors preferring to defend their market share in the short term rather than to achieve satisfying level of profitability.
A more specific effect of the margin reduction is evident on the segment of Consumables (toner and ink), that, mainly in Italy, has been facing with the high levels of 2015 as a result of the strong appreciation of the dollar in the first part of 2015.
The upward dynamics of costs was mainly influenced by the 'one-off' expenses related to both acquisitions and investments in production capacity to support future growth plans, which will be described in the Group business plan to be presented to the financial community in the upcoming weeks.

Vimercate, 15 September 2016

Of behalf of the Board of Directors
The Chairman
Francesco Monti

Consolidated statement of financial position

The table below shows the consolidated statement of financial position drawn up according to IFRS principles, together with the information required pursuant to Consob Resolution No. 15519 of 27 July 2006:

(euro/000)	Notes	30/06/2016	related parties*	31/12/2015	related parties*
ASSETS					
Non-current assets					
Property, plant and equipment	1	13,715		12,130	
Goodwill	2	75,246		75,246	
Intangible assets	3	757		664	
Investments in associates	5	39		47	
Deferred income tax assets	6	8,551		8,347	
Receivables and other non-current assets	9	6,476	1,286	7,345	1,285
		104,784	**1,286**	**103,779**	**1,285**
Current assets					
Inventory	10	335,025		305,455	
Trade receivables	11	259,901	6	251,493	13
Income tax assets	12	2,457		3,490	
Other assets	13	22,141	-	17,509	-
Cash and cash equivalents	17	115,138		280,089	
		734,662	**6**	**858,036**	**13**
Disposal groups assets	48	-		-	
Total assets		**839,446**	**1,292**	**961,815**	**1,298**
EQUITY					
Share capital	19	7,861		7,861	
Reserves	20	281,669		258,626	
Group net income	21	10,269		30,321	
Group net equity		**299,799**		**296,808**	
Non-controlling interests		880		797	
Total equity		**300,679**		**297,605**	
LIABILITIES					
Non-current liabilities					
Borrowings	22	57,216		65,138	
Derivative financial liabilities	23	315		224	
Deferred income tax liabilities	24	5,294		4,757	
Retirement benefit obligations	25	4,922		4,044	
Debts for investments in subsidiaries	49	5,091		5,222	
Provisions and other liabilities	26	2,872		2,495	
		75,710		**81,880**	
Current liabilities					
Trade payables	27	358,928	-	522,436	-
Short-term financial liabilities	28	72,783		29,314	
Income tax liabilities	29	860		751	
Derivative financial liabilities	30	246		195	
Provisions and other liabilities	32	30,240	-	29,634	-
		463,057	**-**	**582,330**	**-**
Disposal groups liabilities	34	-		-	
Total liabilities		**538,767**	**-**	**664,210**	**-**
Total equity and liabilities		**839,446**	**-**	**961,815**	**-**

(*) For further details on related parties, see the related section in the 'Interim Directors' Report on Operations'.

Consolidated separate income statement

Below is the consolidated separate income statement, showing revenues by 'function' in accordance with the IFRS, complete with the additional information required under CONSOB decision number 15519 of 27 July 2006:

(euro/000)	Notes	H1 2016	non - recurring	related parties*	H1 2015	non - recurring	related parties*
Sales	33	**1,244,975**	-	4	**1,236,389**	-	3
Cost of sales		(1,174,213)	-	-	(1,160,524)	-	-
Gross profit	35	**70,762**	-		**75,865**	-	
Other income	50	2,677	2,677		-	-	
Sales and marketing costs	37	(22,864)	-	-	(21,968)	-	-
Overheads and administrative costs	38	(36,264)	(1,255)	(1,893)	(32,988)	(657)	(1,683)
Operating income (EBIT)		**14,311**	**1,422**		**20,909**	**(657)**	
Finance costs - net	42	(1,101)	-	2	(2,135)	-	6
Other investments expenses/(incomes)	43	1	-		(4)	-	
Profit before income tax		**13,211**	**1,422**		**18,770**	**(657)**	
Income tax expenses	45	(2,853)	(258)	-	(5,527)	228	-
Net income		**10,358**	**1,164**		**13,243**	**(429)**	
- of which attributable to non-controlling interests		89			(337)		
- of which attributable to Group		10,269	1,164		13,580	(429)	
Earnings per share - basic (euro)	46	0.20			0.26		
Earnings per share - diluted (euro)	46	0.20			0.26		

(euro/000)	Notes	Q2 2016	non - recurring	related parties*	Q2 2015	non - recurring	related parties*
Sales	33	**629,551**	-	3	**618,839**	-	(1)
Cost of sales		(592,460)	-	-	(580,604)	-	-
Gross profit	35	**37,091**	-		**38,235**	-	
Other income	50	2,677	2,677		-	-	
Sales and marketing costs	37	(12,597)	-	-	(10,978)	-	-
Overheads and administrative costs	38	(19,096)	(1,255)	(955)	(16,482)	(657)	(841)
Operating income (EBIT)		**8,075**	**1,422**		**10,775**	**(657)**	
Finance costs - net	42	(808)	-	2	(557)	-	3
Other investments expenses/(incomes)	43	1	-		-	-	
Profit before income tax		**7,268**	**1,422**		**10,218**	**(657)**	
Income tax expenses	45	(1,155)	(258)	-	(3,239)	228	-
Net income		**6,113**	**1,164**		**6,979**	**(429)**	
- of which attributable to non-controlling interests		50			(184)		
- of which attributable to Group		6,063	1,164		7,163	(429)	
Earnings per share - basic (euro)	46	0.12			0.13		
Earnings per share - diluted (euro)	46	0.12			0.14		

(*) Excludes fees paid to executives with strategic responsibilities. Further information on operation with Related Parties can be found in the relevant section in the 'Interim Directors' Report on Operations'.

Consolidated statement of comprehensive income

(euro/000)	H1 2016	H1 2015	Q2 2016	Q2 2015
Net income	**10,358**	**13,243**	**6,113**	**6,979**
Other comprehensive income:				
- Changes in 'cash flow hedge' equity reserve	(120)	(14)	(7)	131
- Taxes on changes in 'cash flow hedge' equity reserve	33	4	2	(36)
- Changes in translation adjustment reserve	2	(10)	(1)	(19)
Other comprehensive income not to be reclassified in the separate income statement				
- Changes in 'TFR' equity reserve	(245)	215	(45)	324
- Taxes on changes in 'TFR' equity reserve	47	(59)	(8)	(89)
Other comprehensive income	**(283)**	**135**	**(59)**	**310**
Total comprehensive income	**10,075**	**13,378**	**6,054**	**7,289**
- of which attributable to Group	9,990	13,713	6,007	7,477
- of which attributable to non-controlling interests	85	(335)	47	(188)

Consolidated statement of changes in net equity

(euro/000)	Share capital	Reserves	Own shares	Profit for the period	Total net equity	Minority interest	Group net equity
Balance at 31 December 2014	**7,861**	**253,268**	**(13,070)**	**26,813**	**274,872**	**2,193**	**272,679**
Total comprehensive income/(loss)	**-**	**135**	**-**	**13,243**	**13,378**	**(335)**	**13,713**
Allocation of last year net income/(loss)	-	20,410	-	(20,410)	-	-	**-**
Dividend payment	-	-	-	(6,403)	**(6,403)**	-	**(6,403)**
Transactions with owners	-	20,410	-	**(26,813)**	**(6,403)**	-	**(6,403)**
Increase/(decrease) in 'stock grant' plan reserve	-	304	-	-	**304**	-	**304**
Assignment of Esprinet own shares	-	(12,723)	12,723	-	**-**	-	**-**
Other variations	-	13	-	-	**13**	(22)	**35**
Balance at 30 June 2015	**7,861**	**261,407**	**(347)**	**13,243**	**282,164**	**1,836**	**280,328**
Balance at 31 December 2015	**7,861**	**264,848**	**(5,145)**	**30,041**	**297,605**	**797**	**296,808**
Total comprehensive income/(loss)	**-**	**(283)**	**-**	**10,358**	**10,075**	**85**	**9,990**
Allocation of last year net income/(loss)	-	22,277	-	(22,277)	**-**	-	**-**
Dividend payment	-	-	-	(7,764)	**(7,764)**	-	**(7,764)**
Transactions with owners	**-**	**22,277**	**-**	**(30,041)**	**(7,764)**	**-**	**(7,764)**
Change in 'stock grant' plan reserve	-	771	-	-	**771**	-	**771**
Other variations	-	(8)	-	-	**(8)**	(2)	**(6)**
Balance at 30 June 2016	**7,861**	**287,605**	**(5,145)**	**10,358**	**300,679**	**880**	**299,799**

Consolidated statement of cash flows[7]

(euro/000)	H1 2016	H1 2015
Cash flow provided by (used in) operating activities (D=A+B+C)	**(170,628)**	**(148,455)**
Cash flow generated from operations (A)	**14,150**	**22,285**
Operating income (EBIT)	14,311	20,909
Income from business combinations	(2,677)	-
Depreciation, amortisation and other fixed assets write-downs	1,836	1,599
Net changes in provisions for risks and charges	(36)	(281)
Net changes in retirement benefit obligations	(55)	(246)
Stock option/grant costs	771	304
Cash flow provided by (used in) changes in working capital (B)	**(183,151)**	**(164,287)**
Inventory	(22,902)	(74,664)
Trade receivables	20,598	44,253
Other current assets	(1,400)	(4,831)
Trade payables	(176,913)	(130,663)
Other current liabilities	(2,534)	1,618
Other cash flow provided by (used in) operating activities (C)	**(1,626)**	**(6,453)**
Interests paid, net	(378)	142
Foreign exchange (losses)/gains	130	(1,207)
Net results from associated companies	9	(1)
Income taxes paid	(1,387)	(5,387)
Cash flow provided by (used in) investing activities (E)	**(19,760)**	**(2,856)**
Net investments in property, plant and equipment	(3,034)	(2,553)
Net investments in intangible assets	(117)	(351)
Changes in other non current assets and liabilities	456	48
EDSlan business combination	(17,065)	-
Cash flow provided by (used in) financing activities (F)	**25,436**	**(13,477)**
Repayment/renegotiation of medium/long-term borrowings	(9,387)	(1,707)
Net change in financial liabilities	44,110	(5,406)
Net change in financial assets and derivative instruments	(1,523)	393
Deferred price Celly acquisition	-	(61)
Option on 40% Celly sharesd	-	68
Dividend payments	(7,764)	(6,403)
Increase/(decrease) in 'cash flow edge' equity reserve	(87)	(10)
Changes in third parties net equity	87	(351)
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**(164,951)**	**(164,788)**
Cash and cash equivalents at year-beginning	**280,089**	**225,174**
Net increase/(decrease) in cash and cash equivalents	**(164,951)**	**(164,788)**
Cash and cash equivalents at year-end	**115,138**	**60,386**

[7] Effects of relationships with related parties are omitted as non significant.

Notes to the condensed half-yearly consolidated financial statements

1. Contents and format of the consolidated financial statements

1.1 Regulations, accounting principles and valuation criteria

The Esprinet Group consolidated half-yearly financial report as at 30 June 2016 was drawn up in accordance with Article 154-ter (Financial Reports), paragraph 2, of Legislative Decree No. 58/1998 (T.U.F. – Finance Consolidation Act) as well as Consob Communication No. DEM/6064293 of 28 July 2006 ('Information notice concerning Italian listed companies pursuant to Article 114, paragraph 5, Legislative Decree No. 58/98') and includes:

- the interim directors' report on operations;
- the condensed half-yearly consolidated financial statements;
- the declaration foreseen by article 154-bis, paragraph 5 of the T.U.F..

The condensed half-yearly consolidated financial statements have been drawn up in compliance with IFRS - International Financial Reporting Standards -, using the same accounting principles used in the Consolidated Financial Statements as at 31 December 2015 and with special reference to the provisions of IAS 34 'Interim Financial Reporting' – pursuant to which they have been drafted in condensed form.
They do not include all the supplementary information required in the annual financial statements, therefore, they should be read together with the consolidated financial statements of the Esprinet Group as at 31 December 2015.

The condensed half-yearly consolidated financial statements of 30 June 2016 have been subject to a limited review by EY S.p.A..

1.2 Consolidation area

The consolidated financial statement derives from the interim accounts of the parent company Esprinet S.p.A. and of its directly and/or indirectly subsidiaries or associated companies, approved by their respective Boards of Directors.[8]
Wherever necessary, the interim accounts of subsidiaries have been suitably adjusted to ensure consistency with the accounting principles used by the parent company.

The table below lists companies included in the consolidation perimeter as at 30 June 2016, all consolidated on a line-by-line basis except for the company Ascendeo SAS accounted for using the equity method.

[8] Limited to companies under direct control.

Company name	Head Office	Share capital (euro) *	Group interest	Shareholder	Interest held
Holding company:					
Esprinet S.p.A.	Vimercate (MB)	7,860,651			
Subsidiaries directly controlled:					
V-Valley S.r.l.	Vimercate (MB)	20,000	100.00%	Esprinet S.p.A.	100.00%
Celly S.p.A.	Vimercate (MB)	1,250,000	80.00%	Esprinet S.p.A.	80.00%
Esprinet Iberica S.L.U.	Saragoza (Spain)	55,203,010	100.00%	Esprinet S.p.A.	100.00%
EDSlan S.r.l.	Vimercate (MB)	100,000	100.00%	Esprinet S.p.A.	100.00%
Subsidiaries indirectly controlled:					
Esprinet Portugal Lda	Porto (Portugal)	1,000,000	100.00%	Esprinet Iberica S.L.U.	95.00%
				Esprinet S.p.A.	5.00%
Celly Nordic OY	Helsinki (Finland)	2,500	80.00%	Celly S.p.A.	100.00%
Celly Swiss SAGL	Lugano (Switzerland)	16,296	80.00%	Celly S.p.A.	100.00%
Celly Pacific LTD	Honk Kong (China)	935	80.00%	Celly Swiss SAGL	100.00%
Associated company					
Ascendeo SAS	La Courneuve (France)	37,000	20.0%	Celly S.p.A.	25.00%

(*) Share capital values, with reference to the companies publishing financial statements in a currency other than euro, are displayed at historical value.

As compared to 31 December 2015 we remark the entry into the consolidation area of EDSlan S.r.l., established on 29 March 2016 and became operating from 8 April 2016.
It should be highlighted that on 28 April 2016, Esprinet S.p.A. sold its shares (equal to 9.52% of the total share capital) in the associated company Assocloud S.r.l..

For further information please refer to the paragraph 'Significant events occurred in the period'.

1.3 Principal assumptions, estimates and rounding

Within the scope of preparing these condensed Half-yearly Consolidated Financial Statements, several estimates and assumptions have been made on the values of revenue, costs, assets and liabilities in the financial statements and on the information relating to potential assets and liabilities at the date of the interim financial statements. These have been applied uniformly to all the financial years presented in this document, unless indicated otherwise.

If these estimates and assumptions, which are based on the best valuation by the management, should differ from actual circumstances in the future, they will be suitably amended during the period in which those circumstances arise.

A detailed description of the assumptions and estimates adopted can be found in the Notes to the Consolidated Financial Statements of the Esprinet Group as at 31 December 2015, to which reference is made.

During the previous interim period, as permitted by IAS 34, income taxes have been calculated based on the best estimate of the tax burden expected for the entire financial year. On the contrary, in the annual consolidated financial statement, current taxes have been calculated specifically based on the tax rates in force at the closing date of the financial statement.

Prepaid and deferred taxes have been instead estimated based on the tax rates considered to be in force at the time of realization of the assets or settlement of the liabilities to which they refer.
Figures in this document are expressed in thousands of euro, unless otherwise indicated.

In some cases, rounding differences may occur in the tables since figures are shown in euro thousands.

1.4 Restatements of previous published financial statements

No reclassification or changes in the critical accounting estimates regarding previous periods, pursuant to IAS 8, have been made in this interim management report.

1.5 New or revised accounting standards and interpretations adopted by the Group

The accounting policies adopted in the preparation of the half-yearly condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015, except for the adoption of new standards, amendments and interpretations approved by IASB (International Accounting Standard Board) and IFRIC (Financial Reporting Interpretation Committee) published in the Official Journal of the European Union effective from 1 January 2016.
The nature and the impact of each new standard or amendment on half-yearly condensed Financial Report is described below:

Amendments to IAS 19 - Defined contribution plans: Contributions by employees - These amendments introduce the distinction between types of contributions envisaging a different accounting approach. These amendments were approved by the European Union in December 2014 (EU Regulation No. 2015/29), and apply to accounting periods starting from 1 February 2015, or later.

Annual improvements to the IFRS, 2010-2012 Cycle - These amendments apply to financial statements for annual periods beginning on or after 1 February 2015 and were endorsed by the European Union in December 2014 (Regulation EU 2015/28). IASB has amended seven current principles. Changes concern in particular: the definition of vesting conditions relating to the IFRS 2, Share-based Payments; accounting for contingent consideration balances in the context of business combination transactions in IFRS 3, Business Combination Transactions; the aggregation of operating segments and reconciliation of total assets of reportable segments compared to the total assets of the entity in IFRS 8, Operating Segments; the proportional restatement of cumulative amortisation in IAS 16 Property, Plants and Equipment and in IAS 38, Intangible Assets; as well as the identification and some information to be included in the financial statements in accordance with IAS 24 Disclosures on Transactions with Related Parties.

Annual Improvements to the IFRS, 2012-2014 Cycle - these amendments were endorsed by the European Union in December 2015 (EU Regulation 1361/2014), apply from 1 January 2016, or later and relate to the following:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS5. The amendment must be applied prospectively.

- IFRS 7 Financial instruments: Disclosure – (i) Servicing contracts: The amendment clarifies that servicing contract that include a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of whether a service contract entails a continuing involvement must be done retrospectively. However, such disclosures are not required for any period beginning before the annual period in which the entity first applies the amendment. (ii) Applicability of the IFRS 7 amendments to condensed interim financial statements: The amendment clarifies that the offsetting disclosure requirements do not

apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. The amendment must be applied retrospectively.

- IAS 19 Employee Benefits - The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no active market for high quality corporate bonds in that currency, government bond rates must be used. The amendment must be applied prospectively.

Amendments to the IFRS 11 – Joint Arrangements – The amendments to IFRS 11 require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, relevant principles in IFRS 3 relating to accounting for joint arrangements. Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control. An exemption from IFRS 11 scope was introduced in order to clarify that the amendments do not apply if the joint operators, including the reporting entity, are controlled by the same entity. The amendments apply to the first acquisition of an interest under a joint arrangement as well as to subsequent interests acquired under the same arrangement. The amendments were endorsed by the European Union in November 2015 (EU Regulation 2015/2173) and apply to annual periods beginning on or after 1 January 2016, or later.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. These changes were approved by the European Union in December 2015 (EU Regulation No. 2015/2441), and apply to the financial statements effective as of 1 January 2016, or later.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants - The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets will no longer be within the scope of IAS 41 Agriculture instead, IAS 16 is applied. These amendments do not have any impact to the Group as the Group does not have any bearer plants.

Amendments to IAS 1 – Disclosure initiative– The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements;
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments were endorsed by the European Union in December 2015 (EU Regulation 2015/2406) and apply to annual periods beginning on or after 1 January 2016.

Amendments to IAS 27 - Equity Method in Separate Financial Statements – The amendments allow an entity to use the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. An entity having already adopted IFRSs and electing to change to the equity method in its separate financial statements must apply the amendment retrospectively. These changes were approved by the European Union in December 2015 (EU Regulation No. 2015/2441), and apply to the financial statements effective as of 1 January 2016, or later.

The abovementioned amendments had no significant impacts on the condensed interim financial statements at 30 of June 2016.

Standards issued, but not yet approved

The following standards and amendments to existing standards are issued but not yet endorsed by the European Union and are therefore not applicable to the Group. The dates reported reflect the expected effectiveness date as provided for by the standards; this date is however subject to the actual endorsement by the competent bodies of the European Union:

IFRS 9 – Financial Instruments (issued in July 2014) IFRS 9 brings together the three phases of the project on accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 will be effective for annual periods beginning on or after 1 January 2008, with early application permitted. Except for hedge accounting, the standard must be applied retrospectively, however comparative disclosures are not required. As for hedge accounting, as a rule the standard will apply prospectively, with limited exceptions.

IFRS 15 'Revenues from contracts with customers': the standard, issued by the IASB on 28 May 2014, introduces a new five-step model and will apply to all contracts with customers. IFRS 15 provides for revenues to be accounted for at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The standard will replace all current IFRS requirements relating to revenue recognition. The standard will be effective for annual periods beginning on or after 1 January 2018, using either a full retrospective approach or a modified retrospective approach. Early application is permitted.

IFRS 16 - Leases - Published in January 2016, the new standard on leases, which will replace the current IAS 17, provides for the lessee a single accounting model under which all leases should be recognized in the balance sheet. In it, the concept of operational leasing disappears. The only exceptions permitted relate to short-term leases (less than or equal to 12 months), as well as leases for assets with a not-significant unit value, or small assets (for instance, pieces of office furniture, PC, etc.) for which accounting treatment is similar to the principle adopted for currently operating leases. Said principle, whose entry into force is expected on 1 January 2019, has not yet been approved by the European Union.

Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities: Applying the Consolidation Exception – amendments published in December 2014, have the aim of clarifying certain applicative aspects on the fair value measurement of the investment entity subsidiaries. Said changes, whose entry into force is expected on 1 January 2016, have not yet been approved by the European Union.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – The amendments, published in September 2014, have the aim of clarifying the accounting treatment, both in the case of loss of control over a subsidiary (disciplined by IFRS 10), and in the cases of downstream transactions disciplined by IAS 28, depending on whether the subject matter of the transaction is (or not) a business, as defined by IFRS 3. Said *changes, whose entry into force has been postponed to a yet-to-be-defined date, have not yet been approved by the European Union.*

Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses - Changes, published in January 2016, are intended to clarify how to account for deferred tax assets related to debt instruments measured at fair value. Said changes, whose entry into force is expected on 1 January 2017, have not yet been approved by the European Union.

Amendments to IAS 7 - Disclosure Initiative - The changes are intended to improve disclosure of cash flows related to the net cash flow generated/absorbed by investing activities and to the entity's liquidity, especially in the presence of restrictions on the use of cash and cash equivalents. Said changes, whose entry into force is expected on 1 January 2017, have not yet been approved by the European Union.

Any possible impact on the financial statement disclosures arising from the application of these changes is under review.

2 Segment information

2.1 Introduction

The Esprinet Group is organised in the geographical business areas of Italy and the Iberian Peninsula (operating segments) where it performs the business-to-business (B2B) distribution of Information Technology (IT) and consumer electronics.

A ‘geographical segment’ is involved in investments and transactions aimed at providing products or services within a particular economic environment that is subject to risks and returns that are different from those achievable in other geographical segments.

A ‘business segment’ is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Although the organisation by geographical segments is the main way of managing and analysing the Group’s results, the next tables also provide a fuller picture of the operating results and asset balances of the business segments where the Group operates in Italy.

2.2 Separate income statement by operating segments

The separate income statement, statement of financial position and other significant information regarding each of the Esprinet Group’s operating segments are as follows:

Separate income statement and other significant information by operating segments

(euro/000)	H1 2016							
	Italy				Iberian Pen.			
	Distr. IT & CE B2B	Elim. and other	Total	%	Distr. It & CE B2B	%	Elim. and other	Group
Sales to third parties	927,466	-	927,466		317,509		-	1,244,975
Intersegment sales	24,207	-	24,207		-		(24,207)	-
Sales	**951,673**	**-**	**951,673**		**317,509**		**(24,207)**	**1,244,975**
Cost of sales	(893,365)	62	(893,303)		(304,827)		23,917	(1,174,213)
Gross profit	**58,308**	**62**	**58,370**	***6.29%***	**12,682**	***3.99%***	**(290)**	**70,762**
Other income	2,677	-	2,677	*0.29%*	-	*0.00%*	-	2,677
Sales and marketing costs	(19,657)	-	(19,657)	*-2.12%*	(3,190)	*-1.00%*	(17)	(22,864)
Overheads and admin. costs	(29,755)	-	(29,755)	*-3.21%*	(6,530)	*-2.06%*	21	(36,264)
Operating income (Ebit)	**11,573**	**62**	**11,635**	***1.25%***	**2,962**	***0.93%***	**(286)**	**14,311**
Finance costs - net								(1,101)
Share of profits of associates								1
Profit before income tax								**13,211**
Income tax expenses								(2,853)
Net income								**10,358**
- of which attributable to non-controlling interests								89
- of which attributable to Group								10,269
Depreciation and amortisation	1,461	-	**1,461**		**226**		149	**1,836**
Other non-cash items	2,095	-	**2,095**		**110**		-	**2,205**
Investments			**2,082**		**1,108**		-	**3,190**
Total assets			**750,530**		**299,662**		(210,746)	**839,446**

(euro/000)	H1 2015							
	Italy				Iberian Pen.			
	Distr. IT & CE B2B	Elim. and other	Total	%	Distr. It & CE B2B	%	Elim. and other	Group
Sales to third parties	951,492	-	951,492		284,896		-	1,236,389
Intersegment sales	21,776	-	21,776		-		(21,776)	-
Sales	**973,268**	**-**	**973,268**		**284,896**		**(21,776)**	**1,236,389**
Cost of sales	(910,760)	(24)	(910,784)		(271,475)		21,735	(1,160,524)
Gross profit	**62,508**	**(24)**	**62,484**	***6.57%***	**13,421**	***4.71%***	**(41)**	**75,865**
Sales and marketing costs	(18,941)	-	(18,941)	*-1.99%*	(2,936)	*-1.03%*	(91)	(21,968)
Overheads and admin. costs	(27,094)	-	(27,094)	*-2.85%*	(5,993)	*-2.10%*	99	(32,988)
Operating income (Ebit)	**16,473**	**(24)**	**16,449**	***1.73%***	**4,492**	***1.58%***	**(33)**	**20,909**
Finance costs - net								(2,135)
Share of profits of associates								(4)
Profit before income tax								**18,770**
Income tax expenses								(5,527)
Net income								**13,243**
- of which attributable to non-controlling interests								(337)
- of which attributable to Group								13,580
Depreciation and amortisation	1,329	-	**1,329**		**158**		113	**1,600**
Other non-cash items	1,606	-	**1,606**		**49**		-	**1,655**
Investments			**2,259**		**850**		-	**3,109**
Total assets			**648,045**		**211,196**		(119,866)	**739,375**

(euro/000)	Q2 2016							
	Italy				Iberian Pen.			
	Distr. IT & CE B2B	Elim. and Other	Total	%	Distr. It & CE B2B	%	Elim. and other	Group
Sales to third parties	465,153	-	465,153		164,398			629,551
Intersegment sales	13,341	-	13,341		-		(13,341)	-
Sales	**478,494**	**-**	**478,494**		**164,398**		**(13,341)**	**629,551**
Cost of sales	(447,631)	(83)	(447,714)		(157,828)		13,082	(592,460)
Gross profit	**30,863**	**(83)**	**30,780**	***6.62%***	**6,570**	***4.00%***	**(259)**	**37,091**
Other income	2,677	-	2,677	*0.58%*	-	*0.00%*	-	2,677
Sales and marketing costs	(10,950)	-	(10,950)	*-2.35%*	(1,639)	*-1.00%*	(8)	(12,597)
Overheads and admin. costs	(15,814)	-	(15,814)	*-3.40%*	(3,290)	*-2.00%*	8	(19,096)
Operating income (Ebit)	**6,776**	**(83)**	**6,693**	***1.44%***	**1,641**	***1.00%***	**(259)**	**8,075**
Finance costs - net								(808)
Share of profits of associates								1
Profit before income tax								**7,268**
Income tax expenses								(1,155)
Net income								**6,113**
- of which attributable to non-controlling interests								50
- of which attributable to Group								6,063
Depreciation and amortisation	750	-	750		**113**		88	**952**
Other non-cash items	1,161	-	1,161		**49**		-	**1,210**
Investments			1,370		**888**		-	**2,258**
Total assets			**750,530**		**299,662**		(210,746)	**839,446**

(euro/000)	Q2 2015							
	Italy				Iberian Pen.			
	Distr. IT & CE B2B	Elim. and Other	Total	%	Distr. It & CE B2B	%	Elim. and other	Group
Sales to third parties	468,275	-	468,275		150,564			618,839
Intersegment sales	11,487	-	11,487		-		(11,487)	-
Sales	**479,762**	**-**	**479,762**		**150,564**		**(11,487)**	**618,839**
Cost of sales	(448,925)	14	(448,911)		(143,157)		11,464	(580,604)
Gross profit	**30,837**	**14**	**30,851**	***6.59%***	**7,407**	***4.92%***	**(23)**	**38,235**
Sales and marketing costs	(9,370)	-	(9,370)	*-2.00%*	(1,571)	*-1.04%*	(37)	(10,978)
Overheads and admin. costs	(13,552)	-	(13,552)	*-2.89%*	(2,970)	*-1.97%*	40	(16,482)
Operating income (Ebit)	**7,915**	**14**	**7,929**	***1.69%***	**2,866**	***1.90%***	**(20)**	**10,775**
Finance costs - net								(557)
Share of profits of associates								-
Profit before income tax								**10,218**
Income tax expenses								(3,239)
Net income								**6,979**
- of which attributable to non-controlling interests								(184)
- of which attributable to Group								7,163
Depreciation and amortisation	653	-	653		**96**		56	**805**
Other non-cash items	609	-	609		**25**		-	**634**
Investments			767		**324**		-	**1,091**
Total assets			**648,045**		**211,196**		(119,866)	**739,375**

Statement of financial position by operating segments

(euro/000)	30/06/2016					
	Italy			Iberian Pen.		
	Distr. IT & CE B2B	Elim. and other	Total Italy	Distr. IT & CE B2B	Elim. and other	Group
ASSETS						
Non-current assets						
Property, plant and equipment	11,178	-	11,178	2,537	-	13,715
Goodwill	10,626	5,020	15,646	58,561	1,039	75,246
Intangible assets	732	-	732	25	-	757
Investments in associates	39	-	39	-	-	39
Investments in others	92,274	(16,494)	75,780	-	(75,780)	-
Deferred income tax assets	3,292	98	3,390	5,021	140	8,551
Derivative financial assets	369	(369)	-	-	-	-
Receivables and other non-current assets	6,277	-	6,277	199	-	6,476
	124,787	**(11,745)**	**113,042**	**66,343**	**(74,601)**	**104,784**
Current assets						
Inventory	236,016	(148)	235,868	99,600	(443)	335,025
Trade receivables	224,513	-	224,513	35,388	-	259,901
Income tax assets	2,356	101	2,457	-	-	2,457
Other assets	156,424	-	156,424	1,419	(135,702)	22,141
Cash and cash equivalents	18,226	-	18,226	96,912	-	115,138
	637,535	**(47)**	**637,488**	**233,319**	**(136,145)**	**734,662**
Disposal groups assets	-	-	-	-	-	-
Total assets	**762,322**	**(11,792)**	**750,530**	**299,662**	**(210,746)**	**839,446**
EQUITY						
Share capital	9,231	(1,370)	7,861	54,693	(54,693)	7,861
Reserves	290,844	(16,464)	274,380	27,392	(20,103)	281,669
Group net income	8,553	47	8,600	1,872	(203)	10,269
Group net equity	**308,628**	**(17,787)**	**290,841**	**83,957**	**(74,999)**	**299,799**
Non-controlling interests	-	902	902	23	(45)	880
Total equity	**308,628**	**(16,885)**	**291,743**	**83,980**	**(75,044)**	**300,679**
LIABILITIES						
Non-current liabilities						
Borrowings	57,216	-	57,216	-	-	57,216
Derivative financial liabilities	313	2	315	-	-	315
Deferred income tax liabilities	2,663	-	2,663	2,631	-	5,294
Retirement benefit obligations	4,922	-	4,922	-	-	4,922
Debts for investments in subsidiaries	-	5,091	5,091	-	-	5,091
Provisions and other liabilities	2,512	-	2,512	360	-	2,872
	67,626	**5,093**	**72,719**	**2,991**	**-**	**75,710**
Current liabilities						
Trade payables	290,563	-	290,563	68,365	-	358,928
Short-term financial liabilities	72,598	-	72,598	130,185	(130,000)	72,783
Income tax liabilities	76	-	76	784	-	860
Derivative financial liabilities	246	-	246	-	-	246
Provisions and other liabilities	22,585	-	22,585	13,357	(5,702)	30,240
	386,068	**-**	**386,068**	**212,691**	**(135,702)**	**463,057**
Disposal groups liabilities	-	-	-	-	-	-
Total liabilities	**453,694**	**5,093**	**458,787**	**215,682**	**(135,702)**	**538,767**
Total equity and liabilities	**762,322**	**(11,792)**	**750,530**	**299,662**	**(210,746)**	**839,446**

(euro/000)	31/12/2015					
	Italy			Iberian Pen.		
	Distr. IT & CE B2B	Elim. and other	Total Italy	Distr. IT & CE B2B	Elim. and other	Group
ASSETS						
Non-current assets						
Property, plant and equipment	10,494	-	10,494	1,636	-	12,130
Goodwill	10,626	5,020	15,646	58,561	1,039	75,246
Intangible assets	620	-	620	44	-	664
Investments in associates	47	-	47	-	-	47
Investments in others	85,688	(9,955)	75,733	-	(75,733)	-
Deferred income tax assets	3,027	148	3,175	5,123	49	8,347
Derivative financial assets	369	(369)	-	-	-	-
Receivables and other non-current assets	7,147	-	7,147	198	-	7,345
	118,018	**(5,156)**	**112,862**	**65,562**	**(74,645)**	**103,779**
Current assets						
Inventory	218,526	(210)	218,316	87,296	(157)	305,455
Trade receivables	192,271	-	192,271	59,222	-	251,493
Income tax assets	3,388	102	3,490	-	-	3,490
Other assets	69,817	-	69,817	437	(52,745)	17,509
Cash and cash equivalents	215,589	-	215,589	64,500	-	280,089
	699,591	**(108)**	**699,483**	**211,455**	**(52,902)**	**858,036**
Disposal groups assets	-	-	-	-	-	-
Total assets	**817,609**	**(5,264)**	**812,345**	**277,017**	**(127,547)**	**961,815**
EQUITY						
Share capital	9,131	(1,270)	7,861	54,693	(54,693)	7,861
Reserves	269,558	(9,703)	259,855	18,798	(20,027)	258,626
Group net income	22,129	(327)	21,802	8,547	(28)	30,321
Group net equity	**300,818**	**(11,300)**	**289,518**	**82,038**	**(74,748)**	**296,808**
Non-controlling interests	-	814	814	35	(52)	797
Total equity	**300,818**	**(10,486)**	**290,332**	**82,073**	**(74,800)**	**297,605**
LIABILITIES						
Non-current liabilities						
Borrowings	65,138	-	65,138	-	-	65,138
Derivative financial liabilities	224	-	224	-	-	224
Deferred income tax liabilities	2,517	-	2,517	2,240	-	4,757
Retirement benefit obligations	4,044	-	4,044	-	-	4,044
Debts for investments in subsidiaries	-	5,222	5,222	-	-	5,222
Provisions and other liabilities	2,240	-	2,240	255	-	2,495
	74,163	**5,222**	**79,385**	**2,495**	**-**	**81,880**
Current liabilities						
Trade payables	392,254	-	392,254	130,182	-	522,436
Short-term financial liabilities	29,038	-	29,038	50,276	(50,000)	29,314
Income tax liabilities	111	-	111	640	-	751
Derivative financial liabilities	195	-	195	-	-	195
Provisions and other liabilities	21,030	-	21,030	11,351	(2,747)	29,634
	442,628	**-**	**442,628**	**192,449**	**(52,747)**	**582,330**
Disposal groups liabilities	-	-	-	-	-	-
Total liabilities	**516,791**	**5,222**	**522,013**	**194,944**	**(52,747)**	**664,210**
Total equity and liabilities	**817,609**	**(5,264)**	**812,345**	**277,017**	**(127,547)**	**961,815**

3. Notes to statement of financial position items

Non-current assets

1) Tangible assets

Changes occurred during the period in the item Property, plant and equipment are as follows:

(euro/000)	Plant and machinery	Ind. & Comm. Equipment & other assets	Assets under construction & advances	Total
Historical cost	11,697	24,647	491	**36,835**
Accumulated depreciation	(8,595)	(16,109)	-	**(24,705)**
Balance at 31 December 2015	**3,102**	**8,537**	**491**	12,130
Business combination acquisition - historical cost	**5**	**810**	**-**	**815**
Business combination acquisition - accumulated depreciation	**(3)**	**(671)**	**-**	**(674)**
Historical cost increase	7	836	2,229	**3,072**
Historical cost decrease	(8)	(551)	(4)	**(563)**
Historical cost reclassification	38	343	(381)	**-**
Increase in accumulated depreciation	(386)	(1,204)	-	**(1,590)**
Decrease in accumulated depreciation	9	516	-	**525**
Total changes	**(340)**	**(60)**	**1,844**	**1,444**
Historical cost	11,739	26,085	2,335	40,159
Accumulated depreciation	(8,976)	(17,468)	-	(26,444)
Balance at 30 June 2016	**2,763**	**8,617**	**2,335**	**13,715**

Investments in 'Industrial & commercial equipment & other assets' refer to 0.7 million euro purchase of electronic office machinery by the parent company.
The disinvestments mainly refer to office electronic machines disposals from the parent company.

Investments in assets under construction, totalling 2.2 million euro, refer for 1.1 million euro to Esprinet Iberica works already performed but not yet completed as at 30 June 2016 relating to the new warehouse in Saragozza and for 1.1 million euro to both new asset acquisition and works on assets not yet operating mainly for the logistic site enlargement of Cavenago by the parent company Esprinet S.p.A..

The item ‘Business combination acquisition’, equal to 0.1 million euro, refers to the contribution generated by EDSlan S.r.l. first consolidation on 8 April 2016.

There are no other temporarily unused tangible fixed assets intended for sale.

The depreciation rates applied to each asset category are unchanged relative to the fiscal year closed at 31 December 2015.

2) Goodwill

Goodwill amounts to 75.2 million euro with no changes compared to 31 December 2015.

The following table summarises the goodwill allocations to the 3 CGUs (Cash Generating Units), in accordance with the operating segments identified in the Segment Information required by IFRS, and relationships between these operating segments and the legal entities which form the Group:

(euro/000)	30/06/2016		
Esprinet S.p.A.	11,492	CGU 1	B2B distribution of Information Technology and Consumer Electronics (Italy)
Celly S.p.A	4,153	CGU 1	B2B distribution of Information Technology and Consumer Electronics (Italy)
Esprinet Iberica S.L.U.	59,601	CGU 3	B2B distribution of Information Technology and Consumer Electronics (Spain)
Total	**75,246**		

The annual impairment test, required by IAS 36, was carried out in reference to the financial statements as at 31 December 2015 and no impairment loss emerged with reference to the above mentioned CGUs existing at that date.

IAS 36 also requires the goodwill impairment test to be effected more frequently whenever 'triggering events' occur (i.e. indications of loss of value). However, as no such indicators appeared in the period between the annual impairment test in March 2016 and the date of this Half-yearly Financial Report, no other impairment tests were conducted as at 30 June 2016.

In the light of above, the goodwill values booked as at 31 December 2015 and still outstanding in this half-yearly report are confirmed.

Further information regarding 'Goodwill' and the impairment test methods used can be found in the notes to the consolidated financial statements of 31 December 2015.

3) Intangible assets

Changes occurred during the period in the item 'Intangible assets'are as follows:

(euro/000)	Cost and expansion	Industrial and other patent rights	Licences, concessions, brand names and similar rights	Assets under construction and advances	Total
Historical cost	3	8,318	19	-	**8,340**
Accumulated depreciation	(3)	(7,664)	(10)	-	**(7,677)**
Balance at 31 December 2015	**-**	**654**	**10**	**-**	**664**
Business combination acquisition - historical cost	**-**	**383**	**-**	**-**	**383**
Business combination acquisition - accumulated depreciation	**-**	**(161)**	**-**	**-**	**(161)**
Historical cost increase	-	100	-	18	**118**
Increase in accumulated depreciation	-	(246)	-	-	**(246)**
Total changes	**-**	**76**	**-**	**18**	**93**
Historical cost	3	8,801	19	18	**8,840**
Accumulated depreciation	(3)	(8,071)	(10)	-	**(8,083)**
Balance at 30 June 2016	**-**	**730**	**10**	**18**	**757**

Investments in 'Industrial and other patent rights' include costs sustained for the long-term renewal and upgrade of ERP system (software). This item is amortised in three years.

The item 'Business combination acquisition', equal to 0.2 million euro, refers to the contribution generated by EDSlan S.r.l. first consolidation on 8 April 2016.

6) Deferred income tax assets

(euro/000)	30/06/2016	31/12/2015	Var.
Deferred income tax assets	8,551	8,347	204

The balance of this item is represented by prepaid tax assets due to tax losses carried forward (mainly referring to the Spanish subsidiary) and from taxed provisions and other temporary differences between carrying amounts and other values recognised for tax purposes which the Group expects to recover in future operating years following the creation of taxable profits.

9) Receivables and other non-current assets

(euro/000)	30/06/2016	31/12/2015	Var.
Guarantee deposits receivables	4,184	4,649	(465)
Trade receivables	2,292	2,696	(404)
Other receivables	-	-	-
Receivables and other non-current assets	**6,476**	**7,345**	**(869)**

The trade receivables refer to the portion of receivables from the customer 'Guardia di Finanza – GdF' (Revenue Guard Corps') which expires after one year and arose from goods delivered by Esprinet S.p.A. to GdF in 2011.

This receivables consists of a yearly payments plan until January 2022 against which the Holding Company obtained a loan from Intesa Sanpaolo in 2013 whose instalments would be paid directly by the customer. Since the counterparties of the two transactions are different it was deemed necessary to maintain the receivables from the customer and the payables to the financial entity separately booked until full repayment of the loan.

The item Guarantee deposits receivables includes guarantee deposits relating to utilities and lease agreements ongoing.

Current assets

10) Inventory

The movement in the inventory and in the corresponding provision for obsolescence during the period was as follows:

(euro/000)	30/06/2016	31/12/2015	Var.
Finished products and goods	337,782	308,011	29,771
Provision for obsolescence	(2,757)	(2,556)	(201)
Inventory	**335,025**	**305,455**	**29,570**

Inventory totalled 335.0 million euro, up 29.6 million euro compared to 31 December 2015 existing stock.

The contribution on 'finish products and goods' from EDSlan S.r.l. first consolidation on 8 April 2016, amounted to 7.7 million euro.

The 2.8 million euro allocated to Provision for obsolescence is intended to address the risks associated with the presumed lower realisable value of obsolete and slow-moving stock.

The movement in the provision during the period was as follows:

(euro/000)	30/06/2016	31/12/2015	Var.
Provision for obsolescence: year-beginning	**2,556**	**2,813**	**(257)**
Uses	(908)	(934)	26
Accruals	109	677	(568)
Subtotal	**(799)**	**(257)**	**(542)**
Acquisition in business combination	1,000	-	1,000
Total Variation	**201**	**(257)**	**458**
Provision for obsolescence: period-end	**2,757**	**2,556**	**201**

The item 'Business combination acquisition', equal to 1 million euro, entirely refers to the contribution generated by EDSlan S.r.l. first consolidation.

11) Trade receivables

(euro/000)	30/06/2016	31/12/2015	Var.
Trade receivables - gross	266,180	257,258	8,922
Bad debt provision	(6,279)	(5,765)	(514)
Trade receivables - net	**259,901**	**251,493**	**8,408**

Trade receivables arise from normal sales dealings engaged in by the Group in the context of ordinary marketing activities. The above shown balance includes 3.2 million euro of receivables transferred to factoring firms under the ‘with-recourse’ factoring agreement.

These transactions, entered into mainly with customers resident in the two countries where the Group operates, i.e. Italy and Spain, are almost fully in euro and are short-term in nature.

The contribution to gross trade receivables generated by EDSlan S.r.l. first consolidation on 8 April 2016, amounted to 29.0 million euro.

The following table illustrates the variations in the bad debt provision:

(euro/000)	30/06/2016	31/12/2015	Var.
Bad debt provision: year-beginning	**5,765**	**7,431**	**(1,666)**
Uses	(1,187)	(2,141)	954
Accruals	497	475	22
Subtotal	**(690)**	**(1,666)**	**976**
Business combination acquisition	1,204	-	1,204
Total variation	**514**	**(1,666)**	**2,180**
Bad debt provision: period-end	**6,279**	**5,765**	**514**

The item ‘Business combination acquisition’, equal to 1.2 million euro, entirely refers to the contribution generated by EDSlan S.r.l. first consolidation.

12) Income tax assets

(euro/000)	30/06/2016	31/12/2015	Var.
Income tax assets	2,457	3,490	(1,033)

The Income tax assets mainly refer (1.3 million euro) to the refund claim of IRES tax paid as a result of the non-deduction of the IRAP tax on personnel costs in fiscal years 2004-2007 and 2007-2011 with reference to Esprinet S.p.A., as well as to 1.0 million euro referring to Ires and Irap advance payments for 2016 fiscal year.

13) Other assets

(euro/000)	30/06/2016	31/12/2015	Var.
Receivables from associates companies (A)	**-**	**164**	**(164)**
Witholding tax assets	3	-	3
VAT receivables	2,578	1,470	1,108
Other tax assets	1,241	34	1,207
Other receivables from Tax authorities (B)	**3,822**	**1,504**	**2,318**
Receivables from factoring companies	4,838	2,714	2,124
Customer financial receivables	452	507	(55)
Receivables from insurance companies	1,846	1,863	(17)
Receivables from suppliers	7,605	7,471	134
Receivables from employees	-	150	(150)
Receivables from others	277	173	104
Other receivables (C)	**15,018**	**12,878**	**2,140**
Prepayments (D)	**3,301**	**2,963**	**338**
Other assets (E= A+B+C+D)	**22,141**	**17,509**	**4,632**

'VAT receivables' refer to VAT receivables accrued by the subsidiaries V-Valley S.r.l., Celly S.p.A. and Esprinet Iberica S.l.u. as well as to sums claimed for refund by Esprinet S.p.A. from tax authorities and not available as tax relief.

The 'Income tax assets' figure refers almost entirely to the parent company financial receivables from the Tax authority, due to a partial payment of a tax notice referring to indirect taxes on a provisional basis. The above led to a tax dispute detailed in the paragraph 'Development of the disputes involving Esprinet S.p.A. and the Group' under the notes to item '26) Provisions and other liabilities'.

Receivables from factoring companies, mainly referring to the parent company (3.8 million euro) and to the subsidiary V-Valley (1 million euro), relate to the residual amount still unpaid of the receivables sold 'without recourse' at the end of June 2016. At the time this report was drafted, the receivables become due had been almost entirely paid.
The increase compared to the previous year-end balance, is mainly due to the temporary differences in the collection of transferred receivables.

Customer financial receivables refer to the short portion of receivables collectable within the subsequent year that arose from a delivery of goods in 2011 from Esprinet S.p.A. to the customer 'Guardia di Finanza - Gdf'. For further information please refer also to paragraph 'Receivables and other non-current assets'.

Receivables from insurance companies include the insurance compensation – after deductibles – recognized by the insurance companies for claims of various kinds not yet paid, but which are reasonably expected to be collected within the following 12 months.

Receivables from suppliers refer to credit notes received exceeding the amount owed at the end of June for a mismatch between the timing of their quantification and the payment of suppliers. This item also includes receivables from suppliers for advance payments requested by suppliers before purchase orders are executed, as well as receivables from hauliers for advance VAT payments and customs duties pertaining to imports.

Prepayments are costs whose accrual date is deferred compared with that of the cash movement (mainly maintenance fees, insurance premiums, payables for leasing contracts, undrawn credit facility fees).

17) Cash and cash equivalents

(euro/000)	30/06/2016	31/12/2015	Var.
Bank and postal deposit	115,093	280,076	(164,983)
Cash	32	11	21
Cheques	13	2	11
Total cash and cash equivalents	**115,138**	**280,089**	**(164,951)**

Cash and cash equivalents are almost entirely made up of bank balances, all immediately available. The level of liquidity (originated in the normal short-term financial cycle of collections/payments) fluctuates during each month, due for the most part to the concentration of payments received from customers at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month. The variation versus 31 December 2015 is linked to the increase in operating net working capital.

The cash and cash equivalent balance as at 30 June 2015 was equal to 60.4 million euro. The market value of the cash and cash equivalents corresponds to their carrying amount.

Net equity

The main changes in net equity items are explained in the following notes:

(euro/000)	30/06/2016	31/12/2015	Var.
Share Capital (A)	**7,861**	**7,861**	**-**
Reserves and profit carried over (B)	286,814	263,771	23,043
Own shares (C)	(5,145)	(5,145)	-
Total reserves (D=B+C)	**281,669**	**258,626**	**23,043**
Net income for the year (E)	**10,269**	**30,321**	**(20,052)**
Net equity (F=A+D+E)	**299,799**	**296,808**	**2,991**
Non-controlling interests (G)	880	797	82
Total equity (H=F+G)	**300,679**	**297,605**	**3,073**

19) Share capital

The Esprinet S.p.A. Share capital, fully subscribed and paid-in as at 30 June 2016, is 7,860,651 euro and comprises 52,404,340 shares with a face value of 0.15 euro each.

20) Reserves

Reserves and profit carried over

The 'Reserve and profit carried over' balance increased by 23.0 million euro, mainly due to the allocation of profits from previous years equal to 22.6 million euro net of 7.8 million euro relating to a dividend distribution (0.15 euro per ordinary share) effected in the period.

Own shares on hand

The amount of 'own shares on hand' refers to the total purchase price of No. 646,889 Esprinet S.p.A. shares owned by the Company. The variation occurred refers to the 1,150,000 shares granted in May 2015 as per the 2012-2014 'Share Incentive Plan' approved on 9 May 2012 by Esprinet Shareholders' Meeting, as well as to the 615,489 shares purchased pursuant to the resolution of Esprinet Shareholders' Meeting dated 30 April 2015.

21) Net income

Consolidated net profits pertaining to the first half of 2016 amount to 10.3 million euro, down from 13.2 million euro of the same period of the previous year.

Non-current liabilities

22) Borrowings

(euro/000)	30/06/2016	31/12/2015	Var.
Borrowings	57,216	65,138	(7,922)

The borrowings value refers to the valuation at the amortized cost of the portion of the medium-long term loans granted by the Group companies falling due within 12 months.
As detailed under the paragraph 'Net financial indebtedness', to which reference is made, the most significant loan, whose nominal value equals to 40.4 million euro , is represented by the non-current portion of the 5-year 'Term Loan Facility' of 65.0 million euro in nominal value signed by Esprinet S.p.A. in July 2014, as well as the bullet loan of 10.0 million euro signed in July 2015 and expiring in July 2019 and related to trade receivables securitization carried out by Esprinet S.p.A. and V-Valley S.r.l..
Both abovementioned borrowings are subject to the compliance with 3 financial covenants, whose details can be found under paragraph 'Loans and loan covenants'.

In addition, debt is related for 3.5 million euro to the residual non-current portion of a five-year floating rate unsecured loan, whose nominal value is equal to 5.0 million euro and was signed by subsidiary Celly S.p.A. in October 2015; another 2.3 million euro refers to the portion not past due of the loan granted to the Parent Company relating to a delivery of goods to the customer 'Revenue Guard Corps' (so called Guardia di Finanza – GdF), which led to the booking of an identical long-term receivable from GdF, as described under paragraph 9 'Receivables and other non-current assets'.

At 30 June 2016 total non-current debt toward banks attributable to EDSlan S.r.l. is equal to 1.0 million euro.

The decrease in financial debt compared to the end of previous year was mainly due to the payment of the first instalment under the Term Loan Facility by 8.1 million euro effected in this half year, as well as to the transferring of the portion due within 12 months to the current financial debts, due to the passage of time.

23) Derivative financial liabilities (non-current)

(euro/000)	30/06/2016	31/12/2015	Var.
Derivative financial liabilities	315	224	91

The amount refers to the 'fair value' of 'IRS-Interest Rate Swap' contracts entered into December 2014 by Esprinet S.p.A. to entirely hedge the risk of interest rate fluctuations on the 'Term Loan

Facility' signed with a pool of banks for 65.0 million euro in July 2014 (reduced to 56.9 million euro as effect of capital repayments as at 30 of June 2016). For further details regarding the operation please refer to the section headed 'Disclosures on risks and financial instruments'.

The increase compared to 31 December 2015 is due to a reduction in reference interest rates, which more than offset the notional decrease following the reduction in non-current financial debts as better explained under the above note '22) Borrowings' to which reference is made.

24) Deferred income tax liabilities

(euro/000)	30/06/2016	31/12/2015	Var.
Deferred income tax liabilities	5,294	4,757	537

The balance of this item depends on higher taxes that the Group has to pay in the next operating years due to temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding values recognised for tax purposes.

These differences mainly arise from the elimination of the tax amortisation of goodwill.

25) Retirement benefit obligations

Retirement benefit obligations reflects the staff severance indemnities ('TFR') and other benefits accruing to salaried staff at the close of the period, assessed in accordance with actuarial criteria, pursuant to IAS 19.

The provisions totally belong to Italian companies, since a similar system does not exist in Spain.

Changes occurred during the half-year are shown in the table below:

(euro/000)	30/06/2016	31/12/2015	Var.
Balance at year-beginning	**4,044**	**4,569**	**(525)**
Acquisition from business combinations	616	-	616
Service cost	50	156	(106)
Interest cost	42	65	(23)
Actuarial (gain)/loss	260	(275)	535
Pensions paid	(90)	(471)	381
Changes	**878**	**(525)**	**1,403**
Balance at year-end	**4,922**	**4,044**	**878**

The increase in this provision amounting to 878 thousand euro, is mainly due to EDSlan S.r.l. entering the consolidation perimeter and to the 'actuarial gains/losses' from the valuation on 30 June 2016. The 'TFR' of EDSlan flows either into complementary pension funds or to 'INPS', because the company had more than 50 employees as at the entry into force of the reform of the social security system enacted by the Act n. 296 of 27 December 2006 ('Legge Finanziaria 2007') and by subsequent decrees and regulations issued in 2007.

Values recognised in the separate income statement are as follows:

(euro/000)	30/06/2016	31/12/2015	Var.
Amounts booked under personnel costs	50	156	(106)
Amounts booked under financial costs	42	65	(23)
Total	**92**	**221**	**(129)**

The method known as 'Project Unit Credit Cost' used to assess the staff severance indemnity ('TFR') as per the IAS 19 accounting standard is based on demographic assumptions and on the following economic-financial assumptions:

	30/06/2016	31/12/2015
Cost of living increase	1,50%	1,80%
Discounting rate (2)	1,10%	2,00%
Remuneration increase	3.00% (1)	3.00% (1)
Staff severance indemnity (TFR) - annual rate increase	2,63%	2,80%

(1) The assumption relating to a remuneration increase refers solely to Celly S.p.A..
(2) IBoxx Eurozone Corporates AA10+ index has been used for the calculation.

49) Debts for investments in subsidiaries

(euro/000)	30/06/2016	31/12/2015	Var.
Debts for investments in subsidiaries	5,091	5,222	(131)

The debts for investments in subsidiaries refer to the discounted fair value of the forecast potential compensation relating to the acquisition of the residual 20% of Celly S.p.A. as a consequence of the mutually granted put/call options between Esprinet S.p.A. and Celly S.p.A. on the same shares.

The above mentioned debt, falling due between the 5th and the 7th year subsequent to the Celly Group acquisition date occurred on 12 May 2014, was calculated from the expected EBITDA and net financial position of Celly Group in the two-year period prior to the exercise date adjusted by means of a ratio varying based on a matrix of possible combinations and discounted-back using a 5-year free risk rate prevailing at the reporting date.

26) Non-current provisions and other liabilities

(euro/000)	30/06/2016	31/12/2015	Var.
Long-term liabilities for cash incentives	123	31	92
Provisions for pensions and similar obligations	2,353	1,904	449
Other provisions	396	560	(164)
Non-current provisions and other liabilities	**2,872**	**2,495**	**377**

The item 'Provisions for pensions and similar obligations' includes the supplementary customer indemnity provision payable to agents based on current regulations disciplining the subject. Movements in the period are as follows:

(euro/000)	30/06/2016	31/12/2015	Var.
Provisions for pensions: year-beginning	**1,904**	**1,433**	**471**
Uses	(87)	(99)	12
Accruals	123	570	(447)
Subtotal	**36**	**471**	**(435)**
Business combination acquisition	413	-	413
Total variation	**449**	**471**	**(22)**
Provisions for pensions: period-end	**2,353**	**1,904**	**449**

The item 'Business combination acquisition' refers to the contribution generated by EDSlan S.r.l. first consolidation on 8 April 2016.

The amount, entered under Other Provisions, is intended as cover for risks linked with current legal and tax-related disputes.

(euro/000)	30/06/2016	31/12/2015	Var.
Other provisions: year-beginning	**560**	**1,301**	**(741)**
Uses	(352)	(892)	540
Accruals	188	151	37
Subtotal	**(164)**	**(741)**	**577**
Business combination acquisition	-	-	-
Total variation	**(164)**	**(741)**	**577**
Other provisions: period-end	**396**	**560**	**(164)**

Development of the disputes involving Esprinet S.p.A. and the Group.

As at the date of this financial report the following developments occurred in relation to the main disputes involving the Group, against which the Company conducted the relevant risk assessments and, where deemed appropriate, recognised allocations to the provision for risks.
The following list summarises the development of the main current legal disputes.

Esprinet S.p.A. direct taxes for the year 2002

In the tax dispute for tax period 2002 relating to VAT, IRPEG and IRAP, amounting to 6.0 million euro plus penalties and interest, it should be noted that, after Esprinet S.p.A. had obtained favourable judgements in both the first and second instance against the assessment notice issued in late 2007, on 3 August 2016 the Supreme Court judgement was filed that partially accepted the appeal made by Italian Revenue Office. The Supreme Court referred the case to another section of Regional TAX Commission which will have to determine which part of the assessment will be upheld in relation to the disputed notice.
The company will resume the action within the terms required by law.
Considering the explanations of the judgements already issued and the tax advisors' opinion, no allocations were accounted for this dispute.

Actebis Computer S.p.A. (now Esprinet S.p.A.) - Indirect taxes for the year 2005

In the tax disputes involving Actebis Computer S.p.A. relating to periods prior to the acquisition of the company (subsequently merged into Esprinet S.p.A.), as also disclosed in the financial statements for the previous year, all outstanding litigation has been put to rest, with the exception of that pertaining to the year 2005, for which Esprinet, on indication from the seller of Actebis, after the attempted assessment by adhesion failed, proceeded to pay the reduced penalties and lodge an appeal before

the Provincial Tax Commission. This appeal was rejected on 8 October 2012. Esprinet S.p.A., following seller consultant's advice, presented an appeal which was registered at the Regional Tax Commission on 20 May 2013.
On 23 September 2014 the appeal was rejected and against the judgement the seller consultant's presented an appeal in front of the Court of Appeal.
In the meanwhile Esprinet paid the sums inscribed on the tax roll as per the the Regional Tax Commission decision, after the receipt of funding from the seller.

Esprinet S.p.A. indirect taxes for the year 2010

On 29 December 2015 the Company was served a notice equal to 2.8 million euro relating to an assessment claiming VAT on taxable transactions entered into with a company whose purchases benefited from tax exemption by virtue of a declaration issued by the same company, which eventually did not qualify as a frequent exporter.
On 26 February 2016 an appeal was filed with the Provincial Tax Commission together with a self-defence petition and on 28 April 2016, in accordance with administrative procedure, the company made an advance payment equal to 1.2 million euro, displayed under 'Other tax assets'.
On 20 June 2016 the matter was treated and on 26 August 2016 the Provincial Tax Commission issued their judgement rejecting the Company's appeal.
Nevertheless, also based of its advisors' opinion, the Company still confirms the correctness of its actions and will proceed to file an appeal against Provincial Tax Commission sentence as soon as possible.

Monclick S.r.l. direct taxes for the year 2012

On 7 September 2015 the Italian Revenue Office closed a tax audit relating to tax period 2012 (year in which the company was still part of the Esprinet Group) serving a tax notice. From the tax audit report some breaches arise resulting in disallowance of costs.
On 2 November the Company filed its comments.
On 20 July 2016 Italian Revenue Office notified tax assessment notices related to Irap and direct taxation, currently under review by company tax advisers.

Current liabilities

27) Trade payables

(euro/000)	30/06/2016	31/12/2015	Var.
Trade payables - gross	442.754	613.304	(170.550)
Credit notes to be received	(83.826)	(90.868)	7.042
Trade payables	**358.928**	**522.436**	**(163.508)**

28) Short-term financial liabilities

(euro/000)	30/06/2016	31/12/2015	Var.
Bank loans and overdrafts	61,850	21,269	40,581
Other financing payables	10,933	8,045	2,888
Short - term financial liabilities	**72,783**	**29,314**	**43,469**

Bank loans and overdrafts mainly consist of short term loans due within one year, as well as advances 'with recourse' on invoices and trade bills for 41.7 million euro (compared to 1.3 million of euro at 31 December 2015), and of the amortised cost of the current portion of medium-long-term loans for 18.5 million euro (17.6 million euro at 31 December 2015), whose details are reported in the paragraph 5.2 'Net financial indebtedness'.

The change compared to 31 December 2015 is mainly due to the greater use of bank borrowings made by the Group, substantially for financing Vinzeo Technologies business combination completed on 1 July 2016 as already explained in the paragraph 5.8 'Subsequent events'.

Payables to other lenders are mainly advances obtained from factoring companies deriving from the usual with-recourse assignment of credits by the Group, and from outstanding payables received in the name and on behalf of clients under the without-recourse factoring agreement. The debt increase compared to 31 December 2015 is a direct consequence of different terms of payment.

29) Income tax liabilities

(euro/000)	30/06/2016	31/12/2015	Var.
Income tax liabilities	860	751	109

Income tax liabilities mainly refer to Iberica subgroup and are due to the difference between current income taxes and advances paid in the first half of 2016.

30) Derivative financial liabilities (current)

(euro/000)	30/06/2016	31/12/2015	Var.
Derivative financial liabilities	246	195	51

The amount refers to the 'fair value' of 'IRS-Interest Rate Swap' contracts entered into December 2014 by Esprinet S.p.A. to entirely hedge the risk of interest rate fluctuations on the 'Term Loan Facility' signed with a pool of banks for 65.0 million euro in July 2014 (reduced to 56.9 million euro as effect of capital repayments as at 30 of June 2016).
The increase compared to 31 December 2015 is due to a reduction in reference interest rates, which became negative compared to the comparative period.

For further details regarding the two operations please refer to the section headed 'Derivatives analysis'.

32) Provisions and other liabilities

(euro/000)	30/06/2016	31/12/2015	Var.
Social security liabilities (A)	**3,565**	**3,007**	**558**
Associates companies liabilities (B)	**5**	**5**	**-**
VAT payables	13,148	10,888	2,260
Withholding tax liabilities	207	249	(42)
Other tax liabilities	1,112	1,369	(257)
Other payables to Tax authorities (C)	**14,467**	**12,506**	**1,961**
Payables to personnel	4,635	4,109	526
Payables to customers	5,311	7,821	(2,510)
Payables to others	1,829	1,849	(20)
Total other creditors (D)	**11,775**	**13,779**	**(2,004)**
Accrued expenses and deferred income (E)	**428**	**337**	**91**
Provisions and other liabilities (F=A+B+C+D+E)	**30,240**	**29,634**	**606**

Provisions and other liabilities include solely payables whose maturity is within the following 12 months.

Social security liabilities mainly refer to payables to Welfare Institutions linked to wages and salaries paid in June and to social contributions accrued on deferred compensation, including monetary incentives.

VAT liabilities, referring to the amount matured during the month of June.

Other tax liabilities are mainly taxes withheld on wages and salaries paid to employees during the month of June.

Payables to personnel refer to the June wages and salaries, as well as deferred monthly payables (holidays not taken, year-end bonus, Christmas salary) accruing at 30 June 2016.

Payables to customers refer to credit notes issued and not yet paid as at 30 June relating to ongoing business.

Payables to others include 1.1 million euro for Directors' fees accrued in the first half, as well as 0.6 million euro relating to commissions due and not paid to the Group's agent network.

Accrued expenses and deferred income are income and/or charges whose accrual date is deferred/anticipated compared to the cash collection/expenditure.

4. Notes to income statement items

Sales and costs analysis of the period, having previously stated both the Group financial results and the sales by product family and customer type in the 'Interim Directors' Report on Operations', are reported as follows:

33) Sales

Sales by geographical segment.

(euro/million)	H.1 2016	%	H.1 2015	%	% Var.	Q.2 2016	%	Q.2 2015	%	% Var.
Italy	912.8	73.3%	941.5	76.1%	-3.1%	457.9	72.7%	463.1	74.8%	-1.1%
Spain	308.7	24.8%	271.3	21.9%	13.8%	160.4	25.5%	143.8	23.2%	11.5%
Other EU countries	13.0	1.0%	20.8	1.7%	-37.6%	5.8	0.9%	10.6	1.7%	-45.3%
Extra EU countries	10.5	0.8%	2.7	0.2%	282.2%	5.5	0.9%	1.3	0.2%	311.5%
Group sales	**1,245.0**	**100.0%**	**1,236.4**	**100.0%**	**0.7%**	**629.6**	**100.0%**	**618.8**	**100.0%**	**1.7%**

Sales in other EU countries mainly refer to sales made by the Spanish subsidiary to customers resident in Portugal. Sales to extra E.U. countries refer mainly to the sales to clients whose residence is in the Republic of San Marino.

Sales by products and services.

(euro/million)	H1 2016	%	H1 2015	%	% Var.	Q2 2016	%	Q2 2015	%	% Var.
Product sales	919.9	73.9%	947.1	76.6%	-3%	461.4	73.3%	466.3	75.4%	-1%
Services sales	7.6	0.6%	4.4	0.4%	73%	3.8	0.6%	2.0	0.3%	90%
Sales - Subgroup Italy	**927.5**	**74.5%**	**951.5**	**77.0%**	**-3%**	**465.2**	**73.9%**	**468.3**	**75.7%**	**-1%**
Product sales	317.2	25.5%	284.9	23.0%	11%	164.3	26.1%	150.5	24.3%	9%
Services sales	0.3	0.0%	-	0.0%	0%	0.1	0.0%	-	0.0%	0%
Sales - Subgroup Spain	**317.5**	**25.5%**	**284.9**	**23.0%**	**11%**	**164.4**	**26.1%**	**150.5**	**24.3%**	**9%**
Group sales	**1,245.0**	**100.0%**	**1,236.4**	**100.0%**	**1%**	**629.6**	**100.0%**	**618.8**	**100.0%**	**2%**

The sales analysis by product family and customer type is presented under the relative paragraph in the 'Interim Directors Report on Operation' to which reference is made for further details.

35) Gross profit

(euro/000)	H1 2016	%	H1 2015	%	% Var.	Q2 2016	%	Q2 2015	%	% Var.
Sales	1,244,975	100.00%	1,236,389	100.00%	1%	629,551	100.00%	618,839	100.00%	2%
Cost of sales	1,174,213	94.32%	1,160,524	93.86%	1%	592,460	94.11%	580,604	93.82%	2%
Gross profit	**70,762**	**5.68%**	**75,865**	**6.14%**	**-7%**	**37,091**	**5.89%**	**38,235**	**6.18%**	**-3%**

Consolidated gross profit, equal to 70.8 million euro, showed a decrease of -7% (-5.1 million euro) compared to the same period of 2015 as consequence of a decrease in the gross profit margin. In the second quarter Gross profit, equal to 37.1 million euro, decreased by -3% compared to same period of previous year.

50) Other income

(euro/000)	H1 2016	%	H1 2015	%	% Var
Sales	**1.244.975**		**1.236.389**		0,69%
Other income	2.677	0,22%	-	0,00%	100,00%
Other income	**2.677**	**0,22%**	**-**	**0,00%**	**100,00%**

Other income, amounting to 2.7 million euro, refers entirely to the gain realized from the newly established company, EDSlan S.r.l., for the business unit acquisition relating to distribution activities in networking, cabling, VoIP and UCC- unified communications sectors.

37-38) Operating costs

(euro/000)	H1 2016	%	H1 2015	%	% Var.	Q2 2016	%	Q2 2015	%	% Var.
Sales	**1,244,975**		**1,236,389**		***1%***	**629,551**		**618,839**		***2%***
Sales and marketing costs	22,864	1.84%	21,968	1.78%	*4%*	12,597	2.00%	10,978	1.77%	*15%*
Overheads and administrative co	36,264	2.91%	32,988	2.67%	*10%*	19,096	3.03%	16,482	2.66%	*16%*
Operating costs	**59,128**	**4.75%**	**54,956**	**4.44%**	***8%***	**31,693**	**5.03%**	**27,460**	**4.44%**	***15%***
- of which non recurring	1,255	0.10%	657	0.05%	*91%*	1,255	0.20%	657	0.11%	*91%*
'Recurring' operating costs	**57,873**	**4.65%**	**54,299**	**4.39%**	***7%***	**30,438**	**4.83%**	**26,803**	**4.33%**	***14%***

During the first six months of 2016 operating costs, amounting to 59.1 million euro, increased by 4.2 million euro compared to the same period of 2015. This change is mainly due (approx. 3.3 million euro) to the increase in 'administrative and general costs'.

During the first half 2016, consultancy costs, commission costs and registration fees, as a whole amounting to 1.3 million euro and referring to business combination operation both in Italy (EDSlan S.r.l.) and in Spain (Vinzeo Technologies S.A.U., acquired on 1 July 2016) were displayed as non-recurring costs acquired on 1 July 2016).

In the same period of 2015 key personnel termination indemnities in the parent company (equal to 657 thousand euro) were identified as non-recurring items.

The operating costs incidence on sales increased from 4.44% in 2015 to 4.44% in 2016.

Reclassification by nature of some categories of operating costs

For the purposes of providing more information, some categories of operating costs allocated by 'function' have been reclassified by 'nature'.

Amortisation, depreciation, write-downs and accruals for risks

(euro/000)	H1 2016	%	H1 2015	%	% Var.	Q2 2016	%	Q2 2015	%	% Var.
Sales	**1,244,975**		**1,236,389**		***1%***	**629,551**		**618,839**		***2%***
Depreciation of tangible assets	1,590	0.13%	1,297	0.10%	*23%*	819	0.13%	669	0.11%	*22%*
Amortisation of intangible assets	246	0.02%	302	0.02%	*-19%*	133	0.02%	137	0.02%	*-3%*
Amort . & depreciation	**1,836**	**0.15%**	**1,600**	**0.13%**	***15%***	**952**	**0.15%**	**805**	**0.13%**	***18%***
Write-downs of fixed assets	-	0.00%	-	0.00%	*0%*	-	0.00%	-	0.00%	***0%***
Amort. & depr., write-downs (A)	**1,836**	**0.15%**	**1,600**	**0.13%**	***15%***	**952**	**0.15%**	**805**	**0.13%**	***18%***
Accruals for risks and charges (B)	311	0.02%	324	0.03%	*-4%*	237	0.04%	44	0.01%	*439%*
Amort. & depr., write-downs, accruals for risks (C=A+B)	**2,147**	**0.17%**	**1,924**	**0.16%**	***12%***	**1,189**	**0.19%**	**849**	**0.14%**	***40%***

Labour costs and number of employees

The labour cost analysis as at 30 June 2015 is detailed as follows:

(euro/000)	H1 2016	%	H1 2015	%	% Var.	Q2 2016	%	Q2 2015	%	% Var.
Sales	**1.244.975**		**1.236.389**		***1%***	**629.551**		**618.839**		***2%***
Wages and salaries	19.172	1,54%	17.390	1,41%	*10%*	10.157	1,61%	8.648	1,40%	*17%*
Social contributions	5.513	0,44%	5.188	0,42%	*6%*	2.917	0,46%	2.622	0,42%	*11%*
Pension obligations	1.053	0,08%	993	0,08%	*6%*	547	0,09%	520	0,08%	*5%*
Other personnel costs	482	0,04%	430	0,03%	*12%*	256	0,04%	220	0,04%	*16%*
Employee termination incentives	11	0,00%	814	0,07%	*-99%*	10	0,00%	809	0,13%	*-99%*
Share incentive plans	308	0,02%	73	0,01%	*322%*	154	0,02%	18	0,00%	*756%*
Total labour costs [(1)]	**26.539**	**2,13%**	**24.888**	**2,01%**	***7%***	**14.041**	**2,23%**	**12.837**	**2,07%**	***9%***

[(1)] Cost of temporary workers excluded.

In the first half of 2016 labour costs amounted to 26.5 million euro, increasing by +7% (+1.6 million euro) compared to the same period of previous year, and refer mainly to the newly established EDSlan S.r.l. that acquired a business unit with 95 employees from the pre-existing company, EDSlan S.p.A. on 8 April. Besides, the cost increase refers to a staff expansion in each country where the Group operates, partially offset by lower charges due to both business reorganisation and disposal of the 'Rosso Garibaldi' business by Celly group in 2015.

The employees number of the Group - split by qualification - is shown in the table below:
30 June 2015 figures include approx. 20 employees of Celly S.p.A., subsequently disposed through the 'Rosso Garibaldi' business.

	Executives	Clerks and middle manager	Workers	Total	Average*
Esprinet S.p.A.	18	656	2	**676**	
Celly S.p.A.	1	37	-	**38**	
V-Valley S.r.l.	-	-	-	**-**	
Celly Pacific LTD	-	4	-	**4**	
Celly Swiss SAGL	-	-	-	**-**	
Celly Nordic OY	-	3	-	**3**	
EDSlan S.r.l.	5	86	5	**96**	
Subgroup Italy	**24**	**786**	**7**	**817**	**760**
Esprinet Iberica S.L.U.	-	255	52	**307**	
Esprinet Portugal Lda	-	7	-	**7**	
Subgroup Spain	**-**	**262**	**52**	**314**	**314**
Group as at 30 June 2016	**24**	**1,048**	**59**	**1,131**	**1,074**
Group as at 31 December 2015	**19**	**945**	**52**	**1,016**	**993**
Var 30/06/2016 - 31/12/2015	5	103	7	115	81
Var %	26%	11%	13%	11%	8%
Group as at 30 June 2015	**18**	**945**	**51**	**1,014**	**992**
Var 30/06/2016 - 30/06/2015	6	103	8	117	82
Var %	33%	11%	16%	12%	8%

(1) Average of the balance at period-beginning and period-end.

Share incentive plans

In the first half of 2016 costs were booked referring to the Long Term Incentive Plan, approved on 30 April 2015.
Conversely, in the corresponding period of the previous year, costs were booked referring to the previous Long Term Incentive Plan, approved on 9 May 2012 and come to maturity on 30 April 2015.

Esprinet S.p.A. owned only 31,400 of the ordinary shares underlying the abovementioned Plan, with a face value of 0.15 euro each. Therefore it had to acquire the remaining amount relating to the 646,889 rights granted.

Both the plans booked at 'fair value' as at grant date by adopting the Black-Scholes method, taking into account the expected volatility, the foreseen dividend yield (as per the latest dividend distribution to shareholders) and the level of the risk-free interest rate at that date.

The main information items used in reporting the value of both the stock grant plans are summarized as follows:

	Plan 1	Plan 2
Allocation date	14/05/12	30/06/15
Vesting date	30/04/15	30/04/18
Expiry date	30/06/15	30/06/18
Total number of stock grant	1,150,000	1,150,000
Total number of stock grant allocated	1,150,000	646,889
Total number of stock grant granted	1,150,000	646,889
Wages and salaries	2.38	6.84
Social contributions	2,737,897	4,424,721
Risk-free interest rate (BTP 3 years)	1.1% (1)	0.7% (2)
Implied volatility (260 days)	47.4% (1)	40.9% (2)
Duration (years)	3	3
Spot price (3)	2.64	7.20
Dividend yield	3.4%	1.7%

(1) Source: Bloomberg, 11 May 2012
(2) Source: Bloomberg, 29 June 2015
(3) Official price of Esprinet S.p.A. shares at assignment date.

Costs in the income statement relating to the abovementioned plans totalled 308 thousand euro with reference to the employees (73 thousand euro in the first half of 2015) and 463 thousand euro with reference to Board of Directors' members (231 thousand euro in the first half of 2015).

42) Finance costs – net

(euro/000)	H1 2016	%	H1 2015	%	% Var.	Q2 2016	%	Q2 2015	%	% Var.
Sales	**1,244,975**		**1,236,389**		***1%***	**629,551**		**618,839**		***2%***
Interest expenses on borrowings	1,008	0.08%	922	0.07%	*9%*	506	0.08%	467	0.08%	*8%*
Interest expenses to banks	109	0.01%	183	0.01%	*-40%*	58	0.01%	118	0.02%	*-51%*
Other interest expenses	15	0.00%	21	0.00%	*-29%*	12	0.00%	21	0.00%	*-43%*
Upfront fees amortisation	193	0.02%	202	0.02%	*-4%*	95	0.02%	101	0.02%	*-6%*
Interest on shareholdings acquired	-	0.00%	6	0.00%	*NA*	-	0.00%	(12)	0.00%	*NA*
IAS 19 expenses/losses	41	0.00%	33	0.00%	*24%*	21	0.00%	5	0.00%	*>100%*
IFRS financial lease interest expenses	-	0.00%	1	0.00%	*NA*	-	0.00%	-	0.00%	*NA*
Total financial expenses (A)	**1,366**	**0.11%**	**1,368**	**0.11%**	***0%***	**692**	**0.11%**	**700**	**0.11%**	***-1%***
Interest income from banks	(60)	0.00%	(220)	-0.02%	*-73%*	(24)	0.00%	(71)	-0.01%	*-66%*
Interest income from others	(62)	0.00%	(60)	0.00%	*3%*	(28)	0.00%	(35)	-0.01%	*-20%*
Changes in debts from investments in subsidia	(132)	-0.01%	-	0.00%	*NA*	(86)	-0.01%	-	0.00%	*NA*
Total financial income(B)	**(254)**	**-0.02%**	**(280)**	**-0.02%**	***-9%***	**(138)**	**-0.02%**	**(106)**	**-0.02%**	***30%***
Net financial exp. (C=A+B)	**1,112**	**0.09%**	**1,088**	**0.09%**	***2%***	**554**	**0.09%**	**594**	**0.10%**	***-7%***
Foreign exchange gains	(599)	-0.05%	(677)	-0.05%	*-12%*	(171)	-0.03%	(219)	-0.04%	*-22%*
Foreign exchange losses	588	0.05%	1,724	0.14%	*-66%*	425	0.07%	182	0.03%	*>100%*
Net foreign exch. (profit)/losses (D)	**(11)**	**0.00%**	**1,047**	**0.08%**	***<-100%***	**254**	**0.04%**	**(37)**	**-0.01%**	***<-100%***
Net financial (income)/costs (E=C+D)	**1,101**	**0.09%**	**2,135**	**0.17%**	***-48%***	**808**	**0.13%**	**557**	**0.09%**	***45%***

The negative balance of 1.1 million euro between financial income and charges shows an improvement (+1.0 million euro) compared to the same period of previous year.

The abovementioned trend was mainly due to the positive impact of the foreign exchange management (+1.0 million euro), which recorded a profit of 11 thousand euro in the first semester 2016 as compared to a loss of 1.0 million euro in the same period 2015.

Net interest to banks, negative by 1.1 million euro, shows a worsening of 0.2 million euro compared to the same period of previous year (0.9 million euro as at 30 June 2015) mainly as a consequence of an increase in the average debt levels to banks, only partially counterbalanced by a decline in rates as compared to the first half of previous year.

As at 30 June 2016, the amount of the item 'Changes in debts from investments in subsidiaries', equal to +132 thousand euro, relates to the discounting of the consideration referred to the potential acquisition of 20% in Celly shares.

45) Income tax expenses

(euro/000)	H1 2016	%	H1 2015	%	% Var.	Q2 2016	%	Q2 2015	%	% Var.
Sales	**1,244,975**		**1,236,389**		***1%***	**629,551**		**618,839**		***2%***
Current and deferred taxes	**2,853**	**0.23%**	**5,527**	**0.45%**	***-48%***	**1,155**	**0.18%**	**3,239**	**0.52%**	***-64%***
Profit before taxes	13,211		18,770			7,268		10,218		
Tax rate	**22%**		**29%**			**16%**		**32%**		

Income taxes, amounting to 2.9 million euro, decreased by 48% compared to the first half of 2015, mainly as a consequence of 2.7 million euro income arising from the asset deal executed by the subsidiary EDSlan S.r.l.. Net of the above mentioned event, the tax rate amounts to 27%, still decreasing compared to the first half of 2015, thanks to both a lower taxable income and to the lower estimated tax rate for the period.

46) Net income and earnings per share

(euro/000)	H1 2016	H1 2015	Var.	% Var.	Q2 2016	Q2 2015	Var.	% Var.
Net income	**10,358**	**13,243**	**(2,885)**	***-22%***	**6,113**	**6,979**	**(866)**	***-12%***
Weighed average no. of shares in circulation: basic	51,757,451	51,496,144			51,757,451	51,766,347		
Weighed average no. of shares in circulation: diluted	51,999,812	51,618,545			52,020,553	50,882,585		
Earnings per share in euro - basic	0.20	0.26	(0.06)	*-23%*	0.12	0.13	-0.01	*-8%*
Earnings per share in euro - diluted	0.20	0.26	(0.06)	*-23%*	0.12	0.14	-0.02	*-14%*

No own shares held in portfolio were used to calculate the 'basic' earnings per share.

The potential shares involved in the stock grant plan approved on 30 April 2015 by the Esprinet S.p.A. Shareholders' meeting, resulting in the free assignment of 646,889 rights to receive Esprinet S.p.A. ordinary shares, were used in the calculation of the 'diluted' profit per share.

5. Other significant information

5.1 Cash flow analysis

As at 30 June 2016, due to cash flows development reported in the Consolidated statement of cash flows, the Esprinet Group recorded a net financial indebtedness of 12.9 million euro compared to 28.9 million euro as at 30 June 2015 as shown in the following table.

(euro/000)	H1 2016	H1 2015
Net financial debt at start of the year	**(185,913)**	**(130,284)**
Cash flow provided by (used in) operating activities	(170,628)	(148,455)
Cash flow provided by (used in) investing activities	(19,760)	(2,856)
Cash flow provided by (used in) changes in net equity	(7,765)	(6,696)
Total cash flow	**(198,152)**	**(158,007)**
Unpaid interests	(693)	(1,196)
Net financial position at end of year	**12,931**	**28,919**
Short-term financial liabilities	72,783	24,156
Customers financial receivables	(452)	(441)
Current financial (assets)/liabilities for derivatives	246	164
Financial receivables from factoring companies	(4,838)	(822)
Cash and cash equivalents	(115,138)	(60,386)
Net current financial debt	**(47,399)**	**(37,329)**
Borrowings	57,216	59,160
Debts for investments in subsidiaries	5,091	9,697
Non-current financial (assets)/liab. for derivatives	315	88
Customers financial receivables	(2,292)	(2,697)
Net financial debt at start of the year	**12,931**	**28,919**

5.2 Net financial indebtedness

Pursuant to Consob Communication No. DEM/6064293 of 28 July 2006, the net financial indebtedness (or 'net financial position' also) is substantially calculated in compliance with the criteria specified in the CESR or Committee of European Securities Regulators recommendation of 10 February 2005: 'CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses nº 809/2004' and referred to by Consob itself.
With reference to the same table, it should be underlined that the net financial indebtedness, measured according to the CESR criteria, coincides with the notion of 'net financial debt' used hereafter.

(euro/000)	30/06/2016	31/12/2015	30/06/2015
A. Bank deposits and cash on hand	115,125	280,087	60,367
B. Cheques	13	2	18
C. Trading securities	-	-	-
D. Liquidity (A+B+C)	115,138	280,089	60,386
Financial assets for derivatives	-	-	-
Customer financial receivables	*452*	*507*	*441*
Financial receivables from factoring companies	*4,838*	*2,714*	*822*
E. Current financial receivables	5,290	3,221	1,263
F. Current bank debt	43,303	3,687	7,111
G. Current portion of non current debt	18,547	17,582	8,970
H. Other current financial debt and financial liability for derivatives	11,179	8,241	8,239
I. Current financial debt (F+G+H)	73,029	29,510	24,320
J. Net current financial indebtedness (I-E-D)	**(47,399)**	**(253,800)**	**(37,329)**
K. Non-current bank loans	57,216	65,138	59,160
L. Customers financial receivables	(2,292)	(2,696)	(2,697)
M. Other financial debt & non-current financial liabilities for derivatives	5,406	5,446	9,785
N. Non-current financial indebtedness (K+L+M)	**60,330**	**67,888**	**66,248**
O. Net financial indebtedness (J+N)	**12,931**	**(185,913)**	**28,919**
Breakdown of net financial indebtedness:			
Short-term financial liabilities	72,783	29,314	24,156
Current financial (assets)/liabilities for derivatives	246	195	164
Customers financial receivables	(452)	(507)	(441)
Financial receivables from factoring companies	(4,838)	(2,714)	(822)
Cash and cash equivalents	(115,138)	(280,089)	(60,386)
Net current financial debt	**(47,399)**	**(253,801)**	**(37,329)**
Non-current financial (assets)/liabilities for derivatives	315	224	88
Customers financial receivables	(2,292)	(2,696)	(2,697)
Debts for investments in subsidiaries	5,091	5,222	9,697
Borrowings	57,216	65,138	59,160
Net financial debt	**12,931**	**(185,913)**	**28,919**

The Group's net financial position, negative in the amount of 12.9 million euro, corresponds to a net balance of gross financial debts of 130.0 million euro, derivative financial liabilities of 0.6 million euro, financial debt for subsidiaries purchasing of 5.1 million euro, financial receivables from factoring companies' totalling 4.8 million euro, customer financial receivables equal to 2.7 million euro, and 'Cash and cash equivalents' of 115.1 million euro.

The liquid assets mainly consist of free and unrestricted bank deposits of a transitional nature as they are formed temporarily at the end of the month as a result of the Group's distinctive financial cycle.

A feature of this cycle is the high concentration of funds received from customers and factoring companies – the latter in the form of net income from the non-recourse assignment of trade receivables – normally received at the end of each calendar month, while payments to suppliers, also tending to be concentrated at the end of the period, are usually spread more equally throughout the month. For this reason, the spot figure at the end of a period does not represent the net financial borrowings or the average treasury resources for the same period.

The without-recourse sale of account receivables revolving programme focusing on selected customer segments continued during 2016 both in Italy and in Spain as part of the processes aimed at the structural optimisation of the management of working capital. This program is aimed at transferring risks and rewards to the buyer thus receivables sold are eliminated from balance sheet according to IAS 39. The overall effect on the levels of financial debt as at 30 June 2016 is approx. 200 million euro (approx. 287 million euro as at 31 December 2015 and approx. 125 million euro as at 30 June 2015).

Details of the current portion of medium-/long-term financial debt and the portion falling due beyond the following year, broken down by 'Subgroup Italy' and 'Subgroup Spain', are illustrated below. Please note that amounts may be different from the book value of loan principal since they represent the amortised cost calculated on the basis of the effective interest rate.

(euro/000)	30/06/2016			31/12/2015			Var.		
	Curr.	Non - curr.	Tot.	Curr.	Non - curr.	Tot.	Curr.	Non - curr.	Tot.
Pool loan (ag. Banca IMI)	16,076	40,455	56,531	16,047	48,502	64,549	29	(8,047)	(8,018)
Intesa Sanpaolo (GdF loan)	384	2,242	2,626	368	2,636	3,004	16	(394)	(378)
Unicredit	-	10,000	10,000	-	10,000	10,000	-	-	-
Intesa Sanpaolo	1,000	3,500	4,500	1,000	4,000	5,000	-	(500)	(500)
Credem	-	-	-	167	-	167	(167)	-	(167)
Deutsche Bank	252	-	252	-	-	-	252	-	252
BPM	335	254	589	-	-	-	335	254	589
Unicredit	250	383	633	-	-	-	250	383	633
Intesa Sanpaolo	250	382	632	-	-	-	250	382	632
Total Subgroup Italy	**18,547**	**57,216**	**75,763**	**17,582**	**65,138**	**82,720**	**965**	**(7,922)**	**(6,957)**
Total Subgroup Iberica	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Group	**18,547**	**57,216**	**75,763**	**17,582**	**65,138**	**82,720**	**965**	**(7,922)**	**(6,957)**

The following table shows the principal carrying amount of the above mentioned loans:

(euro/000)	30/06/2016	31/12/2015	Var.
Pool loan 'GdF' (agent: Intesa Sanpaolo) to Esprinet S.p.A. repayable in 9 yearly instalments by January 2022	2,696	3,085	(389)
Unsecured pool loan to Esprinet S.p.A. repayable in 1 six-monthly instalments by July 2019	56,875	65,000	(8,125)
Unsecured loan (agent: Unicredit) to Esprinet S.p.A. repayable in 1 six-monthly instalments by July 2019	10,000	10,000	-
Unsecured loan (agent: Intesa Sanpaolo) to Celly S.p.A. repayable in 1 six-monthly instalments by October 2020	4,500	5,000	(500)
Unsecured pool loan (agent: Credem) to Celly S.p.A. repayable in quarterly instalments by January 2016	-	167	(167)
Unsecured loan (agent: Deutshe Bank) to EDSlan S.r.l. repayable in monthly instalments by October 2016	252	-	252
Unsecured loan (agent: BPM) to EDSlan S.r.l. repayable in quarterly instalments by March 2018	589	-	589
Unsecured loan (agent: Unicredit) to EDSlan S.r.l. repayable in monthly instalments by December 2018	633	-	633
Unsecured loan (agent: Intesa Sanpaolo) to EDSlan S.r.l. repayable in monthly instalments by December 2018	632	-	632
Total book value of loan principal	**76,177**	**83,252**	**(7,075)**

5.3 Loan covenants

The loan agreement whose principal has a book value amounting to 65.0 million euro, consisting of a Term Loan Facility entered by Esprinet S.p.A. with a pool of banks, received in August 2014 and expiring within July 2019 and the loan agreement with a principle book value amounting to 10 million euro taken with Unicredit S.p.A. in July 2015 and expiring in July 2019, both are subject to the compliance of 3 covenants, the failure of which allow the issuing institutes to claim their immediate repayment. These covenants, which are subject to 6-monthly checks against the audited consolidated financial statements are listed as follows:

i) ratio between ‘extended net financial indebtedness’ and EBITDA;
ii) ratio between EBITDA and net financial charges
iii) amount of ‘extended net financial indebtedness’

Where ‘extended net financial indebtedness’ is the net financial indebtedness as measured in the previous paragraph Net financial indebtedness and financial liabilities analysis gross of financial receivables and of the impact of prepayments received from factoring companies within the ‘without recourse’ sale of account receivables programs or from other financial counterparts within account receivables securitisations.

In addition a Revolving Facility, entered into in the same date, and having the same maximum loan principal and maturity as the Term Loan Facility, drawn on average by 41.0 million euro during 2015 between beginning of July and beginning of November but undrawn after the latter date is also subject to the compliance of the above said covenants. Main purpose of the Revolving Facility and of the Term Loan Facility is to support Group’s financial needs by maintaining an adequate level of stability and flexibility of the financial structure.

At 30 June 2016, according to management estimates, the covenant were observed.

Loan contracts also contain the usual ‘negative pledge', ‘pari passu’ and similar type clauses none of which were breached at the time this report was drafted.

5.4 Relationships with related entities

The details of the number and type of operations with related parties, the total value of which however is insignificant in relation to the overall volume of the Group's business operations, can be found under 'Relationships with related parties'.

5.5 Non-recurring significant events and operations

In the first half of 2016 the following non-recurring items were identified:
- 2.7 million gain arising form the asset deal relating to distribution activities in networking, cabling, VoIP and UCC- unified communications sectors by the newly established company, EDSlan S.r.l., from the pre-existing company EDSlan S.p.A.
- Miscellaneous costs amounting to 1.3 million euro for consultancy, commissions and registration fees relating to business combinations both in Italy (EDSlan S.r.l.) and in Spain (Vinzeo Technologies S.A.U., acquired on 1 July 2016).

In the same period of 2015 key personnel termination indemnities in the parent company (equal to 657 thousand euro) were identified as non-recurring items.

The following table shows the impact of the above said events and transactions on the income statement (including the related tax effects):

(euro/000)	Charge type	H1 2016	H1 2015	Var.
Other income	Income from business combination	2,677	-	2,712
	Other income	**2,677**	**-**	**2,712**
Overheads and administrative costs	Transaction costs on EDSlan's acquisition	(1,255)	-	(1,255)
Overheads and administrative costs	Employee termination incentives	-	(657)	657
Total SG&A		**(1,255)**	**(657)**	**(598)**
Operating income (EBIT)		**1,422**	**(657)**	**(598)**
Profit before income taxes		**1,422**	**(657)**	**(598)**
Income tax expenses	Non-recurring events impact	384	228	(494)
Profit for the period		**1,806**	**(429)**	**(1,092)**
Non-controlling interest		-	-	-
Net income / (loss)		**1,806**	**(429)**	**(1,092)**

5.6 Seasonal nature of business

The table below highlights the impact of sales per solar quarter in the years 2015 and 2014.

	2015			2014		
	Group	Italy	Iberica	Group	Italy	Iberica
Sales Q1	22.9%	24.2%	19.3%	22.4%	23.3%	19.9%
Sales Q2	23.0%	23.5%	21.6%	22.7%	23.5%	20.8%
Sales H1	**45.9%**	**47.7%**	**40.9%**	**45.1%**	**46.7%**	**40.7%**
Sales Q3	21.1%	20.5%	23.0%	21.9%	21.7%	22.8%
Sales Q4	33.0%	31.8%	36.0%	33.0%	31.6%	36.5%
Sales H2	**54.1%**	**52.3%**	**59.1%**	**54.9%**	**53.3%**	**59.3%**
Sales for the year	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The IT and electronic markets both in Italy and in Spain are traditionally characterised by seasonal sales which involve an increase in demand in the fourth quarter of the solar year essentially in terms of purchases concentrated in the pre-Christmas and in the so-called 'back-to-school' seasons to consumers and by the spending dynamics of budgets dedicated to IT investments which are statistically concentrated around the months of November and December.

The seasonable nature of IT and electronics sales has an influence both on the business volumes of the distribution industry and on the sales volumes of the Esprinet Group.
The winter trend provides a contrast to the drop in demand in the summer months, in August, in particular. As a result of the increasing reluctance to suspend work during the summer months, this last trend also appears to be re-dimensioning, in the business sector in particular.

In addition to the above, operating results are also seasonal, but even more so than those of sales since the absolute profit margin levels track the seasonal nature of sales, while overheads tend to be more regular during the year.
The seasonal nature of sales described above also has an influence on the part of the levels of borrowings that is closely linked to working capital needs, which peak in the last part of each solar year.

The level of net borrowings fluctuates dramatically not only along the calendar year but also during each month, due for the most part to the concentration of payments received from customers at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month.
For this reason, the figure resulting at the end of the period, or at the end of each month, is not much representative of the average net financial indebtedness customarily observable during the same period.

The circumstances described above give rise to higher financial and commercial risk levels for the Group compared with businesses which are less subject to seasonable fluctuations.

5.7 Financial instruments pursuant to IAS 39: classes of risk and 'fair value'

The following table illustrates the relationship between the financial instrument items in the statement of financial position and the financial assets and liabilities categories in accordance with accounting standard IAS 39:

Assets	**30/06/2016**				**31/12/2015**			
(euro/000)	**Carrying amount**	**Financial assets at FVTPL(1)**	**Loans and receiv.**	**Not IAS 39**	**Carrying amount**	**Financial assets at FVTPL(1)**	**Loans and receiv.**	**Not IAS 39**
Customer financial receivables	*2,292*		*2,292*		*2,696*		*2,696*	
Guarantee deposits	*4,184*		*2,543*	*1,641*	*4,649*		*3,040*	*1,609*
Consortium membership fees	-			-	-			-
Rec.and other non-curr. Assets	6,476		4,835	1,641	7,345		5,736	1,609
Non-current assets	**6,476**	**-**	**4,835**	**1,641**	**7,345**	**-**	**5,736**	**1,609**
Trade receivables	259,901		259,901		251,493		251,493	
Receivables from associates	-		-		*164*		*164*	
Receivables from factors	*4,838*		*4,838*		*2,714*		*2,714*	
Customer financial receivables	*452*		*452*		*507*		*507*	
Other tax receivables	*3,822*			*3,822*	*1,504*			*1,504*
Receivables from suppliers	*7,605*			*7,605*	*7,471*			*7,471*
Receivables from insurances	*1,846*		*1,846*		*1,863*		*1,863*	
Receivables from employees	-		-		*150*		*150*	
Receivables from others	*277*		*277*		*173*		*173*	
Pre-payments	*3,301*			*3,301*	*2,963*			*2,963*
Other receivables	22,141		7,413	14,728	17,509		5,571	11,938
Cash and cash equivalents	115,138		115,138		280,089		280,089	
Current assets	**397,180**	**-**	**382,452**	**14,728**	**549,091**	**-**	**537,153**	**11,938**

Liabilities	**30/06/2016**				**31/12/2015**			
(euro/000)	**Carrying amount**	**Financial liabilities at FVTPL (1)**	**Financial liabilities amortized cost**	**Not IAS 39**	**Carrying amount**	**Financial liabilities at FVTPL (1)**	**Financial liabilities amortized cost**	**Not IAS 39**
Borrowings	57,216		57,216		65,138		65,138	
Derivative financial liabilities	315	315			224	224		
Debts for investments in subsidia	5,091	5,091			5,222	5,222		
Provisions of pensions	*2,353*			*2,353*	*1,904*			*1,904*
Other provisions	*396*			*396*	*560*			*560*
Cash incentive liabilities	*123*		*123*		*31*		*31*	
Prov. and other non-curr. Liab.	2,872		123	2,749	2,495		31	2,464
Non-current liabilities	**65,494**	**5,406**	**57,339**	**2,749**	**73,079**	**5,446**	**65,169**	**2,464**
Trade payables	358,928		358,928		522,436		522,436	
Short-term financial liabilities	72,783		72,783		29,314		29,314	
Derivative financial liabilities	246	246			195	195		
Associates liabilities	*5*		*5*		*5*		*5*	
Social security liabilities	*3,565*		*3,565*		*3,007*		*3,007*	
Other tax liabilities	*14,467*			*14,467*	*12,506*			*12,506*
Payables to others	*11,775*		*11,775*		*13,779*		*13,779*	
Accrued expenses (insurance)	*428*		*428*		*255*		*255*	
Deferred income	-			-	*83*			*83*
Provisions and other liabilities	30,240		15,773	14,467	29,635		17,046	12,589
Current liabilities	**462,197**	**246**	**447,484**	**14,467**	**581,580**	**195**	**568,796**	**12,589**

(1) 'FVTPL': Fair Value Through Profit and Loss.

For further details about the contents of individual balance sheet items please see the analyses provided in the specific sections in the chapter 'Notes to the statement of financial position items'.
The fair value measurement of financial assets and liabilities reported in the statement of financial statements as provided for by IAS 39 and governed by IFRS 7 and IFRS 13, grouped by classes of risk, and the methods and the assumptions applied in determining them, are as follows:

Assets	**30/06/2016**						**31/12/2015**					
		Fair value						**Fair value**				
(euro/000)	**Carrying amount**	Trade receiv.	Financial receiv.	Receiv. From other	Receiv. From insurers	Receiv. From employ	**Carrying amount**	Trade receiv.	Financial receiv.	Receiv. From other	Receiv. From insurers	Receiv. From employ
Customer financial receivables	*2,292*		*2,542*				*2,696*		*2,967*			
Guarantee deposit	*2,543*		*2,486*				*3,040*		*2,973*			
Other non current assets	4,835		5,028				5,736		5,940			
Non-current assets	**4,835**	**-**	**5,028**	**-**	**-**	**-**	**5,736**	**-**	**5,940**	**-**	**-**	**-**
Trade receivables	259,901	259,901					251,493	251,493				
Receiv. Form associates	*-*					*-*	*164*					*164*
Receiv. From factors	*4,838*		*4,838*				*2,714*		*2,714*			
Customer financial receivable	*452*		*452*				*507*		*507*			
Receiv. From insurances	*1,846*				*1,846*		*1,863*				*1,863*	
Receiv. From employees	*-*					*-*	*150*					*150*
Receiv. From others	*277*			*277*			*173*			*173*		
Other receivables	7,413		5,290	277	1,846	-	5,571		3,221	173	1,863	314
Cash and cash equival.	115,138		115,138				280,089		280,089			
Current assets	**382,452**	**259,901**	**120,428**	**277**	**1,846**	**-**	**537,153**	**251,493**	**283,310**	**173**	**1,863**	**314**

Liabilities	**30/06/2016**					**31/12/2015**				
		Fair value					**Fair value**			
(euro/000)	**Carrying amount**	Trade payables	Financial payables	FVTPL derivat.	Other payables	**Carrying amount**	Trade payables	Financial payables	FVTPL derivat.	Other payables
Borrowings	57,216		56,912			65,138		64,182		
Financial derivarives	315			315		224			224	
Debts for investments in subsidiar.	5,091		5,163			5,222		5,137		
Cash incentive liab.	*123*				*123*	*31*				*31*
Payables to other	123				123	31				31
Non-current liabilities	**62,745**	**-**	**62,075**	**315**	**123**	**70,615**	**-**	**69,319**	**224**	**31**
Trade payables	358,928	358,928				522,436	522,436			
Short-term financial liab.	72,783		74,749			29,314		30,004		
Financial derivarives	246			246		195			195	
Associates liabilities	*5*				*5*	*5*				*5*
Social security liabilities	*3,565*				*3,565*	*3,007*				*3,007*
Payables to other	*11,775*				11,775	*13,779*				13,779
Accrued expenses	*428*				*428*	*255*				*255*
Provision and other liab.	15,773				15,773	17,046				17,046
Current liabilities	**447,730**	**358,928**	**74,749**	**246**	**15,773**	**568,991**	**522,436**	**30,004**	**195**	**17,046**

The corresponding hierarchy level for each of the abovementioned fair value list is described below as required by IFRS 13:

Assets	30/06/2016			31/12/2015		
(euro/000)	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Customer financial receivables	*2,292*	*2,542*	*level 2*	*2,696*	*2,967*	*level 2*
Guarantee deposits	*2,543*	*2,486*	*level 2*	*3,040*	*2,973*	*level 2*
Other non current assets	4,835	5,028		5,736	5,940	
Non - current assets	**4,835**	**5,028**		**5,736**	**5,940**	
Trade receivables	259,901	259,901	*level 2*	251,493	251,493	*level 2*
Receiv. From associates	-	-	*level 2*	*164*	*164*	*level 2*
Receiv. From factors	*4,838*	*4,838*	*level 2*	*2,714*	*2,714*	*level 2*
Customer financial receivables	*452*	*452*	*level 2*	*507*	*507*	*level 2*
Receiv. From insurances	*1,846*	*1,846*	*level 2*	*1,863*	*1,863*	*level 2*
Receiv. From employees	-	-	*level 2*	*150*	*150*	*level 2*
Receiv. From others	*277*	*277*	*level 2*	*173*	*173*	*level 2*
Other receivables	7,413	7,413		5,571	5,571	
Cash and cash equival.	115,138	115,138		280,089	280,089	
Current assets	**382,452**	**382,452**		**537,153**	**537,153**	

Liabilities	30/06/2016			31/12/2015		
(euro/000)	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Borrowings	57,216	56,912	*level 2*	65,138	64,182	*level 2*
Financial derivatives	315	315	*level 2*	224	224	*level 2*
Debts for investments in sub	5,091	5,163	*level 3*	5,222	5,137	*level 3*
Cash incentive liab.	*123*	*123*	*level 2*	*31*	*31*	*level 2*
Provision and other liab.	123	123		31	31	
Non-current liabilities	**62,745**	**62,513**		**70,615**	**69,574**	
Trade payables	358,928	358,928	*level 2*	522,436	522,436	*level 2*
Short-term financial liab.	72,783	74,749	*level 2*	29,314	30,004	*level 2*
Financial derivatives	246	246	*level 2*	195	195	*level 2*
Associated liabilities	*5*	*5*	*level 2*	*5*	*5*	*level 2*
Social security liabilities	*3,565*	*3,565*	*level 2*	*3,007*	*3,007*	*level 2*
Payables to others	*11,775*	*11,775*	*level 2*	*13,779*	*13,779*	*level 2*
Accrued expenses	*428*	*428*	*level 2*	*255*	*255*	*level 2*
Provision and other liab.	15,773	15,773		17,046	17,046	
Current liabilities	**447,730**	**449,696**		**568,991**	**569,681**	

Given their short-term maturity, the gross carrying value of current assets (excluding derivatives if any), trade payables, short-term financial liabilities and other payables (excluding liabilities for monetary incentives), is deemed a reasonable approximation of their 'fair value' (classified in level 2 in the so called 'fair value hierarchy').

The 'fair value' of non-current assets and borrowings was estimated by discounting expected cash flows from principal and interest, according to the terms and the due dates of each agreement, and using the market interest curve at the balance sheet date, as adjusted for the effects of DVA (Debit Value Adjustment) and the CVA (Credit Value Adjustment).

The 'fair value' of 'Interest Rate Swap' (IRS) derivatives was estimated by discounting expected cash flows, according to the terms and the due dates of each derivative agreement and its underlying, and using the market interest curve at the balance sheet date, as adjusted for the effects of DVA (Debit Value Adjustment) and the CVA (Credit Value Adjustment).
The interest rates used were obtained from the 'Forward' and the 'Spot' Curve Euro at 30 June as provided by Bloomberg plus any spread provided for by the agreement (such spread was not taken

into account in applying the market interest curve for discounting cash flows). Since all inputs entered in the valuation model were based on observable market data instruments are classified at hierarchy level 2. The soundness of the measurement made, with reference to IRS - Interest Rate Swap, was confirmed by the comparison with the value provided by the issuer banks.

Debt for investments in subsidiaries shows the present value of the enterprise value of the residual 20% share in Celly S.p.A., measured using the 5-year free-risk rate at 30 June 2016, as adjusted in order to taken into account the remaining time until the first available exercise date of the option (falling on 12 May 2019). The fair value so measured corresponds to a level 3 in the fair value hierarchy being based also on management estimates about future financial performance of the subsidiary. Further details can be found in the paragraph 'Goodwill' in the Notes to the Consolidated Financial Statement as at 31 December 2015.

5.8 Derivatives analysis

Introduction

The Esprinet Group signs derivative contracts in order to hedge some loan agreements against fluctuating interest rates by means of a strategy of cash flow hedge.
The aim of these hedging transactions against the interest rate risk is to fix the funding cost of middle/long-term floating-rate loans by entering into a derivative contract that enables the Group the floating rate to be received and the fixed rate to be paid.
Hedging operations are therefore reported in the financial statements according to the instructions of the IAS 39 accounting principle regarding 'hedge accounting' and in order to verify the hedge effectiveness, the Group periodically carry out perspective and retrospective tests.

Derivative instruments as at 30 June 2016

As at 30 June 2016 the Group was using eight IRS (Interest Rate Swap) contracts with different notional amounts and fixed interest rate but identical conditions (hedging instruments), which were entered into with each of the eight banks that on 31 July 2014 granted the medium-term variable interest rate loan of 65 million euro, called Term Loan Facility.
Each financing counterparties signed the derivative proportionally to their respective share in the loan, which the derivative is intended to hedge by means of their receiving a variable interest rate against payment of a fixed interest rate.

Further details concerning the derivatives contracts/hedging instruments can be found under 'Hedge accounting' in the 'Notes to the consolidated financial statements' of 2015.

The next tables illustrate the following information regarding the derivative contracts with reference to the cash flow hedge accounting technique:
- the notional amount at 30 June 2016 and at 31 December 2015 shared into portions maturing within or beyond a 12-months period;
- the amount recognised in the statement of financial position as at 30 June 2016 and 31 December 2015 representing the 'fair value' of the contracts at the date of the 'highly'effective hedge termination;
- the cumulative change in fair value from the inception to the date of 'highly'effective hedge termination with reference to the instalments still effective at the financial statement closing date;
- the ineffective portion recognised or reversed in income statement under 'Finance costs' from the inception with reference to the instalments still outstanding at the same date.

(euro/'000)	Period	Notional amount		Fair value (1)	Income statement (2)	Taxes on FV contracts (3)	Retained earnings (4)
		Within 1 year	Beyond 1 year				
Interest rate risk management							
- cash flow hedge on derivatives 2014	30/06/2016	16,250	40,625	561	105	(126)	(330)
- cash flow hedge on derivatives 2014	31/12/2015	16,250	48,750	419	84	(92)	(243)

(1) Amount of the (assets)/liabilities recorded in the statement of financial position resulting from derivatives measured at fair value using cash flow hedge accounting technique.
(2) Ineffective portion of the gain or loss on the hedging instrument as per IAS 39.
(3) Deferred income taxes related to the fair value of the derivative contracts using cash flow hedge accouting technique.
(4) Cumulative change in fair value from inception to the statement of financial position date recognised in equity using cash flow edge accounting technique.

The events that caused the changes in the amount of the 'cash flow hedge' equity reserve related derivatives measured at fair value during the semester are so detailed:

(euro/'000)	Period	Change in fair value of derivatives	Trasfert to P&L (1)	Tax effect on trasf. to PL	Ineffective portion of (gain)/loss to PL	Taxes on fair value of derivatives	Change in equity reserve
- equity reserve on derivatives 2014	H1 2016	(240)	120	(33)	-	66	(87)
- equity reserve on derivatives 2014	H1 2015	(56)	41	(11)	-	15	(11)
Total		**(296)**	**161**	**(44)**	**-**	**81**	**(98)**

(1) Accounted as increase/(decrease) of 'Financial charges'.

5.9 Subsequent events

Esprinet purchases 100% of Vinzeo Technologies and becomes the first ICT distributor in Spain.

On 1 July 2016 Esprinet S.p.A., through its fully owned subsidiary Esprinet Iberica, completed the purchase of the entire capital of Vinzeo Technologies S.A.U., the fourth largest ICT wholesaler in Spain.[9]
Vinzeo operates many important distribution agreements both in the ICT 'volume' market (i.e. HP, Samsung, Acer, Asus, Toshiba, Lenovo) and in the 'value' one (mainly Hewlett-Packard Enterprise). Since 2009, Vinzeo has been a key distributor of Apple products, including iPhones (since 2014) and Apple Watch (since 2015).
The headquarters are in Madrid, while branch offices are located in Barcelona and Bilbao, with approx. 170 employees positively directed by a senior management deal.
The transaction perimeter only includes the wholesale distribution activities. Based on this perimeter, 2015 pro-forma accounts of the acquired perimeter showed sales of approx. 584.4 million euro (+19% compared to 2014) and EBITDA reported of 7.5 million euro.[10]
Thanks to the transaction, Esprinet will become the leader in the Spanish distribution market, strengthen its smart-phone products and customers portfolio. Esprinet expects to generate significant synergies from the transaction mostly due to the doubling of scale of its Spanish operations.
Esprinet, that has recently entered the Portuguese market, is now the biggest distributor in Southern Europe bringing to completion a strategy fully focused on pure 'business-to-business' ICT distribution, specifically addressed to achieve the leadership in each country where the Group operates.

[9] Source: management, Channel Partner 2016 (www.channelpartner.es)
[10] Source: management

The total consideration agreed by the parties was 74.1 million euro for the entire Vinzeo corporate capital based on an enterprise value of 57.6 million euro and on the last 12-month average working capital.
The value could be adjusted based on the net financial position as at 30 June 2016.

Esprinet to obtain 'waiver' on 130.0 million euro Pool Loan

As a result of the agreed terms for the Vinzeo acquisition, in particular referring to the level of implied enterprise value that was higher than the annual threshold-value of 40.0 million euro, the acquisition itself was an operation contractually subject to the pre-emptive approval to be given by a qualified majority equal to at least two thirds of the lending banks. For this purpose, before Vinzeo acquisition's signing date, that was dated 6 May 2016, a 'comfort letter' from a leading bank was obtained. The letter contained a commitment from the bank to grant a loan in such amount sufficient to allow the company to replace the existing pool loan and intended to neutralize the risk to fail in obtaining the required 'waiver' from the existing lending banks.
On 22 July 2016 the communication regarding the granting of consent to the operation by the unanimity of the lending banks was finally received by the company.

5.10 Relationship with related parties

Group operations with related parties, as defined by IAS 24, cited in turn by Consob Communication No. DEM/6064293 of 28 July 2006, were affected in compliance with current laws and according to mutual economic advantage.
Any products sold to individuals were done so under the same conditions as those usually applied to employees.
Operations between the Esprinet S.p.A. parent company and subsidiaries included in the consolidation area have been eliminated from the half-year consolidated financial statements and therefore do not figure in this section.

It has also to be noted that, in the first half of this year, there were no operations of 'greater importance' as defined by the 'Procedure for the discipline of Transactions with Related Parties', approved by the Board of Directors of Esprinet S.p.A. in compliance with Consob resolution n. 17221 of 12 March 2010 and subsequent amendments thereto, entered into force on 1 January 2011.

Relationships with 'other related parties'

(euro/000)	Type	H1 2016 Sales	H1 2016 Costs	H1 2016 Receiv.	H1 2016 Payab.	H1 2015 Sales	H1 2015 Costs	H1 2015 Receiv.	H1 2015 Payab.
Sales									
Infoklix S.r.l. in liquidation*	Sales of goods	-	-	2	-	-	-	2	-
Key managers and family	Sales of goods	4	-	4	-	3	-	-	-
Subtotal		**4**	**-**	**6**	**-**	**3**	**-**	**2**	**-**
Overheads and administrative costs									
Immobiliare Selene S.r.l.	Lease - premises	-	728	717		-	728	717	-
Immobiliare Selene S.r.l.	Overheads	-	7	-		-	-	-	-
M.B. Immobiliare S.r.l.	Lease - premises	-	1,148	567		-	955	471	-
M.B. Immobiliare S.r.l.	Overheads	-	10	-		-	-	-	-
Subtotal		**-**	**1,893**	**1,284**	**-**	**-**	**1,683**	**1,188**	**-**
Finance costs - net									
Immobiliare Selene S.r.l.	Interes on guar. deposits	1	-	1	-	2	-	2	-
M.B. Immobiliare S.r.l.	Interes on guar. deposits	1	-	1	-	4	-	4	-
Subtotal		**2**	**-**	**2**	**-**	**6**	**-**	**6**	**-**
Total		**6**	**1,893**	**1,292**	**-**	**9**	**1,683**	**1,196**	**-**

* Gross values.

The aforementioned table details operations occurred between Group companies and: - companies where Esprinet S.p.A. directors and shareholders play important roles; - key managers and their close members of the family.
Sales regard consumer electronics products sold at normal market conditions.
Services received mainly refer to leasing agreements entered into at market conditions in previous years with the real estate companies, Immobiliare Selene S.r.l. in the case of the Cambiago (MI) logistics site and M.B. Immobiliare S.r.l. in the case of the Cavenago (MB) logistics site, respectively.
As shown in the previous table, the total value of the aforementioned transactions is not material compared to the total volume of the Company's activities, however.

Emoluments to board members and key managers

Information regarding emoluments both of Esprinet S.p.A. Board of Directors and Statutory Auditors, and of the Group key managers are described as follows.

The amounts below presented include all employee benefits on accrual basis, non-monetary benefits and the emoluments received as board members of the Group entities.

(euro/000)	H1 2016 Emolument	H1 2016 Fringe benefit	H1 2016 Total	H1 2015 Emolument	H1 2015 Fringe benefit	H1 2015 Total
Board of Directors	2,230	7	2,237	1,902	8	1,910
Other key managers	-	-	-	-	-	-
Subtotal	**2,230**	**7**	**2,237**	**1,902**	**8**	**1,910**
Board of Statutory Auditors	65	-	65	65	-	65
Total	**2,295**	**7**	**2,302**	**1,967**	**8**	**1,975**

As defined by accounting principle IAS 24 and quoted by Consob Resolution No. 17221 of 12 March 2010, 'key managers are those persons having authority and responsibility for planning, directing and controlling the activities of the entity preparing the financial statements, including any director (whether executive or otherwise) of that entity'.

The term key manager, in the Esprinet Group denotation, refers to the Board of Directors, to the Board of Statutory Auditors and to the Group CFO.
In the light of his role within the Board of Director of Esprinet S.p.A., his compensation is included in the item 'Board of Directors'.

Relationships with associated companies

The relationships with the associated company are shown in the table below.

(euro/'000)	Type	Sales	Costs	Receiv.	Payab.
Assocloud S.r.l.	Charge expenses	51	-	639	-
Assocloud S.r.l.	Lease fees	-	59	248	-
Assocloud S.r.l.	Purchase of products	-	25	-	464
Ascendeo SAS	Services costs	-	-	-	5
Ascendeo SAS	Sales of goods	39	-	23	-
Total 30 June 2015		**90**	**84**	**910**	**469**
Assocloud S.r.l.	Lease payement	-	21	-	-
Ascendeo SAS	Sales of products	-	6	-	5
Total 30 June 2016		**-**	**27**	**-**	**5**

With reference to Assocloud S.r.l. sold by Esprinet on 28 April 2016 the value of sales and expenses classified by nature and accrued at the date of sale was reported.
The abovementioned values refer to expenses and payables for services provided by Celly S.p.A. to Ascendeo SAS.

Vimercate, 15 September 2016

Of behalf of the Board of Directors
The Chairman

Francesco Monti

Statement on the 'Condensed consolidated half-year statements' pursuant to Article 154-bis D.Lgs 58/98

1. In consideration of the provisions of Article 154-bis, subsections 3 and 4, of legislative decree No. 58 of 24 February 1998, the undersigned Alessandro Cattani, Chief Executive Officer of Esprinet S.p.A and Pietro Aglianò, executive charged with drawing up the Esprinet S.p.A. accounting documents, hereby declare:

- appropriate to the features of the Group
- effectively applied.

of the administrative and accounting procedures used in drawing up the condensed half-year statements relating to the period between 1 January 2016 – 30 June 2016.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the condensed consolidated half-year statements at 30 June 2016 was effected in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internally-accepted reference framework. No significant aspects emerged.

3. We further declare that:

3.1 the condensed consolidated half-year statements as at 30 June 2016:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) of the European Parliament and Counsel, dated 19 July 2002 as implemented in Italy by Article 9 of Legislative Decree no. 38 of 2005;
b) correspond to the amounts shown in the Company's accounts, books and records;
c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

3.2 The Interim Directors' Report on Operations contains a reliable analysis of the significant events that affected the Group during the first six months of the year and their impact on the condensed consolidated half-year statements, as well as a description of the main risks and uncertainties for the remaining six months of the year. The Interim Directors' Report on Operations also includes reliable information regarding significant operations with related parties.

Vimercate, 15 September 2016

Chief Executive Officer

(Ing. Alessandro Cattani)

Executive charged with financial reports

(Pietro Aglianò)