SEC S.p.A.

("SEC", "the Company" or “the Group”)

Unaudited interim results for the six months ended 30 June 2018

SEC spa (AIM: SECG), the international advocacy, strategy and PR group, is pleased to announce its unaudited interim results for the six months ended 30 June 2018.

Financial Highlights

- Revenue up 13.4% at € 11.3m (H1 2017: € 10.0m)
- Ebitda up 31.9% at € 888K (H1 2017: € 673K)
- Net profit up 18% at € 507K (H1 2017: € 431K)
- Net Financial Position € 1.1m (30 June 2017: € 1.6m)

Half Year Highlights

- Revenue growth reflects organic growth of existing operations (2.3%) and the inclusion of SEC Latam (former Newlink).
- Ebitda growth 31.9% with like for like growth of 8.6% plus new acquisition.
- Strong trading performances from Newington (UK), SEC and Partners (Rome), Cambre Associates (Brussels) and Sec SPA (Milan).
- Acquisition strategy progressing as planned continuing with a number of opportunities in negotiation and being strengthened by recent Capital Increase proceeds.
- AI (Artificial Intelligence) large investment in excess of €1.2m already committed and under implementation
- Common Group interface adoption for global internal communication within Group staff.

Post Period and Outlook

- Management Committee expanded collaboration and activities begin to produce positive effects Group wide.
- CSO – Chief Sales Officer role implemented and team with appropriate resources to expand Group reach to Global and Multi-Country clients recruited
- Management investment to boost value in strategic investment in Porta Communications Plc, as largest shareholder continue.
- Electoral round in EU may offer opportunities for one of the Group core services.
- Strong and growing pipeline of business in all the countries in which SEC is represented.
- Investment in AI development may contribute to future trading performances

Fiorenzo Tagliabue, CEO of SEC spa commented:

“As we anticipated SEC’s path to increase its global footprint while continuing to focus on a high standard of client services and new business, are continuing in parallel.

We believe our subsidiaries continue to improve their performances while we keep investing time and resources in fine tuning their internal organization in order to improve the results we produce for our clients. In the meantime we continue to focus on the wellbeing of our personnel with training and career opportunities which boost morale and challenge them to surpass boundaries.

New business activities boosted by the referral to new clients by satisfied clients is a fundamental asset we continue to benefit from, and this is an increasing new strategic business activity.
The newly created role of the CSO, for example, is a clear signal of this approach.

The board of the Management Committee is working on a number of interesting new projects aimed at growing our global reach, improving our services with innovative approaches which will contribute to generate increasing return of investment for our clients. Further updates of which will be provided in due course.

We believe the results in the first half of 2018 demonstrate SEC is solidly improving its performance while continuing to commit even greater management time and resources to develop an grow.

SEC's acquisition plan remains an important part of its strategy, to achieve a consistent global market presence now, and with our presence in EU countries almost completed increasingly we are now targeting markets outside the EU with specific focus on North and South America. The Far East and Middle East already served through Porta partnership.

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

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Notes to Editors
SEC spa is a fully integrated strategy, PR, advocacy group with specialisms including corporate and marketing communication, public affairs and lobbying, brand and creative communications.

The group has offices in Milan, Rome, Venice, Bari, Turin and Catania in Italy; Brussels, Madrid, Berlin, Warsaw and London in Europe; Bogotà in South America.

SEC spa corporate websites are:
www.secrp.com
www.secglobalnetwork.com

Chairman and CEO Review

The Company continues to make good progress in the first half of 2018, delivering a continued improvement in its performance, resulting in increased revenues and profitability.

Organic growth was coupled with strategic investment to increase the Group footprint and SEC's ability to serve clients in additional locations. The cross referral of clients within the network is increasingly reflecting the positive relations with clients and the level of satisfaction and the willingness of existing clients to use Group services in additional locations and/or referring clients for new projects. We believe this is due to efforts made particularly in Italy, Brussels, UK and Spain to increase the pipeline and gain new clients. In the coming months we expect this to continue in line with a new initiative the Senior Management team are planning to implement.

Financial Overview
The interim results 2018 show a turnover of € 12.9m, more than € 2 million more than same period in 2017. Gross profit up to 12,4m more than 2,2m more than same period 2017.

Ebitda amounts to € 888,205 a solid 31.9% growth vs. same period last year. Like for like Ebitda growth of 8.6% reflects the improvement of operation performances before acquisitions.

We continue to keep Labour cost under tight control, pushing the ratio of staff cost to fee income to 65%, which we believe reflects the better use of human resources to boost return on investment. We continue to work to improve this ratio and keep investing in technology to help this trend.

Strategy Review
Since 2013 SEC has been working to establish a global partnership with strong roots in Europe.

As far as our positioning is concerned, over the years we have been focusing with increasing clarity on three main elements that continue to be core of a distinctive proposition in the market:

- **Entrepreneurship**: we are building up the first ever network made of entrepreneurs who keep running their local business while contributing to shape our global strategy
- **Flexibility**: we always want to put the clients and their needs on top. This is achieved through a mix of factors including the absence of network exclusivity in all markets, proximity and local touch, the development of management skills and tools to partner with the client while delivering the output that is expected
- **Reliability**: to stick to promises and commitments we can deliver, to build trust, based on quality performance, honest and transparent attitude, and highest professional and ethical standards

The group keeps pushing to accelerate its growth, both organic basis and through acquisitions, in order to increase the turnover level to continue to allow for a more balanced distribution of the costs of staff structure and consequently to improve Group margin.

The Management Committee, chaired by Tom Parker, has boosted cooperation between various companies and we believe it is shaping a common enterprise culture. We believe signs of the company global culture and the level of cooperation is already clearly visible and producing positive effects.

To further leverage Group expansion and synergies a new central commercial function has been created to position SEC as a challenger of larger established groups towards global or multi-country clients. The new role of CSO – Chief Sales Officer – has been created to position SEC towards those clients with those needs and to present SEC as a possible compelling challenger.

We have already seen the growing trend of cross country referrals which include in the first half 2018 the following: Autogrill, Best and Fast Change, Energy Transition Commission, Falk Renewable, Federlegno, Ikea, Marche Region, Tesla, Eco Hispanica amongst the others.

Operational Overview

SEC spa (Milan)
Trading conditions in Italy, after a slightly positive 2017 with the return to growth of Italian economy, have been slowing down due to recent country elections and the delay in forming the new Government coalition.

As a consequence, competition continues to be quite aggressive especially on the price of services.

Despite this, SEC Milan has continued to perform quite positively being able to generate over €1 m new business in H1.

New wins and increasing assignments include clients such as Shell, Ikea, Bombardier, Percassi, ACI (Italian Automobil Club), UILDM, Atena, La Fenice Venice, Genova High Tech just to quote some.

Additional assignments from existing clients such as Nestlè, SEA, Findomestic, AIPB (Private Banking Association), WEC (World Energy Council) among others. A particularly strong area of business has been Issue and crisis management area with a growing Corporate and Financial and Healthcare business

SEC's investment into Artificial Intelligence continue to develop satisfactorily with new product and services now under finalization. We look forward to updating the market in due course.

SEC in Italy

Other companies in Italy have had a different performance. SEC and partner, SEC's Rome based subsidiary which is focused mostly on financial communication, has continued to perform highly positively with a very good profit margin.

The other small businesses are in line with expectations. HIT has improved and show a positive result with a major improvement versus H1 2017.

New business activities have assured in excess of 300K in H1 and pipeline in almost all above operation is reasonably strong.

Cambre Associates

On the financial side, the first two months of 2018 were a hangover from 2017, a year in which Cambre lost some big clients. Focus was on rebalancing fee income versus costs during the first part of H1.

We have succeeded in significantly increasing the budgets of several retained clients, including Tesla, BSA | The Software Alliance and the International Association of Privacy Professionals. We have also secured some big wins, including the governments of Georgia and Morocco, and enjoyed promising new business momentum that is bearing fruit in the third quarter. The Company is performing profitably.

The outlook for the full year is positive, as we move to control costs and see strong new business momentum, particularly in the tech and energy sectors. Wins since July include Expedia, Ferrero, Fertilizers Europe and the Port of Antwerp, with further significant prospects in the pipeline. We note the need to go into 2019 with a compelling business plan for our healthcare practice, given the question mark over future fee income in this challenging sector.

ACH Cambre

From January 2018 ACHCambre won the following clients: Bergé (car distribution, logistic); Bahri (Saudi Arabia maritime transportation); Best & Fast Change (currency exchange); Autogrill (restaurants); Acciona (Energy, Infrastructures, Real State); KBL European Private Bankers; Brasil-Spain Chamber of Commerce;

Prosegur (Private Security, Cash Transportation, Alarms); IFEMA (Madrid Exhibition Center); Averum Abogados (Law Firm); KOBO by FNAC (eBooks). Those clients in addition of the existing clients like Makro, Pernod-Ricard Wines, Edwards, Tork, Newell, Tetra-Pak, John Deere, Spanish Cancer Association, etc. conformed a solid Clients Portfolio.

ACH-Cambre's new Staff Members along the first half of 2018 have strengthened our client service capabilities with José Sánchez Arce as Deputy Director, with a degree in Journalism and an Executive MBA, José has been Head of the Communication Office of the Ministry of Defence until June 2018, an communication advisor in the Prime Minister' Office from 2012 till 2017.

Alma Alonso as Social Media Manager; Alma has been previously account supervisor in Ebolution (Digital Commerce) and Client Service Executive in Carat.

Those incorporations in addition of the current staff we have complete along 2017 make a stable and high professional team composed now by 18 people.

In the second half of 2018, the outlook envisages a fierce competition environment characterized by a strengthening of the digital and social media areas of our competitors. ACH-Cambre is doing a great effort in new business area and we are right now competing in different pitches like the Embassy of Luxemburg, the Embassy of Saudi Arabia, Mutuality for Coverage of Working Accidents, etc. Confidence to meet 2018 budget is high.

The market Outlook for the Spanish economy has suddenly deteriorated coinciding with the arrival of the new socialist Government. With a weak support in the Parliament, the new Prime Minister, Pedro Sánchez, needs the votes of the populist party Podemos, his main ally, as well as the support of the Catalonian independent parties. His first political initiatives are adding political uncertainty to a complicated mandate. Analysts agree that Mr. Sanchez will call early elections next year.

KOHL PR

Kohl PR is facing a difficult year in 2018 having lost a major client. New business efforts have produced positive results with the win of pharmaceutical company Merck, the Bjoern Schulz Foundation that focuses on hospice care of children and young people, the outdoor booking portal Pitchup.com and Transdev, one of the leading private public transport companies, are examples for new clients. Additional effort has to be made to re-balance the situation.

The second half of the year includes several prospective new clients including Heineken, the Association of Cyprus Banks, Vorwerk or the German Federation of Food Law and Food Science. Furthermore, Kohl PR is negotiating commercial partnership with an agency focusing on marketing and digital communication with the objective of a close cooperation that could boost business. 2018 will remain a difficult business year especially as some of the new business prospect will not start before 2019.

In general, the German PR sector has developed into a volatile market. Long term contracts are no longer the rule. Additionally, the political and business environment did not develop as expected. In particular it was disadvantageous for Kohl PR with its strong focus on political consultancy the long delay til the new government was established. Furthermore, the instability of the ruling government under the leadership of Angela Merkel does not support the economic sentiment. The industry criticizes a political standstill in many fields which has also impacted on the development of the PR sector.

Newington

Six months into 2018 and Newington looks to continue a period of consolidation and innovation with steady growth predicted till the end of the year. High quality clients work has been matched by a list of new clients including: leisure group, Belmond; charity, Save the Children; lawyers, Burges Salmon and Mischon de Reya, Transport for London, the County Land and Business Association and many others.

Newington has had major successes in 2018 delivering for its clients, seeing its campaign for Pupaid, 'Lucy's Law' become legislation and recognised by a Daily Mirror Special Award; introduction of an energy price cap as a result of a campaign for Octopus Energy, introduction and acclamation for client DPD's new Drivers' Code, No 10 support for our work with charity 'Calm' and recognition for Newington as Southwark's SME Business Excellence Award winner. This has been backed up with top quality client work across its entire client base.

Internally we have seen a major restructure with a new Corporate Affairs Division launched led by new hire Michelle de Leo and incorporating a new digital and design team. Naomi Harris has been promoted to be Chief Operating Officer, giving a stronger central function to the agency as we implement shared financial and client management software. The Local and National Divisions have both split into multiple practices, driving new business and maintaining our excellence in delivery covering new specialisms such as: transport and infrastructure, energy and the environment, education, health and social care, legal and professional services, financial services and property pr. On an international level relationships within the SEC Global Group have strengthened considerably leading to a stronger pipeline of international new business prospects.

As our client Marc Abrahams of Pupaid says about Newington, "Their insight and understanding of the political sphere is second to none."

Martis Consulting (Poland)

Despite growing GDP, economic indicators improvement and declining unemployment rate, the PR service market is still very competitive. Global network agencies like MSL Group, 24/7 Communications, and Hill & Knowlton, providing services for the world brands, are prevailing on the market. The conventional PR market in Poland evolves into integrated marketing communication, which aims to support the sales. Martis Consulting is specialized in providing services for the companies listed on the Warsaw Stock Exchange, which is experiencing hard times, even though there is boom on the foreign markets. The main index WIG20 lost 13% in H1, and profits of all of the companies from the index fell by 6% compared to the same period of 2017. We perceive that the situation is even worse in the SME sector which is strongly affected by the financial scandal of GetBack, which broke out at the end of April 2018. Estimated investors' and shareholders' losses amounted to several billion PLN. On the other hand the financial crisis brought new clients to the company - 2 medium-sized banks and a big investment fund company. In H2 2018 we expect the improvement in the results due to higher margin of new contracts together with keeping the staff cost on the stable level. Due to the adoption of the Employee Pension Plan Act, which will come into force in July 2019, we believe the capital market should revive in the next few years, because of the annual injections of about 12 billion PLN. It should have a positive influence on the growth of agency's turnover and financial results in the future.

Sec Latam (former Newlink)

SecLatam delivered outstanding top line growth during H1, as result of the successful renewal of existing contracts and the generation of new business in Corporate Affairs and Brand Public Relations units. The new clients incorporated in SecLatam's portfolio include multinationals such as Colgate, AB InBev, Prosegur and Khiron, as well as important local companies like Alpina. On the other hand, EBITDA was aligned with budget and showing positive results despite one-off expenses.

SecLatam changed its office location at the beginning of the year, improving its working environment with favourable response from employees and clients. In parallel, the brand SecLatam was successfully launched in the market with coverage in key media.

The positive trend in Colombia is expected to continue in H2, with the capture of the new clients and special projects to be led by the Creative, Experience, Design and Digital teams. In terms of EBITDA results, SecLatam is expected to reach budget target. Opportunities mainly focused in Chile and Perú will be analysed and assessed looking to strengthen the position of the Group in the Region; in addition, efforts will be made to win pan regional accounts (North, Central & South America).

Luigi Roth
Chairman

Fiorenzo Tagliabue
Chief Executive Officer

FINANCIAL INFORMATION OF SEC S.P.A.
FOR THE SIX MONTHS ENDED 30 JUNE 2017

Consolidated income statement

Continuing Operations	*Note*	*Six months ended 2017*	*Six months ended 2018*
		€'000	*€'000*
Revenue	5	**10,024**	**11,371**
Employees expenses	6	(5,637)	(6,075)
Service costs	7	(3,420	(4,100)
Depreciation & amortization	8	(76)	(106)
Other operating income and charges	9	25	170
Other operating costs	10	(325)	(480)
Profit from operations		**591**	**780**
Finance income and expense	11	(38)	(80)
Profit before taxation		**553**	**700**
Taxation	12	(123)	(193)
Profit for the period		**430**	**507**
Profit for the period attributable to owners of the company		218	277
Non-controlling interest		212	230
Profit for the period		**430**	**507**
Earnings per share attributable to the equity holders of the Company			
Basic, per share	28	0.018	0.021
Diluted, per share		0.017	0.020

Consolidated statement of comprehensive income

Continuing Operations	Six months ended 2017	Six months ended 2018
	€'000	€'000
Profit for the period	**430**	**507**
Items that may be subsequently reclassified to profit or loss:		
Gain /(loss) on exchange rates		
Gain/(loss) on revaluation of available for sale investments	63	(41)
Gain /(loss) on exchange rates	(19)	(28)
Items that will not be reclassified to profit or loss:		
Actuarial gain/(loss) on defined benefit pension plans	39	45
Total comprehensive income for the year	**513**	**483**
Total comprehensive income for the year attributable to:		
Owners of the Company	212	259
Non-controlling interest	301	224
Net Group comprehensive income for the year	**513**	**483**

Consolidated statement of financial position

	Note	Six months ended 2017	Six months ended 2018
		€'000	€'000
Intangible assets	13	6,998	9,409
Tangible assets	14	414	430
Investments	15	7	7
Other financial assets	16	10	19
Other assets	17	738	978
Non-current assets		**8,167**	**10,843**
Trade receivables	18	8,235	8,221
Other receivables	19	918	1,346
Financial investments	20	1,075	4,544
Cash and cash equivalents	21	5,085	4.522
Current assets		**15,313**	**18,633**
Total assets		**23,480**	**29,476**
Trade payables	22	2,162	2,390
Borrowings	23	934	2,312
Other payables	24	2,815	3,429
Provisions	25	612	1,707
Current liabilities		**6,523**	**9,838**
Employee benefits	26	1,483	1,815
Borrowings	23	3,670	5,655
Other non-current liabilities	27	304	510

Non-current liabilities		**5,457**	**7,980**
Total liabilities		**11,980**	**17,818**
Net assets		**11,500**	**11,658**
Share capital	28	1,222	1.222
Reserves	29	7,978	8,148
Profit of the year		218	277
Equity attributable to equity holders Of the Company		**9.418**	**9,647**
Equity non-controlling interests	30	2,082	2,011
Total equity		**11,500**	**11,658**
Total equity and liabilities		**23,480**	**29,476**

Consolidated cash flow statement

	Six months ended 2017	*Six months ended 2018*
	€'000	*€'000*
Operating activities		
Profit for the year	431	507
Adjusted for:		
Corporation tax	123	193
Net interest	38	80
Depreciation tangible assets	50	80
Amortization intangible assets	26	26
(Increase)/Decrease in trade and other receivables	(1,191)	16
Increase/(Decrease) in trade and other payables	418	(647)
Increase/(Decrease) in Other provisions	(651)	(383)
Increase/(Decrease) in Employees benefits	28	20
Changes in working capital:		
Cash generated from operations	**(728)**	**618**
Income tax paid	**(123)**	**(367)**
Net cash flow from operating activities	**(851)**	**251**
Investing activities		
(Purchase)/sale tangible assets	(12)	(100)
(Purchase)/sale of intangibles assets	(123)	(32)
Changes in Goodwill	(1,197)	-
Acquisitions and earn-outs	(9)	(258)
Change in other assets	218	51
Net cash used in investing activities	**(1,123)**	**(338)**
Financing activities		
Bank loans drawdown/repayments	348	288
Interest paid	(38)	(80)
Share issues	-	-
Other increase /(decrease) in equity	19	269
Net cash used in financing activities	**329**	**(61)**
Net increase in cash and cash equivalents	**1,645**	**(149)**
Cash and cash equivalents at beginning of period	**7.825**	**4,672**
Cash and cash equivalents at the end of period	**6,180**	**4,523**

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 principal business of the Group is a comprehensive range of Public relations, advocacy, communications and public affairs 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 2018
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)	76.00%
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%
Newington Communications LTD	NEW	London (UK)	60.00%
Martis Consulting Sp. z o. o.	MAR	Warsaw (PL)	60,00%
SEC Latam Comunicaciones Estrategica SAS	NWC	Bogotà (Colombia)	51,00%

The acquisitions completed during the two six months ended 30 June 2018 were as follows:

- In April 2017: Martis Consulting Sp. Z,o,o
- In December 2017: Newlink Comunicaciones Estrategica SAS formerly renamed into SEC Latam

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.

a (bis). Translation of the Financial Statements of foreign companies

- The Group records transactions denominated in foreign currency in accordance with IAS 21 - The Effect of Changes in Foreign Exchange Rates. The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- Income and expenses for each consolidated statement of income are translated at average exchange rates.
- All resulting exchange differences are recognized in other comprehensive income.
- Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.
- The final exchange rate of Euro vs. Great Britain Pound used on Newington Communication LTD as of 30 June 2018 is 0,88605; the one on Martis is 3,3732; the one on SEC Latam 0,000290904.

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)
- Amendments to IFRS 12: Disclosure of Interests in Other Entities (effective 1 January 2017)
- Amendments to IFRS 1 and IAS 28: First-time Adoption of International Financial Reporting Standards and Investments in Associates and Joint Ventures (effective 1 January 2018)
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective 1 January 2018)
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective 1 January 2018)
- IFRIC interpretation 22: Foreign Currency Transactions and Advance Consideration (effective 1 January 2018)
- Amendments to IAS 40: Transfers of Investment Property (effective 1 January 2018)
  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.
- IFRIC interpretation 23: Uncertainty over Income Tax Treatments (effective 1 January 2019)
- Amendments to IFRS 9 Financial Investments and to IAS 28 Investments in Associates and Joint Ventures (clarifications on how to combine IFRS 9 and IAS 28)
- Amendments to IAS 12 Income Taxes, IAS 23 Borrowing Costs, IFRS 3 Business Combination and to IFRS 11 Joint arrangements (effective 1 January 2019)
- Amendment to IAS 19 Employees Benefits (effective 1 January 2019)

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 cost 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 recognized 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.

Services provided by Group entities located in each geography are as follows:

	Six months ended 30 June 2017		***Six months ended 30 June 2018***	
	€'000	%	*€'000*	%
Italy	4,914	49%	5,123	45%
United Kingdom	2,020	20%	2,237	20%
Belgium	1,785	18%	1,738	15%
Colombia	-	-	1,117	10%
Poland	236	2%	559	5%
Spain	665	7%	412	3%
Germany	431	4%	185	2%
Total revenue	10,024	100%	11,371	100%

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 recognized 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

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 valuation of the CGUs for goodwill impairment testing is prepared on a discounted cash flow basis at year end.

Other

Externally acquired intangible assets are initially recognized cost and subsequently amortized on a straight-line basis over their useful economic lives. Licenses are amortized over the term of the license 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 asset 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.

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 ended 30 June 2017 €'000		*Six months ended 30 June 2018 €'000*	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Trade and other receivables	9,153	9,153	9,568	9,568
Financial investments	1,075	1,075	4,544	4,544
Cash and cash equivalents	5,085	5,085	4,522	4,522
Financial liabilities				
Trade and other payables	4,997	4,997	5,799	5,799
Financial liabilities	4,604	4,604	8,033	8,033

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 end 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:

1. 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;
2. 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.

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.

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.

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 recognized.

Employee benefits

For actuarial assumptions on severance indemnity refer to note 26.

Impairment of Goodwill

Disclosure included in note 2 (h).

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

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.

a. 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 € 8,221,000 (2017: €8,234,000) net of any write-off and allowance for doubtful receivables.

As at 30 June 2018, the Group had amounts due from ten major customers amounting to 16 per cent. of the trade receivables balance.

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 2018 and consequently no further provisions have been made for bad and doubtful debts.

b. 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).

c. 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 instalment 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 instalment 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 instalments between February 2016 and February 2020.
6. Natwest GBP 100.000 at an interest rate of 4.69% payable in monthly instalments between October 2016 and October 2019
7. UBS (Italy) S.p.A € 1.000.000 at an interest rate of 1-month Euribor plus a margin of 1,00 per cent (minimum rate is margin when EURIBOR+1% becomes negative), on amortizing basis with monthly basis instalment between March 2017 and February 2020
8. Unicredit S.p.A., € 3.500.000 at an interest rate of Euribor 3 months * 365/360 (1.7%-0.336) payable every three months between April 2018 and July 2022
9. Banca Carige S.p.A., € 1.000.000 at a fix interest rate of 1,2% payable every six months starting January 2018 and ending June 2021

d. 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.

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 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
Revenue of services	10,024	11.371
Total	**10,024**	**11,371**

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

Revenues for services are composed by: public relation activities for € 5,522,000; (2017: € 6,930,000) advocacy activities for € 4,603,000; (2017: € 2,348,000) and integrated services of € 1,246,000; (2017: € 746,000).

6. EMPLOYEES EXPENSES

-

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
Salaries	4,482	4,918
Social contributions	887	904
Severance indemnity	150	239
Other costs	118	14
Total employee expenses	**5,637**	**6,075**

7. SERVICE COSTS

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2017 €'000*
Consulting	522	681
Internal Consulting & Directors	703	948
Overheads	592	834
Rent/Lease	505	566

Services	1,098	1,071
Total service costs	**3,420**	**4,100**

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 for € 613,000 (€744.000 in 2017) and other amounts are related to phone costs, travel expenses, office maintenance expenses, freight costs, car expanses and bank charges.

8. DEPRECIATIONS AND AMORTIZATIONS

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
Amortization of intangibles	26	26
Depreciation of tangible assets	50	80
Total depreciation and amortization	**76**	**106**

9. OTHER OPERATING INCOME AND CHARGES

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
Other Charges	-	-2
Other Income	25	172
Total other operating income and charges	**25**	**170**

Other operating income and expenses in 2016 and 2017 are mainly generated by non-recurring adjustments and miscellaneous.

10. OTHER OPERATING COSTS

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
Bad debts allowance	6	2
Impairment of investments	-	-
Tax local	26	43
Others	293	435
Total other operating costs	**160**	**480**

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.

11. FINANCE INCOME AND EXPENSE

Financial income	*Six months ended 30 June 2017 €'000*	*Six months ended 30 June 2018 €'000*
Interest income	8	1
Finance income	**8**	**1**
Financial expenses		
Interest expense	(46)	(76)
Other expenses	-	(5)
Finance	**(46)**	**(81)**
Net Finance income and expense	**(38)**	**(80)**

12. TAXATION

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2017 €'000*
Current tax expense	75	199
Deferred tax income	48	(6)
Total income tax expense	**123**	**193**

2016 Applicable tax rates (Italy)

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

- IRES is the state tax which at 24 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.

13. INTANGIBLE ASSETS

	Licenses	Goodwill	Total
COST	€'000	€'000	€'000
At 1 January 2017	**161**	**5,614**	**5,775**
Additions	124	1,196	1,320
At 30 June 2017	**285**	**6,810**	**7,095**
AMORTISATION			
At 1 January 2017	**(72)**		**(72)**
Charge for the year	(25)		(25)
At 30 June 2017	**(97)**		**(97)**
NET BOOK VALUE			
At 30 June 2017	**188**	**6,810**	**6,998**
COST	€'000	€'000	€'000
At 1 January 2018	**321**	**9,205**	**9,526**
Additions	32	-	32
At 30 June 2018	**353**	**9,205**	**9,558**
AMORTISATION			
At 1 January 2018	**(124)**		**(124)**
Charge for the year	(25)		(25)
At 30 June 2018	**(149)**		**(149)**
NET BOOK VALUE			
At 30 June 2018	**204**	**9,205**	**9,409**

Additions in Goodwill over 2017 period are generated as follows:

- In 2017, € 1,196.000 from acquisition Martis Consulting Sp. Z,o,o,

14. TANGIBLE ASSETS

COST	Leasehold improvements €'000	Equipment €'000	Furniture and fittings €'000	Total €'000
At 1 January 2017	**363**	**136**	**660**	**1,159**
Additions		22		22
Disposals	(25)			(25)
At 30 June 2017	**338**	**158**	**660**	**1,156**
DEPRECIATION				
At 31 January 2017	**(157)**	**(95)**	**(439)**	**(691)**
Charge for the year	(33)	(3)	(15)	(51)
Disposals	-			
At 30 June 2017	**(190)**	**(98)**	**(454)**	**(742)**
Net Book Value				
At 30 June 2017	**148**	**60**	**206**	**414**

COST	Leasehold improvements €'000	Equipment €'000	Furniture and fittings €'000	Total €'000
At 1 January 2018	**379**	**161**	**745**	**1,285**
Additions		9	110	119
Disposals	(11)			(11)
At 30 June 2018	**368**	**170**	**855**	**1,393**
DEPRECIATION				
At 31 January 2018	**(216)**	**(106)**	**(561)**	**(883)**
Charge for the year	(25)	(5)	(50)	(80)
Disposals				
At 30 June 2018	**(241)**	**(111)**	**(611)**	**(963)**
Net Book Value				
At 30 June 2018	**127**	**59**	**244**	**430**

15. Investments

	Owned by	*%*	*Six months ended 30 June 2017 €'000*	*Six months ended 30 June 2018 €'000*
Sec & Partners S.r.l.	SEC	95%	5	5
Others	-	-	2	2
Total investments			**7**	**7**

16. Other financial assets

Other financial assets include € 17,000 of bank deposits to guarantee the ACH Cambre SL (Madrid) office lease.

17. Other assets

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
Deferred tax assets	417	535
Rental deposits	18	151
Directors benefits	264	292
Other	39	-
Total other assets	**738**	**978**

Director benefits is the asset coverage provided by an external insurance company in order to fulfil the end of mandate obligations for the Board director (see note 27).

18. Trade receivables

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
Trade receivables	8,235	8.221
Total trade receivables	**8.235**	**8,221**

There is no material difference between the net book value and the fair-values of trade receivables due to their short-term nature.

The ageing analysis of accounts receivables by due date is as follows:

Trade receivables not yet due	*Days from due date*				*Total trade receivables*
	≤120	*>120≤180*	*>180≤365*	*>365*	
€'000	*€'000*	*€'000*	*€'000*	*€'000*	*€'000*

4,893	2,085	318	310	615	8,221
65%	16%	3%	5%	11%	100%

The amounts presented in the consolidated statement of financial position are net of an allowance for doubtful receivables of € 343,000 (2017: €146,000) based on prior experience and their assessment of the current economic ongoing.

19. OTHER RECEIVABLES

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
Prepaid expenses	238	428
Tax on income	396	727
VAT	45	24
Others	239	167
Total other receivables	**918**	**1,346**

There is no material difference between the net book value and the fair values of other receivables due to their short-term nature.

20. FINANCIAL INVESTMENTS

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
UBS S.A. investment	1,075	1,092
Porta Communication equities	-	3,452
	1.075	**4,544**

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 2018

Investments	**Purchase Cost**	**Fair Value**	**Accrued interest**	**Total**
	€'000	*€'000*	*€'000*	*€'000*
Bonds	378	368	-	368
Equities	545	699	-	699
Other	30	25	-	25
Total	**953**	**1,092**	**-**	**1,092**

30 June 2017

Investments	**Purchase Cost**	**Fair Value**	**Accrued interest**	**Total**
	€'000	*€'000*	*€'000*	*€'000*
Bonds	428	431	1	432
Equities	545	616	-	616
Other	30	27	-	27
Total	**1,003**	**1,074**	**1**	**1,075**

Investments at fair value	30 June 2017 Level 1	2	3	30 June 2018 Level 1	2	3
Available for sale	*€'000*	*€'000*	*€'000*	*€'000*	*€'000*	*€'000*
Debt securities:						
- Government bonds	-	-	-	-	-	-
- Other bonds	51	-	-	-	-	-
Total	**51**	**-**	**-**	**-**	**-**	**-**
Equities and mutual funds under management:						
- Equity Funds	617	-	-	699	-	-
- Bond Funds	380	-	-	368	-	-
- Balanced Funds	27	-	-	25	-	-
Total	**1,024**	-	-	**1,092**	-	-
Total Investments	**1,075**	-	-	**1.092**	-	-

	Debt securities	**Equities**	**Funds**	**Loans**	**Total**
Financial Assets Available for sale					
Opening Balance January 1 2017	**53**	**-**	**996**	**-**	**1.049**
Purchases	**-**	**-**		**-**	
Positive changes in fair value	**-**	**-**	**-**	**-**	**-**
Other changes	**-**	**-**	**-**	**-**	**-**
Sales	**-**	**-**	**-**	**-**	**-**
Negative changes in fair value	**(2)**	**-**	**28**	**-**	**26**
Closing Balance June 30 2017	**51**	**-**	**1,024**	**-**	**1,075**

	Debt securities	**Equities**	**Funds**	**Loans**	**Total**
Financial Assets Available for sale					
Opening Balance January 1 2018	**53**	**-**	**1,068**	**-**	**1.121**
Purchases	**-**	**-**		**-**	**-**
Positive changes in fair value	**-**	**-**	**38**	**-**	**38**
Other changes	**-**	**-**	**-**	**-**	**-**
Sales	**(51)**	**-**	**-**	**-**	**(51)**
Negative changes in fair value	**(2)**	**-**	**(14)**	**-**	**(16)**

Closing Balance June 30 2018	**-**	**-**	**1,092**	**-**	**1,092**

21. 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 2017 €'000	*Six months ended 30 June 2018 €'000*
Cash at bank	5,085	4,522
Total cash and cash equivalents	**5,085**	**4,522**

22. TRADE PAYABLES

	months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
Trade payables	2,162	2,390
Total trade payables	**2,162**	**2,390**

23. BORROWINGS

The Group has both long-term borrowings funding business acquisitions and short-term credit facilities for working capital. Borrowings shown on current and noncurrent liabilities are as follows:

	Six months ended 30 June 2017 €'000	*Six months ended 31 December 2018 €'000*
Deutsche Bank	503	581
Banca Popolare di Milano	278	199
Unicredit	104	1,035
Carige	-	314
National Westminster Bank PLC	49	38
Banco Colpatria	-	145
Total current liabilities	**934**	**2,312**
UBS	1,762	1,762
Deutsche Bank	855	222
Banca Popolare di Milano	403	300
Unicredit	610	2,686
Carige	-	671
National Westminster Bank PLC	40	14
Total non-current liabilities	**3,670**	**5,655**
Total borrowings	**4,604**	**7,967**

Details of non-current liabilities

	Outstanding €'000	*Total facilities €'000*	*Interest rate*	*Maturity date*	*Repayment*	*Security*
UBS	1,762	1,762	Euribor + 1.25%	Open ended	Open ended	Pledge on Silvia Anna Mazzucca financial instruments
Banca Popolare di Milano	300	1000	1,1%	February 2020	Monthly	None
Unicredit	170	1,000	1.2%	Dec. 2020	Monthly	None
National Westminster PLC	14	100	4.69%	October 2019	Monthly	None
Deutsche Bank	222	1,000	Euribor + 1%	Feb. 2020	Monthly	None
Unicredit	2,516	3,500	Euribor 3 months * 365/360 (1.7%-0.336)	July 2022	Three months	None
Carige	671	1,000	1.2%	June 2021	Every six months	None

24. Other payables

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
Accrued Expenses	269	332
Advances from customers	77	43
Employees and payroll-related	1,168	1,380
Government institutions	297	279
Referred Parties	142	142
Tax local	2	-
Tax on Income	207	341
VAT	597	542
Other	56	370
Total other payables	**2,815**	**3,429**

There is no material difference between the net book value and the fair values of current other payables due to their short-term nature.

25. PROVISION

	Six months ended 30 June 2017 €'000	Six months ended 30 June 2018 €'000
Provisions	612	1,707
Total provisions	**612**	**1,707**

Increase in provisions versus 2016 is mainly due to accounting for the earn out liability on the acquisition of Newington and Sec Latam (see note 13).

26. EMPLOYEE BENEFITS

	Six months ended 30 June 2017	Six months ended 30 June 2018
Severance indemnity	1,483	1,815
Total severance indemnity	**1,483**	**1,815**

The liability represents the amount for future severance payments to employees.

	Severance indemnity
	€'000
Opening Balance January 1 2017	**1,504**
Service Cost	97
Net Interest	10
Benefit Paid	(54)
Actuarial Gain/Loss	(74)
Closing Balance 30 June 2017	**1,483**
Opening Balance January 1 2018	**1,680**
Service Cost	103
Net Interest	11
Benefit Paid	(24)
Actuarial Gain/Loss	45
Closing Balance 30 June 2018	**1,815**

27. OTHER NON-CURRENT LIABILITIES

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
Total other non-current liabilities	**304**	**510**

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 (322.000 in 2018 and 289.000 in 2017). Such obligation is covered by an insurance asset (note 17).

28. SHARE CAPITAL

At 30 June 2018, the share capital comprises:

12,221,975 ordinary shares of 0.1 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.

Authorized, issued and fully paid capital	*As at 30 June 2017*	*As at 30 June 2018*
As at 1 January	€ 1,000,000	€1,000,000
Additions during the year	€ 222,197.50	€ 222,197.50
30 June	**€ 1,222,197.50**	**€1,222,197.50**

Earnings per share

The basic and diluted earnings per share for 2017 were determined by dividing the profit attributable to the equity holders of the parent by the number of shares outstanding during the period. Earnings per share, basic, is determined as follows:

	Six months ended 30 June 2018 €'000	*Six months ended 30 June 2018 €'000*
Profit for the year attributable to owners of the company	€ 218,000	€ 261,000
Number of shares	10,000,000	12,221,975
Earnings per share, basic	**€ 0.018**	**€ 0.021**

The General Assembly held on 9 June 2016 resolved to issue a maximum of 134,000 shares to be assigned to WH Ireland Limited as warrant, and a maximum of 675,000 shares as stock grant plan to the employees.

As of today, neither warrant nor stock grant plan were subscribed, however the potential additional shares should be considered as dilutive instruments. Earnings per share, diluted, is determined as follows:

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*

Profit for the year attributable to owners of the company	€ 218,00	€ 261,000
Number of shares	13,031,975	13,031,975
Earnings per share, diluted	**€ 0.017**	**€ 0.020**

29. RESERVES

The following table describes the nature of each reserve:

	Six months ended 30 June 2017 €'000	*Six months ended 30 June 2018 €'000*
Legal reserve	58	58
Evaluation reserve	78	167
Share premium reserve	2,627	2,615
Retained earnings	5,215	5,308
Total Reserves	**7,978**	**8,148**

Legal reserve

This reserve required by law, not distributable.

Evaluation reserve

Gains/losses arising on financial assets classified as available for sale, actuarial evaluation on pension allowance and exchange rates differences.

Share premium reserve

The share premium reserve includes € 3,777,000 related to the IPO of Sec S.p.A. on the AIM UK market occurred on 26 July 2016, for amounts paid in excess of share face value, net of € 1,150,000 generated by the costs of listing, net of tax.

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.

The summarized company statements of financial position for the Two year ended 30 June 2018 are as follows:

As at 30 June 2017 €'000	**HIT**	**CUR**	**CAM**	**ACH**	**SEC-A**	**MED**	**DS**	**SEC-P**	**KOHL**	**NEW**	**MAR**
Non-current assets	5	8	119	298	2	17	1	637	13	185	19
Current assets	817	306	1,405	791	337	153	41	1,612	479	1,447	96
Noncurrent liabilities	59	10	-	-	13	28	0	74	10	-	-

Current liabilities	174	314	498	198	274	61	63	951	151	704	35
Equity	**589**	**(10)**	**1,026**	**891**	**52**	**81**	**(21)**	**1,224**	**331**	**928**	**80**
Equity to non-controlling interest	**250**	**(3)**	**247**	**437**	**26**	**41**	**(10)**	**607**	**83**	**372**	**32**

As at 30 June 2018 €'000	**HIT**	**CUR**	**CAM**	**ACH**	**SEC-A**	**MED**	**DS**	**SEC-P**	**KOHL**	**NEW**	**MAR**	**NWC**
Non-current assets	6	5	98	319	4	14	1	638	27	143	20	76
Current assets	916	229	1,273	298	269	143	34	1,686	228	2,109	240	911
Noncurrent liabilities	87	11	-	-	20	18	-	93	18	14	-	26
Current liabilities	209	221	454	175	255	53	64	693	91	1,180	161	785
Equity	**626**	**2**	**917**	**442**	**(2)**	**86**	**(29)**	**1,538**	**146**	**1,058**	**99**	**176**
Equity to non-controlling interest	**265**	**-**	**220**	**152**	**(1)**	**42**	**(14)**	**761**	**36**	**423**	**40**	**86**

The summarized income statement of the companies for the two-year ended 30 June 2018 are as follows:

For the period ended 30 June 2017 €000	**HIT**	**CUR**	**CAM**	**ACH**	**SEC-A**	**MED**	**DS**	**SEC-P**	**KOHL**	**NEW**	**MAR**
Revenue	**312**	**178**	**1,758**	**665**	**208**	**89**	**0**	**725**	**431**	**2,020**	**236**
Cost of Sale	(375)	(222)	(1,798)	(495)	(198)	(90)	(9)	(519)	(429)	(1,761)	(212)
Other operating income and charges	36	10	(38)	1	(1)	(3)	-	-	4	-	-
Profit from operations	**(27)**	**(34)**	**(78)**	**171**	**9**	**(4)**	**(9)**	**206**	**6**	**259**	**24**
Finance income and expenses	-	-	-	-	(8)	-	-	-	(2)	(4)	-
Profit before taxation	**(27)**	**(34)**	**(78)**	**171**	**1**	**(4)**	**(9)**	**206**	**4**	**255**	**24**
Taxation	(7)	(2)	10	-	(1)	(2)	-	(52)	(1)	(29)	(5)
Profit (loss) for the period	**(34)**	**(36)**	**(68)**	**171**	**-**	**(6)**	**(9)**	**154**	**3**	**226**	**19**
Profit (loss) for the period to non-	**(15)**	**(9)**	**(16)**	**83**	**-**	**(3)**	**(4)**	**76**	**1**	**91**	**8**

controlling interest

For the period ended 30 June 2018 €000	HIT	CUR	CAM	ACH	SEC-A	MED	DS	SEC-P	Kohl	NEW	MAR	NWC
Revenue	**473**	**96**	**1,738**	**412**	**135**	**109**	**-**	**654**	**185**	**2,237**	**559**	**1,117**
Cost of Sale	(460)	(124)	(1,581)	(470)	(180)	(101)	(2)	(492)	(339)	(1,903)	(540)	(996)
Other operating income and charges	11	11	3	-	-	-	-	103	3	-	12	16
Profit from operations	**24**	**(17)**	**160**	**(58)**	**(45)**	**8**	**(2)**	**265**	**(151)**	**334**	**31**	**137**
Finance income and expenses	-	-	-	(1)	(3)	-	-	-	(2)	(5)	(7)	(5)
Profit before taxation	**24**	**(17)**	**160**	**(59)**	**(48)**	**8**	**(2)**	**265**	**(153)**	**329**	**24**	**132**
Taxation	(15)	(1)	-	20	-	(5)	-	(44)	-	(63)	(4)	(44)
Profit (loss) for the period	**9**	**(18)**	**160**	**(39)**	**(48)**	**3**	**(2)**	**221**	**(153)**	**266**	**20**	**88**
Profit (loss) for the period to non-controlling interest	**4**	**(4)**	**38**	**(14)**	**(23)**	**-**	**(1)**	**109**	**(38)**	**106**	**8**	**43**

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; for borrowings please refer to note 4 (d.7).

32. CONTINGENCIES AND COMMITMENTS

SEC Group has no contingent liabilities and or commitments.

33. EVENTS AFTER THE REPORTING DATE

Final Newington Earn-out payment

SEC is defining amount of the second and last earn out on the Acquisition of Newington

Closure of Shareholder Offer and Placing

Further to the announcement of 17 July 2018, the Company confirms that the Shareholder Offer and associated Placing, as defined in that announcement, has now closed raising approximately £1,229,335.

172,006 Ordinary Shares of no par value, were issued pursuant to the Shareholder Offer and 1,108,552 Ordinary Shares of no par value were issued pursuant to the Placing. Accordingly the Company confirms that 1,280,558 Ordinary Shares of no par value, at a price of 96p ("Total Shares") have now been issued and allotted, subject only on Admission.

Total Voting Rights

For the purposes of the Financial Conduct Authority's Disclosure and Transparency Rules ("DTRs"), the issued ordinary share capital of the Company following Admission consist of 13,502,533 Ordinary Shares with voting rights attached (one vote per Ordinary Share). There are no Ordinary Shares held in treasury. This total voting rights figure may be used by shareholders as the denominator for the calculations by which they will determine whether they are required to notify their interests in, or a change to their interest in, the Company under the DTRs.

34. ULTIMATE CONTROLLING PARTY

Sec S.p.A. is 69% controlled by Fiorenzo Tagliabue.