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(The "Group" or "SEC")

Interim results for the six months ended 30 June 2016

SEC S.p.A., the international Strategy, Public Relations and Advocacy company, is pleased to announce its unaudited interim results for the six months ended 30 June 2016.

Highlights

- Foundations laid for international business expansion
- Preparation completed for the successful IPO in July 2016
- Preparation for the successful acquisition of UK-based public and corporate affairs agency Newington Communications in September 2016
- Launch of a new digital business in Spain (ACH Cambre)
- Improved pipeline with over 60 live prospects
- Revenue of EUR 8.93m (2015: 9.57m)
- Strong cash position of the Group of EUR 6.07 m (2015: EUR 4.83 m).
- EBITDA of EUR 0.74m (2015: EUR 1.39 m) (1)

[1] 2015 includes revenue derived from a one off large non-recurring event managed by SEC in Italy (Expo Milan 2015).

Commenting on the results, Fiorenzo Tagliabue, CEO of SEC S.p.A, said:

"Investment for the future has been the dominant theme for the first half of the year. During the six months to 30 June 2016 we have increased our international headcount to accommodate anticipated growth, launched a new digital business in Spain, prepared for our AIM listing in July and the acquisition of UK-based Newington Communications in September.

While the results for 2015 were boosted by the one off and material "Expo Milan 2015" event, I am delighted that the underlying businesses have continued to grow despite weak macro-economic conditions across many parts of Europe.

The Group is now well placed to focus on exploiting the organic growth opportunities available to it during the second half of the year, together with continuing its global acquisition strategy. The comparison of the corresponding periods, net of the one off event represented by Expo 2015, shows a stable business with some organic growth which is expected to continue into the second half of the year . This organic growth is being driven by new business activity developed in the first half of the year and continued pitching .”

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The information contained within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

Chief Executive's Statement

Business Review

Much of the first half of the year involved the preparation for our admission to AIM on the London Market, which is a key part of the strategy to position SEC as an international communications company. The successful IPO endorsed our strategy, and the quality of our business which was able to list despite the uncertain and difficult markets in London during the summer caused by the referendum on UK membership of the European Union.

During the reported period, we launched a new business unit in Spain (ACH Cambre) investing in talented new colleagues dedicated to digital business within our market with a specific focus on big data and business intelligence. This division has a partnership with Deusto University (Bilbao), a leading university in informatics technology. We have also invested in headcount in Brussels-based Cambre SA in the light of the significant increase in workload and activities managed by that company.

Underlying revenue and profitability for the Group continued to progress during the period, with our German business unit Kohl PR and Partner GMBH making contributions, having been acquired in 2015 as part of our strategy to diversify the Group's revenue away from a dependence on Italy.

During the same period in 2015, SEC group companies SEC and HIT won the mandate to manage Milan Expo 2015 Media Centre and meeting points inside the Expo area. This was hugely successful for the Group's reputation contributing approximately EUR 625,000 in EBITDA. While this event will not recur in 2016, we now have strong credibility when pitching for similar high profile events. While winning mandates for events like these is difficult to predict, we are confident in our ability and expect to be mandated in the future, although not in a time frame to benefit the current financial year.

Outlook

The first half of 2016 saw significant new business efforts which has led to a strong pipeline of approximately 60 potential new clients and projects which we are working hard to convert. As in previous years, our business is weighted more towards the second half of the year, however we are now seeing greater prudence by our client base driven by weak
macro-economic conditions and specific political issues across Europe. These include the lack of a political majority in the Government of Spain, the increasing opposition in Germany, the battle on the reform referendum in Italy and the short

term effect of Brexit. 2015 saw the success of the Milan Expo and other major events in Spain and Germany.
Long lead times mean no such event will occur in the 2016 financial year.
Accordingly, we now expect our revenue and profitability this year to be less than in 2015 and therefore below market expectation. However, we consider that the business is well placed for growth in 2017, with a robust new business pipeline, the capacity to take higher volumes of business without increasing costs, and a strong balance sheet.

Consolidated income statement (Unaudited)

Continuing Operations	Note	*Six months ended 2016* €'000	*Six months ended 2015* €'000
Gross Revenue	5	8,933.1	9,573.9
Direct costs	6	(2,527.9)	(2,886.3)
Gross Margin		6,405.2	6,687.6
Employees' expenses	7	(3,863.3)	(2,986.5)
Service costs	8	(1,853.2)	(2,244.2)
Other operating costs	9	(26.8)	(103.0)
Other operating income and char	10	79.7	39.9
EBITDA		741.6	1,393.8
Depreciation & amortisation	11	(40.3)	(33.9)
Other accruals	12	(40.6)	(4.1)
EBIT		660.8	1,355.8
Finance income and expense	13	(36.6)	(34.1)
Profit before taxation		624.2	1,321.6
Taxation	14	(265.0)	(484.2)
Profit for the year		359.2	837.4
Profit for the year attributable to Owners		230.1	544.3
Non-controlling interest		129.0	293.1
Profit for the year		**359.2**	**837.4**
Earnings per share attributable to the equity holders of the Company			
Basic, per share		0.23	0.54
Diluted, per share		0.23	0.54

Consolidated statement of comprehensive income (Unaudited)

	Six months ended 2016 €'000	Six months ended 2015 €'000
Profit for the year	**359,2**	**837,4**
Items that may be subsequently reclassified to profit or loss:		
Gain (loss) on revaluation of available for sale investments	(18,6)	16,2
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on defined benefit pension plans	39,8	(27,3)
Total comprehensive income for the year	**21,2**	**(11,1)**
Total comprehensive income for the year attributable to:		
Owners of the Company	254,8	504,0
Non-controlling interest	125,6	290,0
Net Group comprehensive income for the year	**380,37**	**794,01**

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Consolidated statement of financial position (Unaudited)

	Note	Six Months ended *2016*	Six Months ended *2015*
31 December 2013		*€'000*	*€'000*
Non Current Assets			
Intangible assets	15	4.073,0	3.051,0
Tangible assets		250,4	192,4
Investments	16	107,2	66,1
Other financial assets	17	10,7	58,2
Other assets	18	575,6	571,6
Total Non-current assets		**5.016,9**	**3.939,2**
Current assets			
Trade receivables	19	6.368,2	7.534,4
Other receivables	20	674,5	519,8
Financial investments	21	975,9	1.064,9
Cash and cash equivalents	22	6.075,1	4.834,0
Current assets		**14.093,6**	**13.953,1**
Total assets		**19.110,5**	**17.892,2**
Trade payables	23	1.885,7	2.673,8
Borrowings	24	850,0	736,0
Other payables	25	3.071,3	2.802,3
Current liabilities		**5.807,0**	**6.212,1**
Employee benefits	26	1.890,3	1.772,1
Borrowings	23	3.633,5	2.512,0
Other non-current liabilities	27	20,3	15,9
Non-current liabilities		**5.544,1**	**4.299,9**
Total liabilities		**11.351,2**	**10.512,0**
Net assets		**7.664,1**	**7.380,2**
Share capital	28	1.000,0	1.000,0
Reserves	29	6.399,9	6.043,3
Profit of the year		359,2	336,9
Equity attributable to equity holders Of the Company		6.127,5	6.039,6
Equity non-controlling interests	30	1.631,8	1.340,6
Total equity		**7.759,3**	**7.380,2**
Total equity and liabilities		19.110,5	17.892,2

Consolidated cash flow statement (Unaudited)

	Six months ended 2016 €'000	Six months ended 2015 €'000
Operating activities		
Profit/(loss) after tax	359,2	837,4
Add back:		
Corporation tax	265,0	484,2
Net interest	36,6	34,1
Depreciation of property, plant and equipment	38,9	33,1
Amortisation of intangible assets	1,4	0,8
Movements in working capital items:		
(Increase)/Decrease in trade and other receivables	973,9	281,7
Increase/(Decrease) in trade and other payables	(521,8)	(449,9)
Increase/(Decrease) in Other provisions	9,9	4,2
Increase/(Decrease) in Employees benefits	43,7	45,4
Cash generated from operations	**1.206,7**	**1.271,0**
Income taxes paid	(265,0)	(484,2)
Net Cash flows from operating activites	**941,7**	**786,8**
Investing activites		
Purchase/sale of property, plant and equipment	(57,5)	(84,1)
Purchase/sale of intangibles	(0,0)	(3,8)
Changes in Goodwill	(261,9)	(0,1)
Acquisitions and earn-outs	0,4	(90,7)
Change in other assets	(86,3)	(122,6)
Net cash used in investing activities	**(405,3)**	**(301,3)**
Finacing activities		
Bank loans drawndown/repayments	1.673,4	816,2
Interest paid	(36,6)	(34,1)
Share issues	(2.056,5)	(1.156,9)
Dividend payments	0,0	0,0
Other Increase/(Decrease) in equity	895,5	1.285,2
Net cash used in financing activities	**475,8**	**910,3**
Net Increase in cash and cash equivalents	**1.012,2**	**1.395,8**
Cash and cash equivalents at beginning of period	6.038,8	4.503,2
Cash and cash equivalents at the end of period	**7.051,0**	**5.899,0**

1. Corporate information

SEC S.p.A. (the "Company") was incorporated in March 1989 and is based in Milan. The registered office and principal executive office of SEC S.p.A. is located at Via Panfilo Castaldi, 11, Milan 20100.

The consolidated financial statements at 30 June 2016 represent the result of the Company and its subsidiaries (together referred to as "Sec Group" or the "Group").

The principal business of the Group is a comprehensive range of Public relations, advocacy, communications and transversal services provided to national and multinational clients.

The subsidiaries of the Company included in the consolidated financial information, are as follows:

Company	Key	Location	SEC shareholdings as of June 30, 2016
Hit S.r.l.	HIT	Milan (Italy)	57.71%
Sec & Associati S.r.l.	SEC-A	Turin (Italy)	51.00%
Sec Mediterranea S.r.l.	MED	Bari (Italy)	51.00%
Della Silva Communication Consulting S.r.l	DS	Milan (Italy)	51.00%
Curious Design S.r.l.	CUR	Milan (Italy)	75.00%
Cambre Associates SA (*)	CAM	Brussels (Belgium)	70.00%
ACH Cambre SL	ACH	Madrid (Spain)	51.00%
Sec and Partners S.r.l.	SEC-P	Rome (Italy)	50.50%
Kohl PR & Partners GMBH	KOHL	Berlin (Germany)	75.00%

(*) In 2016 SEC acquired an additional 10% participation in Cambre Associates SA, SEC shareholding moved consequently from 60% held on end of 2015 to 70% held in 2016; at the same time, Cambre Associates SA purchased own shares corresponding to 8% of its issued share capital.

2. Accounting policies

(a) Basis of preparation

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The financial information has been prepared in accordance with International Financial Reporting Standards and International Accounting Standards and Interpretations (collectively "IFRSs") issued by the International Accounting Standards Board (IASB) and adopted by the European Union ("adopted IFRSs"). The Group adopted IFRS for the first time for the period from 1 January 2013.

The financial information has been prepared under the historical cost convention, except for the "financial instruments" that have been measured at fair value.

The functional currency of the Group is Euro (EUR), and all amounts are presented in functional currency.

(b) New standards, interpretations and amendments not yet effective

At the date of this financial information, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the SEC Group. These are listed below:

– IFRS 9: Financial Instruments (effective 1 January 2018)

- IFRS 15 standards and clarifications: Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16: Leases (effective 1 January 2019)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective 1 January 2017)
- Amendments to IAS 7: disclosure initiative (effective 1 January 2017)

The adoption of these standards, interpretations and amendments are not expected to have a material impact on SEC Group in the period they are applied.

(c) Going Concern

The directors are required to consider whether it is appropriate to prepare the financial statements on the basis that the Group is a going concern. As part of its normal business practice, the Group prepares annual plans and directors believe that the Group has adequate resources for the future. Therefore the Group continues to adopt the going concern basis in preparing the financial information.

(d) Basis of consolidation

A company is classified as a subsidiary when the SEC Group has the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

The financial information presents the results of the company and its subsidiary undertakings as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The financial information includes the results of the Company and its subsidiary undertakings made up to the same accounting date. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation.

(e) Business combinations

The results of subsidiary undertakings acquired during the period are included from the consolidated income statement from the effective date of acquisition.

Business combinations are accounted for using the acquisition method. The costs of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the date of acquisition, and the amount of any non-controlling interest in the acquired entity. Non-controlling interest are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Acquisitions costs incurred are expensed and included in administrative expenses except where they relate to the issue of debt or equity instruments in connection with the acquisition.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the board of directors that makes strategic decisions.

The Board considers that SEC Group's protect activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the SEC Group by reference to total result against Budget.

(g) Revenue

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue represents the fees derived from the services provided to and invoiced to clients and is reported net of discounts, VAT and other taxes.

Revenue is recognized in the period in which the service is performed, in accordance with the terms of the contractual arrangements. Income billed in advance of the performance of the service is deferred and recognised in the income statement when the service takes place. Income in respect of work carried out but not billed at period end is accrued.

Costs incurred with external suppliers on behalf of the clients are excluded from revenue.

(h) Intangibles Assets

h.1. Goodwill

Goodwill represents the excess of fair value attributed to investments in businesses and subsidiary under taking over the fair value of the identifiable net assets, liabilities and contingent liabilities acquired. Goodwill on acquisition of an entity is included in intangible assets. Goodwill has indefinite useful life and therefore not amortized. Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment in carrying value is recognized as an expense and is not subsequently reversed. The latest impairment test was made on end of 2015; the next impairment test is expected to be done based on 2016 year end figures.

The valuation of the CGU for goodwill impairment testing has been prepared on a multiple basis value. Such value is used to determine the recoverable amount of goodwill allocated to each of the CGU's. This calculation use multiple index based on average results in the market combined with the net financial position. The key assumptions in the annual impairment review which are common to all CGU are EBIDA, Net financial position and the Enterprise Value / EBITDA valuation multiple of the sector in which the Group operates.

h.2. Other

Externally acquired intangible assets are initially recognized cost and subsequently amortized on a straight line basis over their useful economic lives. Licences are amortized over the term of the licence agreement.

(i) Tangible assets

Property, furniture and equipment are initially recognized at cost and subsequently stated at cost less accumulated depreciation and, where appropriate, impairment losses.

Depreciation is provided on all items of property and equipment so as to write off their carrying value, less its residual value, over their expected useful economic lives. It is provided at the following rates:

Furniture and machinery	12%
Office equipment	20%
Computer equipment	20%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within “other operating income and changes”.

(j) Investments

Investments included in non-current assets are stated at cost less any impairment charges.

(k) Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets at fair value through profit or loss, as available for sale or held to maturity except for financial investments.

k.1. Financial investment at fair value

IFRS 13 sets out the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements are required/used.

IFRS 13 requires certain disclosures which require the classification of assets and liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement.

The fair value used for evaluating the financial investments are based on quoted prices in active market (level 1). The Group has estimated relevant fair values on the basis of publicly available information from outside sources.

Other investments are designated as ‘available for sale’ and are shown at fair value with any movements in fair value taken to equity. On disposal the cumulative gain or loss previously recognized in equity is included in the profit or loss for the year.

The fair values of the primary financial assets and liabilities of the company together with their carrying values are as follows:

		Six Months 2016 €’000		*Six Months 2015 €’000*
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Trade and other receivables	7.042,6	7.042,6	8.054,1	8.054,1
Financial investments	975,9	975,9	1.064,9	1.064,9
Cash and cash equivalents	6.075,1	6.075,1	4.834,0	4.834,0
Financial liabilities				
Trade and other payables	4.952,2	4.952,2	5.476,1	5.476,1
Financial liabilities	4.483,5	4.483,5	3.248,0	3.248,0

k.2. Trade and other receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for bad debts and doubtful account.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such bad debt provisions are recorded in a separate allowance account with the loss being recognized within other operating costs in the Consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(l) Cash and equivalents

Cash and cash equivalents comprise cash, deposits held at call with banks and other short-term liquid investments with an original maturity of up to three months or less. In the consolidated statement of financial position, bank over draft are shown within borrowings in current liabilities.

(m) Financial liabilities

Financial liabilities comprise loans and trade and other payables, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method. The interest element of the borrowings and short-term financial liabilities is expensed over the repayment period at a constant rate. In accordance with IAS 39 Financial Instruments: "Recognition and Measurement, a financial liability of the Group is only released to the consolidated income statement when the underlying legal obligation is extinguished".

(n) Operating leases

Assets leased under operating leases are not recorded in the statement of financial position. Rental payments are charged directly to the income statement on a straight line basis.

(o) Share capital

SEC S.p.A.'s ordinary shares are classified as equity instruments.

(p) Dividends

Dividends are recognized when they become legally payable, which is when they are approved for distribution. In the case of interim dividends to equity shareholders, this is when declared by the directors and paid.

(q) Taxation

Income tax for each period comprises current and deferred tax.

The current tax is based upon the taxable profit for the year together with adjustments, where necessary, in respect of prior periods, and calculated using tax rates that have been enacted or substantively enacted at the lend of the financial year. Italian Corporate entities are subject to a corporate income tax (IRES) and to a regional production tax (IRAP).

Current tax is recognized in the consolidated income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/assets are settled/recovered.

(r) Employee benefits

The only form of post-employment benefit provided to staff by Group companies is represented by Staff Termination Benefits "TFR". In light of the amendments made to the relevant regulations by the "2007 Finance Act" (law no. 296 of 27 December 2006), with regard to enterprises with more than 50 employees, staff termination benefits are accounted for in accordance with the following rules:

i) for defined benefit plans, as regards the portion of staff termination benefits accrued as at 31 December 2006, through actuarial calculations which do not include the item related to future salary increases;

ii) for defined contribution plans, as regards the portion of staff termination benefits accrued from 1 January 2007, both in case of election of supplementary pension scheme, and in the event of allocation to the INPS Treasury Fund.

Staff termination benefits for Group companies with fewer than 50 employees are recognized in accordance with the regulations for defined benefit plans in accordance with IAS 19; liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the plan liabilities.

(s) Provisions

Provisions comprise liabilities where there is uncertainty about the timing of settlement, but where a reliable estimate can be made of the amount.

3. Critical accounting estimates and judgements

SEC Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Useful lives of depreciable assets

Useful lives of depreciable assets are based on the expected utilization of each asset. Changes to estimates can result in significant variations in the carrying value and amounts charged to the Statement of Comprehensive Income in specific periods.

(b) Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, SEC Group uses market observable data to the extent it is available.

(c) Provision for doubtful debts

Management performs an assessment of the recoverability of debtors when evidence arises that demonstrates the collection is uncertain. Management periodically reassesses the adequacy of the allowance for doubtful debts in conjunction with its credit policy and discussions with each specific customer. Judgement is applied at the point where recoverability is deemed uncertain and thus when a provision is to be recognised.

(d) Employee benefits

For actuarial assumptions on severance indemnity refer to note 26.

(e) Impairment of Goodwill

Disclosure included in note h.1.

4. Financial instruments – risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Group does not currently use derivative financial instruments and does not issue or use financial instruments of a speculative nature.

Through its operations SEC Group is exposed to the following financial risks:

a. Credit risk
b. Market price risk
c. Fair value and cash flow interest rate risk
d. Liquidity risk

(a) Principal financial instruments

The principal financial instruments used by Sec Group, from which financial instrument risk arises, include:

- trade and other receivables;
- cash and cash equivalents;
- trade and other payables.

This note describes Sec Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in Sec Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(b) Credit risk

Credit risk is the risk of financial loss to SEC Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales. Sec Group has trade receivables of € 6.368.151 (€7.534.358 in June 2015).

Sec Group is exposed to credit risk in respect of these balances such that, if one or more of the customers encounters financial difficulties, this could materially and adversely affect the Sec Group financial results.

Sec Group attempts to mitigate credit risk by assessing the credit rating of new costumers prior to entering into contracts and by entering contracts with costumers with agreed credit terms.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Sec Group does not enter into derivatives to manage credit risk.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 30 June 2016 and consequently no further provisions have been made for bad and doubtful debts.

(c) Market risk

Market risk arises from SEC Group's use of interest bearing, tradable. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (i.e. price risk).

(d) Fair value and cash flow interest rate risk

Sec Group has previously been funded through borrowings from a UBS (Italy) S.p.A., Deutsche Bank S.p.A. and Unicredit Banca S.p.A. Sec Group obtained the following loans:

1. UBS (Italy) S.p.A. € 1,762,000 during the year ended 31 December 2013 at an interest rate of Euribor 12 month plus a margin of 1.25 per cent as Revolving credit facility open ended.
2. Deutsche Bank S.p.A. € 1,000, 000 at an interest rate of 1-month Euribor plus a margin of 1,20 per cent. On amortizing basis with monthly basis installment between July 2015 and June 2019.
3. Unicredit S.p.A, € 30,000, at an interest rate of 4,1 per cent payable in monthly installment between February 2015 and February 2020.
4. Unicredit S.p.A, €1.000.000 at an interest rate of 1.2% payable every six months between June 2016 and December 2020
5. BPM Banca Popolare di Milano € 1.000.000 at an interest rate of 1,1% payable in monthly installments between February 2016 and February 2020

(e) Liquidity risk

Sec Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, Sec Group finances its operations through a mix of equity and borrowings. Sec Group's objective is to provide funding for future growth and achieve a balance between continuity and flexibility through its bank facilities and future intergroup loans.

The Board receives cash flow projections on a regular basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that Sec Group is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

(f) Capital management

SEC Group monitors capital, which is made up of share capital, retained earnings and other reserves.

SEC Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing services commensurately with the level of risk.

SEC Group sets the amount of capital it requires in proportion to risk. Sec Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, SEC may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

5. Revenue

	Six Months ended 2016 €'000 (Adjusted)	*Six Months ended 2016 €'000*	*Six Months ended 2015 €'000 (Adjusted)*	*Six Months ended 2015 €'000*
Gross Revenue of services	5.933,3	8.933,1	5.963,3	9.573,9
Total gross revenues	**5.933,3**	**8.933,1**	**5.963,3**	**9.573,9**

Gross Revenues are primarily generated by a comprehensive range of communications, relations and public affairs services provided to national and multinational clients.

As at 30 June 2016, gross revenue of services are composed by: public relation activities for € 4.947.834, advocacy activities for € 2.622.100, and transversal services for € 1.363.169 (June 2015: public relation activities for € 3.801.490, advocacy activities for € 2.579.866, and transversal services for € 3.192.531.

Adjusted Gross revenues excludes Gross Revenue on a "one only time" large contract in 2015 and excludes Gross Revenues generated by Kohl PR & Partners GMBH in 2016 (company not participated in 2015).

As at 30 June 2016, gross revenue (adjusted) of services are composed by: public relation activities for € 4.506.109, advocacy activities for € 2.471.568, and transversal services for € 1.363.169 (June 2015: public relation activities for € 3.801.490, advocacy activities for € 2.579.866, and transversal services for € 2.188.331).

6. Direct costs

	Six Months ended 2016 €'000 (Adjusted)	*Six Months ended 2016 €'000*	*Six Months ended 2015 €'000 (Adjusted)*	*Six Months ended 2015 €'000*
Service charges (direct variable)	2.201,0	2.323,9	2.226,7	2.310,0
External Collaborators	111,8	111,8	107,9	191,0
Other costs (direct variable)	91,8	92,2	271,8	385,3
	2.404,6	**2.527,9**	**2.606,4**	**2.886,3**

Direct costs are costs incurred in direct relation to Gross revenues when providing services to clients.

(Adjusted) excludes direct costs related to a "one only time" large contract in 2015 and Gross Revenues and direct costs related to Gross Revenues generated by Kohl PR & Partners GMBH in 2016 (company not participated in 2015).

7. Employees expenses

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Salaries	3.080,0	2.296,4
Social contributions	612,8	570,8
Severance indemnity	163,3	114,8
Other costs	7,2	4,5
Total employees expenses	**3.863,3**	**2.986,5**

8. Service costs

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Consulting	427,8	415,3
Internal Consulting & Directors	468,9	702,6
Overheads	276,5	445,4
Rent/Lease	269,1	240,1
Services	410,9	440,8
Total service costs	**1.853,2**	**2.244,2**

Overheads principally comprise costs incurred with subcontractors in order to manage extraordinary workload activity not directly provided internally. Services principally comprise marketing, advertising and other services incurred by the Group in its operating activities (respectively for € 221,3 in 2016, and € 225.7 in 2015); other amounts are related to phone costs, travel expenses, office maintenance expenses, freight costs, car expanses and bank charges.

9. Other operating costs

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Taxlocal	11,7	27,7
Others	15,1	75,3
Total other operating costs	**26,8**	**103,0**

Other costs primarily include the purchase of goods and materials for managing events; the remaining costs comprise subscriptions, magazines, books and newspapers, consumption of materials.

10. Other operating income and charges

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Other Charges	(38,6)	(96,6)
Other Income	118,3	136,6
Total Other operating Income and charges	**79,7**	**39,9**

Other operating income and expenses in 2014 and 2015 are mainly generated by non-recurring adjustments and miscellaneous.

11. Depreciations and amortizations

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Amortization of intangbles	1,4	0,8
Depreciation of tangible assets	38,9	30,3
Total depreciation and amortization	**40,3**	**31,1**

12. Other accruals

Other accruals corresponds to cost of write off of trade receivables which revealed uncollectible for a global amount of 14.853 and an bad debts allowance accrual for 25.706€ as on June 2016 and a bad debt allowance accounted for 4.097€ as on June 2015.

13. Finance Income and Expenses

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Interest income	0,7	3,6
Financial income	6,6	3,6
Exchange Rates gains (losses)	-	1,3
Total Income	**7,3**	**8,5**
Bank Charges	(2,5)	(2,4)
Interest expense	(41,0)	(40,3)
Exchange Rates gains (losses)	-	0,
Total Expenses	**(43,9)**	**(42,6)**
Net Finance income and expense	**(36,6)**	**(34,1)**

14. Taxation

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Current taxincome	(2,1)	4,2
Deerred taxexpense	267,1	480,0
Total Tax charge	**(265,0)**	**(484,2)**

The SEC Group's activities are both in Italy and abroad (Spain, Germany, Belgium). Activities within Italy are subject to two corporate taxation regimes:

- IRES is the state tax which was levied at 27.5 per cent. of taxable income.
- IRAP is a regional income tax, for which the standard rate is 3.9 per cent., with certain local variations permitted.

Non Italian jurisdictions (Spain, Germany and Belgium) have different tax rates

15. Intangible assets

	Licenses €'000	Goodwill €'000	Total €'000
COST			
At first January 2015	67,9	3.045,7	3.113,6
Additions	5,2	-	
At 30th June 2015	**73,1**	**3.045,7**	3.118,8
DEPRECIATION			
At first January 2015	(67,1)	-	(67,1)
Additions	(0,8)	-	(0,8)
At 30th June 2015	**(67,9)**	**-**	**(67,9)**
NET BOOK VALUE	**5,2**	**3045,7**	**3.050,9**

	Licenses €'000	Goodwill €'000	Total €'000
COST			
At first January 2016	74,0	3.806,6	3.880,6
Additions	0,7	261,9	262,5
At 30th June 2016	**74,7**	**4.068,5**	**4.143,2**
DEPRECIATION			
At first January 2016	(68,9)	-	(68,9)
Additions	(1,4)	-	(1,4)
At 30th June 2016	**(70,3)**	**-**	**(70,3)**
NET BOOK VALUE	**4,3**	**4.068,5**	**4.072,9**

Additions in Goodwill in 2016 is generated by the acquisition of an additional 10% in Cambre Associates SA

16. Investments

	Owned by	*Six Months ended 2016 €'000*	*Six Months ended 2015 €'000*
SEC&Partners	SEC	5,0	5,1
Sigma Vision S.r.l.	HIT		53,7
Bellenden acquisition costs		95,0	
Other		7,2	7,2

Bellenden acquisition costs incurred in first half of 2016 have been temporarily accounted as investments considered that the acquisitions has been completed before the date of announcement of these interim results (agreement subscribed on September 13th 2016).
Other include and other financial investments of ACH Cambre SL for € 7,202 in both 2016 and 2015.

17. Other financial assets

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Deposits	10,7	10,7
Other		47,5
Total other financial assets	**10,7**	**58,2**

Deposits include € 10,164 of bank deposits to guarantee the ACH Cambre SL (Madrid) office lease in both 2016 and 2015

18. Other Assets

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Deferred taxassets	120,45	1,68
Rental deposits	22,72	21,93
Directors benefits	428,77	388,01
Other	3,63	160,00
Total other assets	**575,6**	**571,6**

Director benefits is the asset coverage provided by an external insurance company in order to fulfill the end of mandate obligations for the Board director. See also note 26. Other in 2015 represents the stock of materials (gadgets and similar) held by Hit S.r.l. in regard of ongoing transversal business activities.

19. Trade receivables

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Trade receivables	6.408,60	7636,90
Total trade receivables	**6.408,6**	**7.636,9**

There is no material difference between the net book value and the fair values trade receivables due to their short term nature.
The ageing analysis of accounts receivables by due date is as follows:

Trade receivables	*Days from due date*			
not yet due	<120	*>120<80*	*>180>365*	*>365*
€'000	*€'000*	*€'000*	*€'000*	*€'000*
2.436,15	205,98	230,32	759,90057	6.083,86
40%	3%	4%	12%	100%

The amounts presented in the consolidated statement of financial position are net of an allowance for doubtful receivables of € 40,499, based on prior experience and their assessment of the current economic ongoing.

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Prepaid expenses	*15,9*	8,3
Tax on income	*430,4*	192,8
Deferred tax assets	*46,3*	123,5
VAT	*55,0*	34,4
Others	126,9	160,8
Total other receivables	**674,5**	**519,8**

20. Other receivables

There is no material difference between the net book value and the fair values of other receivables due to their short term nature. Others mainly include advance prepayments to suppliers of € 37,000 and € 50,000 of receivables from minority shareholders.

21. Financial investments

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
UBS S.A. Investment	975,9	1064,9
Total financial investments	**975,9**	**1.064,9**

The table above provides an analysis of financial instruments that are initially recognised at fair value (level 1) based on the degree to which the fair value is observable:
Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

30 June 2015

Investments	**Purchase Cost**	**Fair Value**	**Accrued interest**	**Total**
	€'000	*€'000*	*€'000*	*€'000*
Bonds	643,0	649,4	0,0	649,4
Equities	212,5	266,4	-	266,4
Other	186,6	171,5	-	171,5
Total	**1.042,1**	**1.087,2**	**0,0**	**1.087,2**

30 June 2016

Investments	**Purchase Cost**	**Fair Value**	**Accrued interest**	**Total**
	€'000	*€'000*	*€'000*	*€'000*
Bonds	428,41	407,66	1,00	408,67
Equities	545,32	540,78	-	540,78
Other	30,00	27,30	-	27,30
Total	**1.003,74**	**975,75**	**1,00**	**976,75**

22. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturity of 90 days or less:

	Six Months ended 30 June 2016 €'000	*Six Months ended 30 June 2015 €'000*
Cash at bank	6.075,1	4.834,0
Total cash and cash equivalents	**6.075,1**	**4.834,0**

23. Trade Payables

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Trade payables	1.885,6	2.673,8
Total trade payables	**1.885,6**	**2.673,8**

24. Borrowings

	Six Months 2016 €'000	*Six Months 2015 €'000*
UBS	1,5	24,0
Banca Popolare di Milano	246,8	285,4
Banca Popolare di Spoleto	-	26,5
Deutsche Bank	250,0	250,0
Unicredit	308,0	88,7
Banca Intesa	33,8	60,5
Banca Popolare di Bari	7,1	
Credit cards payables	2,7	0,8
Total current liabilities	**849,9**	**736,0**
UBS	1762	1762
Deutsche Bank	500	750
Banca Popolare di Milano	671,5	
Unicredit	700,0	
Total non-current liabilities	**3.633,5**	**2.512,0**
Total Borrowings	**4.483,5**	**3.248,0**

Financial Partner	**Outstanding**	**Interest rate**	**Total facility**	**Maturity**	**Repayment**	**Security**
UBS	1.762	Euribor + 1,25	1.762	Open ended	Open ended	Pledge on Silvia Anna Mazzucca financial instruments
Deutsche Bank	750	Euribor + 1,2	1.000	giu-19	Monthly	None
Banca Popolare di Milano	918	1,1%	1.000	feb-20	Monthly	None
Unicredit	900	1,2%	1.000	dic-20	Every six months	None

25. Other payables

	Six Months ended 2016 €'000	*Six Months ended 2015 €'000*
Accrued Expenses	7,1	26,3
Advances from customers/suppliers	104,1	34,6
deferred revenues	45,2	-
Employees and payroll-related	1.060,6	912,6
Government institutions	231,9	329,2
Others	264,5	272,9
Referred Parties (Minorities)	141,8	82,6
Tax local	185,0	150,4
Tax on Income	658,6	598,6
VAT	372,3	344,1
Work in progress	-	51,0
Total other payables	**3.071,2**	**2.802,3**

26. Employees benefits

	2016 €'000	*2015 €'000*
Severance indemnity	1.461,4	1.383,2
Directlrs benefit	428,8	388,9
Total other non-current liabilities	**1.890,2**	**1.772,1**

SEC S.P.A. has an obligation in relation to a Board Director for end of mandate allowance as per the above amounts on each year end date. Such obligation is covered by an insurance asset see note 18.

	Severance indemnity €'000
Opening Balance january 2015	**1.360,5**
Service Cost	105,9
Net Interest	10,2
Benefit Paid	(55,8)
Actuarial Gain/Loss	(37,6)
Closing Balance June 2015	**1.383,2**
Opening Balance January 2016	**1.435,78**
Service Cost	127,20
Net Interest	14,53
Benefit Paid	(55,6)
Actuarial Gain/Loss	(60,5)
Closing Balance June 2016	**1.461,4**

SEC S.P.A. has an obligation in relation to a Board Director for end of mandate allowance as per the above amounts on each year end date. Such obligation is covered by an insurance asset See note

27. Other non-current liabilities

	Six Months ended	*Six Months ended*
	2016	*2015*
	€'000	*€'000*
Other non-current liabilities	20,3	15,9
Total non-current liabilities	**20,3**	**15,9**

28. Share capital

At 30 June 2016, the share capital comprises:

1,000,000 ordinary shares of 1 EUR each. All shares are fully issued and paid up.

The ordinary shareholders are then entitled to receive dividends in proportion to their percentage ownership in the Company.

The basic and diluted earnings per share for 2016 and 2015 were determined by dividing the profit attributable to the equity holders of the parent by the number of shares outstanding during the periods. There were no dilutive instruments in the period. Earnings per share is determined as follows:

	Six months ended 2016	*Six months ended 2015*
	€'000	*€'000*
Profit of the year attributable to owners of the company	230.143,0	544.332,6
Number of shares	1.000.000,0	1.000.000,0
Earnings per share	**0,23**	**0,54**

29. Reserves

The following table describes the nature of each reserve:

	Six Months ended 2016	*Six Months ended 2015*
	€'000	*€'000*
Legal reserve	58,6	20,0
Evaluation reserve	22,4	83,5
Other reserves (IPO costs)	(582,0)	-
Other reserves (own shares)	(304,9)	-
Retained earnings	6.900,9	5,939,8
Total reserves	**6.399,9**	**6.043,3**

Legal reserve
Reserve required by law, not distributable.

Evaluation reserve
Gains/losses arising on financial assets classified as available for sale and actuarial evaluation on pension allowance.

Other reserve (IPO Costs)
Costs specifically incurred in order to get quoted on the AIM market and already received on end of June 2016 are accounted in reduction to Equity for the amount shown above.

Other reserves (own shares)
The reserve reduces total equity following to purchase of own shares (nominal value of shares purchased is reduced from the entity shares, the remainder is accounted in other reserves)

Retained earnings
All other net gains and losses and transactions with owners not recognized elsewhere.

30. Non controlling equity

The equity non-controlling interests refers to the net value of the assets and liabilities attributable to minority investments not held by the Group. Summarized financial information in relation to the subsidiaries before intra-group eliminations is presented below, together with the indication of the minority share of the net assets and the related results for the year.

31. Related party transactions

From time to time the Group enters into transactions with its associate undertakings. For amounts paid to key managers please refer to the table within note 6. For payables to related parties, please refer to note 24.

32. Contingencies and commitments

SEC Group has no contingent liabilities and or commitments.

33. Events after the reporting date

New acquisitions:

On September the 12th, SEC completed the acquisition of a majority shareholding (60%) in Bellenden Limited (trading as Newington) in line with its stated acquisition strategy and specifically referred to in the Admission document dated 20 July 2016.

Newington has a strong track record in public and corporate affairs at a local, national and European level (45 professionals throughout offices in London, Birmingham, Edinburg, Manchester and Chelmsford).

Dividends:

ACH Cambre SL – Spain; shareholders meeting decided the distribution of dividends from the 2015 results for a total amount of 101.275,89€ dividends distribution was settled on September the 9th 2016 (51.650,7€ to SEC and 49.625,19 to minorities)

34. Ultimate controlling party

There is no ultimate controlling party of the Company. Sec S.p.A. is 85% controlled by Fiorenzo Tagliabue.