Half-Year Financial Report

31 October

2017

SESA SpA, Registered office: Via Piovola no. 138 – 50053 Empoli (Province of Florence) - Share Capital: Euro 37,126.927; Fiscal Code, Florence Register of Companies and VAT no. 07116910964

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Interim Report on operations

Governing and supervisory bodies of Sesa SpA

Board of Directors		Holding office
Paolo Castellacci	Chairman	approval of the FS at 30.04.2018
Giovanni Moriani	Executive Vice - Chairman	approval of the FS at 30.04.2018
Moreno Gaini	Executive Vice - Chairman	approval of the FS at 30.04.2018
Alessandro Fabbroni	CEO	approval of the FS at 30.04.2018
Luigi Gola	Independent Director	approval of the FS at 30.04.2018
Giovanna Zanotti	Independent Director	approval of the FS at 30.04.2018
Angela Oggionni	Independent Director	approval of the FS at 30.04.2018
Angelica Pelizzari	Non- Executive Director	approval of the FS at 30.04.2018

To the Chairman, Paolo Castellacci, were granted all powers of ord. management for the strategic management of relations with Vendors and suppliers, power to represent the company legally and institutional relations.
To the Executive Vice-Chairman, Moreno Gaini, were granted all the powers of ordinary administration with regard to the management of equity investments in the IT distribution Sector (VAD).
To the Executive Vice-Chairman, Giovanni Moriani, were granted all the powers of ordinary administration for the management of equity investments in the Software and System Integration Segment (SSI).
To the CEO, Alessandro Fabbroni, were granted all the powers of ordinary management related to the management of the corporate functions of administration, finance, control, investor relations, legal, corporate duties, extraordinary finance organisation, IT, management of human resources, carrying out banking transactions and the management of equity investments in Corporate & Services Segment.

Corporate Governance Committees	Holding office
Strategic Committee	
Luigi Gola (Chairman), members Paolo Castellacci, Alessandro Fabbroni, Giovanni Moriani, Angelica Pelizzari	approval of the FS at 30.04.2018
Control and Risk Commitee and Related parties Committee	
Giovanna Zanotti (Chairman), members Luigi Gola, Angelica Pelizzari	approval of the FS at 30.04.2018
Director in charge Alessandro Fabbroni	approval of the FS at 30.04.2018
Remuneration Committee	
Luigi Gola (Chairman), members Angelica Pelizzari and Giovanna Zanotti	approval of the FS at 30.04.2018

Board of Statutory Auditors		Holding office
Sergio Menchini	Chairman	approval of the FS at 30.04.2018
Luca Parenti	Standing auditor	approval of the FS at 30.04.2018
Chiara Pieragnoli	Standing auditor	approval of the FS at 30.04.2018
Fabrizio Berti	Alternate auditor	approval of the FS at 30.04.2018
Daria Dalle Luche	Alternate auditor	approval of the FS at 30.04.2018

Supervisory Board pursuant to Law 231/2011		Holding office
Luca Parenti	Chairman	approval of the FS at 30.04.2018
Massimo Innocenti	Member	approval of the FS at 30.04.2018
Ilaria Nocentini	Member	approval of the FS at 30.04.2018

Michele Ferri, Internal Audit Manager

Independent Auditors		Holding office
Independent Auditors in charge of statutory audit of accounts	PricewaterhouseCoopers SpA	approval of the FS at 30.04.2022

Francesco Billi, Controller and Manager of administrative processes

Listing Market	
Electronic stock market (MTA), Milan (Italy) (1)	STAR segment
Share Capital (Euro)	37,126,927.50
Outstanding shares	15,494,590
Stake held by the controlling company ITH SpA	52.81%
Specialist operator	Intermonte Sim SpA

Conxi Palmero, Investor Relation Manager

Highlights of Group results

Consolidated income statement data at 31 October of each year (6 months)

(in thousands of euros)	2017	2016	2015	2014
Revenues	560,557	551,386	512,655	464,156
EBITDA (Earnings before amortisation and depreciation, other provisions, financial charges and taxes)	25,846	24,362	21,562	22,902
EBIT	19,380	18,794	17,257	17,067
EBT	17,971	17,183	15,405	14,404
Profit (loss) for the period	12,429	11,186	9,939	9,029
Profit (loss) for the period attributable to the Group	10,853	10,591	9,602	8,771

Consolidated balance-sheet data at 31 October of each year

(in thousands of euros)	2017	2016	2015	2014
Total Net Invested Capital	203,776	190,178	181,460	170,636
Total Equity	201,650	183,497	164,079	148,449
- attributable to the Group	192,699	175,900	158,080	144,935
- attributable to minority interests	8,951	7,597	5,999	3,514
Net Financial Position (Net Liquidity)	2,126	6,681	17,381	22,187
Total Equity and Net Financial Position	203,776	190,178	181,460	170,636

Consolidated profitability ratio at 31 October of each year (6 months)

	2017	2016	2015	2014
EBITDA / Revenues (1)	4.61%	4.42%	4.21%	4.93%
EBIT / Revenues (ROS) (1)	3.46%	3.41%	3.37%	3.68%
Profit attributable to the Group / Revenues	1.94%	1.92%	1.87%	1.89%

(1) For further details please see the Half-Year Financial Report

Human Resources, amount at period-end (1)

(unit or thousands of euros)	2017	2016	2015	2014
Number of employees at period-end	1,479	1,278	1,150	1,027
Average number of employees	1,453	1,247	1,089	983
Personnel costs at period-end	36,101	31,271	26,420	23,923

(1) Including fixed-term contracts, excluding internships

Main Financial Indicators

Financial indicators

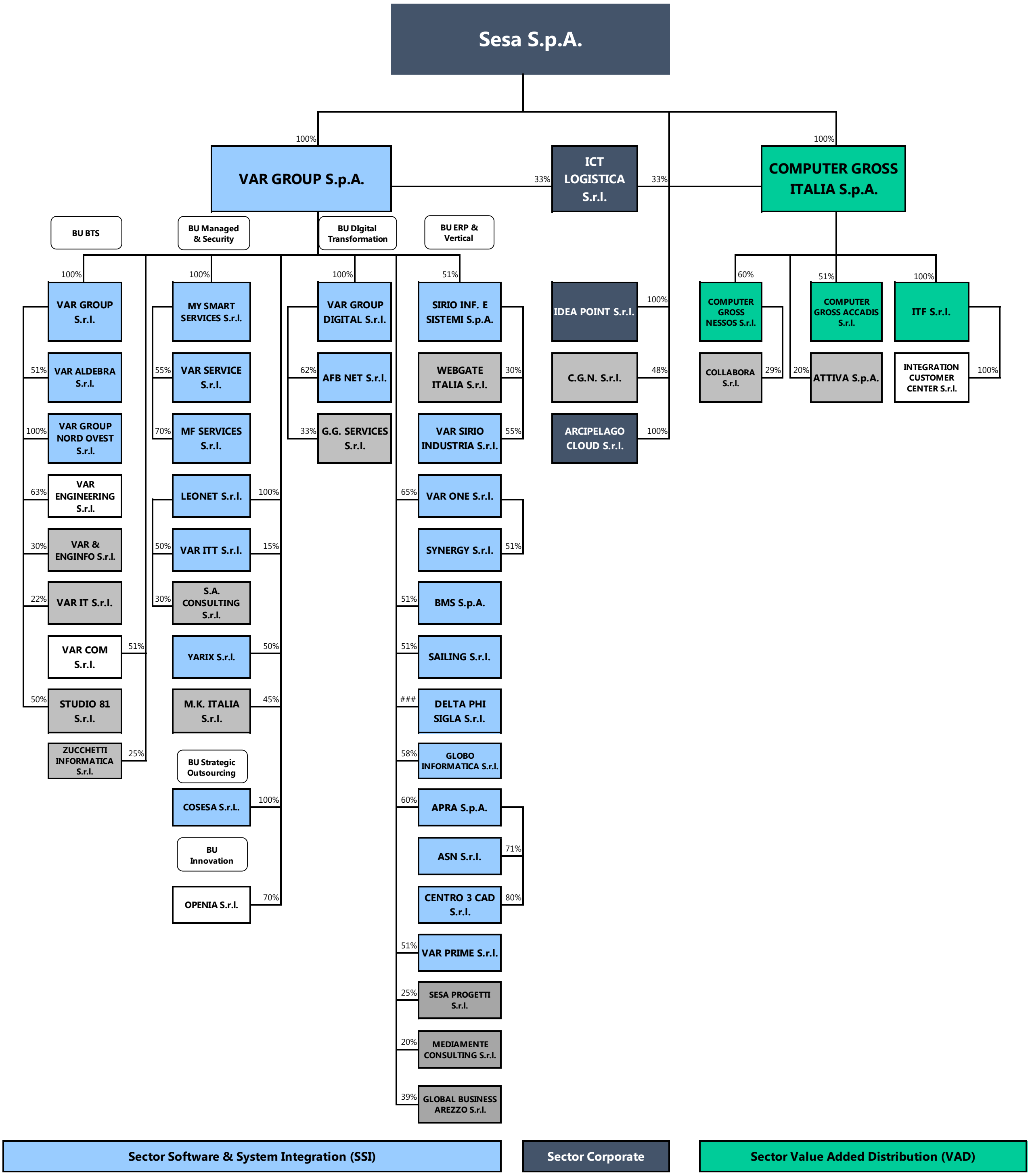
Sesa	2017	2016	2015	2014
(Euro)				
Trading stock market (1)	MTA - STAR	MTA - STAR	MTA – STAR	MTA
Stock price (at 31 October of each year)	27.20	16.20	14.21	12.71
Dividend per share (2) (*)	0.56	0.48	0.45	0.45
Dividend paid (in millions of euros) (3)	8.677	7.408	6.964	6.984
Pay Out Ratio (4)	32%	30%	32%	32%
Outstanding shares (in millions at 31 October of each year)	15.49	15.49	15.65	14.85
Market capitalisation (in millions of euros at 31 October of each year)	421.3	250.9	222.4	188.7
Market to Book Value (**)	2.1	1.4	1.3	1.3
Dividend Yield (on Stock price at 31 October) (***)	2.1%	3.0%	3.2%	3.5%

Sesa Group	2017	2016	2015	2014
(Euro)				
Earnings per share at 30 April (base) EPS (****)	1.62	1.55	1.40	1.48
Earnings per share at 30 April (diluted) EPS diluted (*****)	1.62	1.54	1.39	1.40

(1) Listing on the MTA Market on October 2013. Transition to the STAR segment completed on February 2015
(2) For the FY ended 30 April 30 2017 calculated according to the resolution on dividends submitted to the Shareholders' Meeting of 25 August 2017
(3) Dividends gross of treasury shares
(4) Dividends gross of treasury shares/Consolidated Net Profit
(*) Dividends paid in the following year in respect of the profit accruing at 30 April each year
(**) Market Capitalisation as of October 31 of every Fiscal Year/Consolidated Group equity at 31 October each year
(***) Dividend per share/market value per share as of 31 October of every Fiscal Year
(****) Consolidated net profit as of 30 April/average number of ordinary shares net of treasury shares in portfolio as of 30 April
(*****) Consolidated net profit as of 30 April/average number of ordinary shares as of 30 April net of treasury shares in portfolio and inclusive of impact resulting from Stock Options/Grants Plans, warrants and/or convertible bonds. At the time of writing there are no warrants nor any kind of convertible bonds outstanding

Structure of the Sesa Group at 31 October 2017

The Sesa Group is organised into three main divisions. The VAD Segment (Value-Added ICT Distribution) managed through the subsidiary Computer Gross Italia SpA, the Software and System Integration Segment (SSI), managed through the subsidiary Var Group SpA, which offers value IT solutions to customers belonging to the SME and Enterprise Segment, and the Corporate Segment which manages corporate functions for all the group companies and the group's financial and operational platform through the parent company Sesa SpA.



Subsidiaries, consolidated on a line-by-line basis, are marked azure (companies belonging to the System and Software Integration Segment), green (companies belonging to the Value-Added ICT Distribution Segment - VAD) and blue (companies belonging to the Corporate Segment). Associated companies are marked grey (ownership between 20% and 50%) and valued at equity, and subsidiaries, valued at cost inasmuch as they are not significant and/or not yet operational, are marked white.

Foreword

The Half-Year Financial Report at 31 October 2017 of the Sesa Group represents the interim equity, financial and earnings position related to the first half of the year ending 30 April 2018.

The Half-year financial report at 31 October 2017 of the Sesa Group (hereinafter also the "Half-year Report") was drawn up in accordance with Legislative Decree 58/1998 and subsequent amendments, as well as the Issuers' Regulations issued by Consob (Italian Stock Exchange Regulator), and comprises the Interim Report on Operations, the Condensed Consolidated Half-year Financial Statements and the Attestation in accordance with art. 154-bis, paragraphs 2 and 3 of Legislative Decree 58/1998. This Half-year Report was drawn up in compliance with International Financial Reporting Standards ("IFRS") endorsed by the European Union and in force at 31 October 2017, and particularly in observance of IAS 34 – Interim Financial Reporting.

The Interim Report on Operations includes the statement of financial position and the income statement in reclassified form, together with several alternative performance ratios. The aim is to allow a better evaluation of the Group's financial performance and results of operations.

In accordance with Recommendation CESR/05-178b on alternative performance ratios, within the scope of the report on operations, in addition to the financial measures envisaged by IFRS, other measures deriving from the latter are also illustrated, despite not being envisaged by the IFRS (Non-GAAP Measures). These measures are presented in order to allow a better assessment of the Group's operations and are not considered as alternative to those envisaged by IFRS.

Significant events for the period

In the period ended 31 October 2017 Sesa Group recorded an increase in turnover and profitability, achieved thanks to a strategy that is successfully orienting the Group towards the sector of value-added IT solutions and applications.
Total Revenues and Other Income for the period are equal to Euro 564.9 million, with a percentage growth of 1.7% compared to the previous period ended at 31 October 2016. Consolidated Ebitda is equal to Euro 25.8 million, recording an increase of 6.1% compared to the previous period. Consolidated net profit rose from Euro 11.2 million at 31 October 2016 to Euro 12.4 million at 31 October 2017, showing an increase of 11.1%.

In the first six months of the current fiscal year, the Group concluded important strategic agreements in order to integrate new specialist skills both in VAD and in SSI Segments.

In the **VAD Sector**, Computer Gross Italia SpA strenghtens its leadership in value-added IT distribution Italian market thanks also to the continuous activity of selection and integration of new vendors in their solutions offer.

In the month of September 2017 Computer Gross Italia SpA signed a binding framework agreement for the purchase of 51% of Icos SpA, value distributor of enterprise software and solutions for datacenter on the Italian market based in Ferrara, Milan and Rome, with an historic partnership with the Vendor Oracle, of which is an authorized distributor on the Italian market, and Vendors NetApp, CommVault and Huawei. Icos recorded in the financial year ended 30 June 2017 revenues for Euro 51 million, an Ebitda equal to Euro 0.7 million (Euro 1.5 million gross of non-recurring operating charges equal to Euro 0.8 million). The acquisition of 51% of ICOS SpA for an amount of Euro 2.29 million, took place on 10 November 2017, after the AGCM (the Italian antitrust authority) authorization. The founders, who will keep the management, signed a lock-up agreement for the minority stake of 49%, with the possibility to exercise put options for the sale to CGI of such 49% in two tranches, in April 2019 and April 2020, for a total price of Euro 2.21 million, including the share of profits earned by Icos during the three-year period 2018-2020 and following the achievement of fixed business continuity conditions. Icos will enter in the scope of consolidation in the second half of the year ending 30 April 2018.

During the period, the **Software and System Integration Segment (SSI)** reinforced the growth in turnover and profitability, thanks to the investments and development of Digital Transformation, Managed & Security Services and ERP & Verticals BUs.

As part of such strategy, in October 2017 Var Group SpA signed a binding framework agreement for the purchase of 51% of Tech-Value SpA, a leading company in the Italian PLM and CAD solutions market in the field of Industry 4.0 for the "Intensive Engineering" manufacturing sector. Tech-Value, a company listed on the AIM segment since August 2014, recorded in the year ending 31 December 2016 revenues for Euro 13.5 million, an Ebitda (operating profit before amortization, financial charges and taxes) of Euro 2.14 million (Ebitda margin 16%), a net profit after tax of approximately Euro 0.2 million and an active Net Financial Position (NFP) of approximately Euro 2 million. The transaction will be completed by 31 January 2018 through the purchase by Var Group of 51% of a Newco (called Industria 4.0 Srl) to which currently is conferred 78% of Tech-Value's founders. Following the transfer, Newco promoted a takeover bid on all the Tech-Value shares not yet held for a price of Euro 4.15 per share, as well as all Tech-Value warrants for a unit price of Euro 0.13. The total price for 51% of Newco capital was Euro 5.3 million paid for Euro 3.7 million at the closing and for the remaining amount of Euro 1.6 million deposited in a escrow account (released in two equal tranches in the next 12 and 24 months), following the continuity in business management, plus an earn-out up to a maximum of Euro 1.2 million subject to the achievement of Tech-Value average consolidated Ebitda targets in the three-year period ending 30 April 2019, 30 April 2020, 30 April 2021 net of the NFP at 30 April 2021, applying a multiple of 4.75x Ebitda. The agreement also reserves to the founders a commitment in management continuity and the possibility to exercise a put option for the sale of the entire remaining stake to Var Group, exercisable on September 2023 for a total price determined by applying a multiple of 4.5x the average three-year period Ebitda (30 April 2021-30 April 2023) of Tech-Value net of NFP at 30 April 2023, or on September 2025 for a total price determined by applying a multiple on a range between 4.75 and 5.5 x the average five-year Ebitda (30 April 2021 – 30 April 2025) of Tech-Value net of NFP at 30 April 2025. The Newco Industria 4.0 Srl together with Tech- Value SpA and its subsidiaries will enter in the scope of consolidation of the Sesa Group starting from January 2018.

Among the corporate events, on 14 July 2017 the Board of Directors of Sesa SpA approved the draft of the statutory and consolidated financial statements of Sesa SpA at 30 April 2017, proposing the distribution of a dividend of Euro 0.56 per share, with a 17% increase compared to Euro 0.48 per share of the previous year, with payment on 27 September 2017. During that Meeting, the Board of Directors also adopted the following resolutions:

- Approval of the Remuneration Report in compliance with art. 123-ter of Legislative Decree. 58/1998 and of the Report on corporate governance and ownership structures in compliance with art. 123-bis of Legislative Decree 58/1998;
- Approval of a Stock Grant Plan reserved to Executive Directors of Sesa SpA and of the subsidiaries Var Group SpA and Computer Gross Italia SpA The Stock Grant Plan provides the free allocation of maximum no. 189,000 shares in the period 2018-2020 subject to the achievement of predetermined value targets (consolidated Ebitda, Cosolidated annual average Net Financial Position and EVA);
- Proposal to the Shareholders' Meeting to authorise a plan for the acquisition and disposal of ordinary treasury shares for a value not exceeding 10% of the share capital with a maximum value of Euro 2.0 million.

The Shareholders' Meeting held on 25 August 2017 approved the Financial Statements as at 30 April 2017, the related proposal to distribute the dividend of Euro 0.56 per share and the authorisation to the plan for the acquisition and disposal of ordinary treasury shares, as proposed by the Board of Directors.

Operating conditions and business development

The Sesa Group is a major Italian operator in offering of value-added IT services and solutions and partner of the leading international software and hardware vendors for the enterprise segment. The Sesa Group is able to offer a wide range of software and hardware solutions in addition to the integration and specialised consultancy services in support of their own clients.

Today the Group's activities are divided into three different business areas:

- the VAD Segment, which includes the activities involved in the value-added distribution of the main software and hardware technologies on the market, covered by the VAD division, which is managed by the subsidiary Computer Gross Italia SpA and focuses on value products (servers, storage, software enterprise, networking and systems);

- the Software and System Integration Segment (SSI) includes the activities involved in the supply of IT services and solutions, particularly the offer of software, technology, services and consultancy with the specific aim of training and supporting the channel, focusing on SME and Enterprise segments. The Software and System Integration division is managed by the fully owned subsidiary Var Group SpA;

- the Corporate Segment, which includes the activities carried out by the Group's head office (administration, finance and control, human resources, information technology, organisation, investor relations, institutional relations, training, general and legal affairs and internal auditing), managed by the parent company Sesa SpA, and the activities involved in supplying logistics services (product storage, assembly, customisation and handling) applied to ICT, which are managed by subsidiary ICT Logistica Srl. The Corporate Segment also includes Cloud Computing and services supporting the ICT Channel provided by Arcipelago Cloud Srl and Idea Point Srl.

Corporate Segment

Sesa SpA
The Parent Company Sesa SpA provides administrative and financial services, organisation, planning and control, management of information technologies, human resources, general, corporate and legal affairs services for the main companies of the Group and also acts as a holding company. The shares of the Parent Company Sesa SpA are listed on the Electronic Stock Market (MTA, *Mercato Telematico Azionario*), STAR segment.

ICT Logistica Srl
The Company, which is 66.66% owned by Sesa SpA (of which 33.33% through Computer Gross Italia and 33.33% through Var Group SpA) provides logistics services (product storage, assembly, customisation and handling) applied to ITC, on behalf of shareholders (Computer Gross Italia SpA, Var Group SpA and Bassilichi SpA) and other relevant customers operating in such sector.

Arcipelago Cloud Srl
The Company, which is wholly owned by Sesa SpA, is engaged in the provision of cloud computing services to support the ICT distribution channel. It designs, implements and develops cloud computing solutions for its business partners (ISV, CMSP, MSP).

Idea Point Srl
The Company, which is wholly owned by Sesa SpA, operates in the marketing and promotion sector, supporting the ICT channel.

Software and System Integration Segment (SSI)

Business Unit Business Technology Solutions ("BTS")

Var Group SpA
Var Group SpA, which is wholly owned by Sesa SpA, markets software and IT products and services to end customers that mainly belong to the small and medium business segment and Enterprise. Var Group serves the Italian ERP services and system integration market, through its sub-holdings specialized in specific solutions and business lines, with a model based on 4 business units (Business Technology Solutions, ERP & Verticals, Managed & Security Services and Digital Transformation) and 3 cross functions (Outsourcing, Financial Solutions and Innovation).

Var Group Srl
The Company, which is wholly owned by Var Group SpA, markets hardware and software services and solutions for the parent company Var Group SpA in central Italy.

Var Aldebra Srl
The Company, which is 51% owned by Var Group Srl, markets ICT products and solutions and provides system integration services focused on the Emilia Romagna region. During the period took place the merger by incorporation of the company Var Tech Srl into Var Aldebra Srl.

Var Group Nord Ovest Srl
The Company, which is wholly owned by Var Group Srl, develops and markets hardware, software and applications for the SME market in the North-West of Italy (through the branches of Milan, Turin and Genoa).

Business Unit Digital Transformation

Var Group Digital Srl
The Company, which is wholly owned by Var Group SpA, provides IT solutions for its business customers, with particular reference to the digital area (web marketing, e-commerce and digital solutions) for the business and finance segment.

Agenzia senza nome Srl
The Company, 71.25% owned by Apra SpA, offers digital agency services with specific skills in creating and implementig web sites/e-commerce and digital marketing.

Globo Informatica Srl
The Company, which is 58% owned by Var Group SpA, is an IT Consulting company specialized in Digital Transformation solutions enabled by Enterprise Content and Information Management platforms of Vendor's software OpenText, of which it is a key partner for the Documentum Family and point of reference in the Italian market.

AFB Net Srl
The Company, 62% owned by Var Digital Srl, is active in the digital transformation sector with specific expertise on omnichannel projects, digital marketing, social, BPM and IBM Asset Management Solutions.

Business Unit Outsourcing

Cosesa Srl
The Company, which is 100% owned by Var Group SpA, provides Strategic Outsourcing services to the major corporate customers.

Business Unit Managed & Security Services

Leonet Srl
The Company, which is wholly owned by Var Group SpA, operates in the telecommunications services sector, cloud computing and systems assistance sectors, with a portfolio of services that meets the requirements of business and professional customers.

My Smart Services Srl
The Company, which is wholly owned by Var Group SpA, provides management, maintenance, technical assistance and repair services of computers and IT products on the Italian market.

Var Service Srl
The Company, which is 55% owned by My Smart Services Srl, provides services for the maintenance, technical assistance and repair of computers and IT products.

MF Services Srl
The Company, which is 70% owned by My Smart Services Srl, provides services for the maintenance, technical assistance and repair of computers and IT products, in central and northern Italy.

Yarix Srl
The company, 50% owned by Var Group SpA, is active in the field of services and technology solutions for the IT security of private companies and public administrations.
Yarix Srl opened a R&D center in Tel Aviv for the development of innovative security systems.

Business Unit ERP & Verticals

Sirio Informatica e Sistemi SpA
The Company, which is 51% owned by Var Group SpA, develops and markets proprietary ERP software and applications for small- and medium-sized businesses.

Var Sirio Industria Srl
The Company, which is 55% owned by Sirio Informatica e Sistemi SpA, operates in the technological innovation sector (Industry 4.0), specialized in production, IoT and Energy.

Var One Srl
The Company, which is 65% owned by Var Group SpA, provides solutions and integrated services on the SAP Business One platform. Thanks to its network of qualified partners and a widespread presence on the territory it is one of the main SAP Business One expertise centres in Italy.

BMS SpA
The Company, 51% owned by Var Group SpA and consolidated from August 2015, is a leading consulting firm, focused on SAP ERP services. BMS SpA operates mainly in Northern Italy, with reference to Enterprises.

Apra SpA
The Company, which is 60% owned by Var Group SpA, is a System Integrator active in Central and Eastern Italy that offers software solutions and specific ERP to many production sectors (Furniture, Wine, etc).

Centro 3Cad Srl
80% owned by Apra SpA, it develops 3cad products in the furniture industry area. It operates in partnership with DAU and Intres, with which it forms the Consorzio 3cad for the development and support of the graphic products suite of the "3cad evolution" configurator in Italy and in the world.

Sailing Srl
The company, which is 51% owned by Var Group SpA, operates in the production and marketing of software and IT services for the Retail sector, with large retailers as major customers.

Var Prime Srl
The Company, which is 51% owned by Var Group SpA, is a leader in Italy for the services on the Microsoft Dynamics platform dedicated to the SME segment with value-added expertise through integrated solutions and project management for major industrial sectors.

Delta Phi Sigla Srl
The Company, which is wholly owned by Var Group SpA, develops and markets software and proprietary applications for the Small Business market. Specifically, it owns the SIGLA++ software platform, which has a user database of a few thousands of customers throughout Italy, mainly small businesses.

Value Added Distribution (VAD) Segment

Computer Gross Italia SpA
The Company, which is wholly owned by Sesa SpA, distributes value-added ICT products to dealers (software houses, system integrators and dealers) with a portfolio of about 12,000 active customers in Italy, which in turn are present and operate in the small and medium business, corporate and public administration markets. Computer Gross Italia SpA is a leading Italian operator in the marketing of products and solutions provided by the main international vendors, including Citrix, Cisco, Dell, EMC², HP, HPE, IBM, Lenovo, Lexmark, Microsoft, Oracle, Symantec, Vmware.
The company, with revenues equal to Euro 1,052 million and a net profit of Euro 19.8 million in the year ended 30 April 2017, is the main subsidiary of the Sesa Group. Computer Gross Italia SpA, with about 300 employees, is organized in business units with sales and technical staff dedicated to market segments (software, networking, POS) and/or distributed strategic brands.

Computer Gross Nessos Srl
Computer Gross Nessos Srl, which is 60% owned by Computer Gross Italia SpA, employs the personnel dedicated to the management of Networking products and solutions, a sector in which it is the Italian market leader thanks to the completeness and added value range of the products offered. In particular, its brand portfolio includes Cisco which is a leading vendor at global level in the networking market.

ITF Srl
The Company, which is wholly owned by Computer Gross Italia SpA, is the related Financial Services business unit, which provides financial services and solutions in support of the customer business partners.
ITF controls Integration Customer Center Srl.

Computer Gross Accadis Srl
The Company, which is 51% owned by Computer Gross Italy SpA, markets Hitachi Data Systems solutions on behalf of its parent company Computer Gross Italy SpA.

Performance of operations

General economic trend

After a growth in 2015 and 2016 constant and equal to 3.2%, in 2017 it is expected a strengthening of global GDP growth (+3.6%), as a result of the positive evolution recorded in the first half of the year in Europe, Japan, China and USA (source FMI - WEO, October 2017).

Also in the Euro Area an acceleration of the economic recovery is expected in 2017 (+2.1%), compared to a growth rate of 2.0% in 2015 and 1.8% in 2016, thanks also to an increasingly strong growth at international level (source IMF - WEO, October 2017).

In Italy, the year 2017 is closing with an acceleration in GDP increase, equal to 1.5% after two years (2015 and 2016) with moderate growth, below 1%. The continuous growth of the Made in Italy manufacturing and industrial districts, the reduction of unemployment, expected at 11.4% in the year, and the favorable trend of the main international economies favoured the positive GDP trend. In light of some critical issues of the national economic system (debt-to-GDP ratio, internal uncertainties related to the political agenda) the International Monetary Fund ("IMF") predicts an Italian GDP growth of 1.1% in 2018.

The following table shows the final figures for 2015 and 2016 and the GDP forecast for 2017 and 2018 (source: IMF - WOE, October 2017).

GDP growth rate	Change GDP 2015 (actual)	Change GDP 2016 (actual)	Change GDP 2017 (expected)	Change GDP 2018 (expected)
World	+3.2%	+3.2%	+3.6%	+3.7%
Advanced Economies	+2.1%	+1.7%	+2.2%	+2.0%
Emerging Market	+4.0%	+4.3%	+4.6%	+4.9%
USA	+2.6%	+1.5%	+2.2%	+2.3%
Japan	+0.5%	+1.0%	+1.5%	+0.7%
China	+6.9%	+6.7%	+6.8%	+6.5%
Great Britain	+2.2%	+1.8%	+1.7%	+1.5%
Euro Area	+2.0%	+1.8%	+2.1%	+1.9%
Italy	+0.8%	+0.9%	+1.5%	+1.1%

Development of demand and performance of the sector in which the Group operates

The Italian Information Technology (IT) market recorded a progressive development trend. Growth is expected to consolidate in 2017 (+1.8%) after a 1.6% growth in 2016, compared to a decreasing trend in 2015 and 2014. Progressive further growth is forecast in 2018 (+2.5%, source Sirmi, October 2017).

The market growth is favoured by the progressive and constant increase of the Managed Services segment (+4.5% in 2016 and +6.0% in 2017E and +7.2% in 2018E) and cloud computing services (annual growth rates over 20%), sectors in which Sesa Group holds a significant presence (source Sirmi, October 2017).

The following table shows the trend in IT demand in Italy in 2013-2016 and the forecasts for the years 2017 and 2018 (source: Sirmi, July 2017).

Italian IT Market (in millions of euros)	**2013**	**2014**	**2015**	**2016**	**2017E**	**2018E**	**Ch. 14/13**	**Ch. 15/14**	**Ch. 16/15**	**Ch. 17/16**	**Ch. 18/17**
Hardware	6,593	6,427	5,886	6,006	6,065	6,140	-2.5%	-8.4%	2.0%	1.0%	1.2%
Software	3,951	3,881	3,857	3,848	3,840	3,830	-1.8%	-0.6%	-0.2%	-0.2%	-0.3%
Project Services	3,711	3,557	3,475	3,423	3,400	3,410	-4.1%	-2.3%	-1.5%	-0.7%	0.3%
Management Services	4,764	4,751	4,970	5,193	5,506	5,900	-0.3%	4.6%	4.5%	6.0%	7.2%
Total IT Market	**19,019**	**18,616**	**18,188**	**18,470**	**18,811**	**19,280**	**-2.1%**	**-2.3%**	**1.6%**	**1.8%**	**2.5%**
O/w Cloud Computing	**789**	**954**	**1,128**	**1,510**	**1,839**	**2,202**	**20.9%**	**28.7%**	**23.0%**	**21.8%**	**19.8%**
% Cloud on total IT	*4.1%*	*5.1%*	6.2%	8.2%	9.8%	11.4%					

Within the Italian IT market, the IT distribution segment, where the Group operates through its main subsidiary Computer Gross Italia SpA (VAD Sector), a growth of 3% is expected in 2017, compared to 2% in 2016 (source Sirmi, October 2017).

Also in the System Integration Segment, where the Group operates through Var Group SpA and its subsidiaries (SSI Sector), a growth strengthening is also expected, with a forecast increase in 2017 of approximately 4% compared to + 0.5% and +3% recorded in 2015 and 2016, respectively (Source: Sirmi, October 2017). The digital market is confirmed as the growth driver, with the most innovative components of demand showing annual double-digit growth rates (IoT, cloud, digital transformation, cyber security).

Main income statement data of the Sesa Group

The reclassified consolidated income statement at 31 October 2017 is shown below (data in thousands of euros), compared with the reclassified consolidated income statement of the same period of the prior year.

Reclassified income statement	31/10/2017 (6 months)	%	31/10/2016 (6 months)	%	Change 2017/16
Revenues	**560,557**		**551,386**		**1.7%**
Other income	4,355		3,858		12.9%
Total Revenues and Other Income	**564,912**	**100.0%**	**555,244**	**100,0%**	**1.7%**
Purchase of goods	453,543	80.3%	459,385	82.7%	-1.3%
Costs for services and leased assets	48,240	8.5%	38,658	7.0%	24.8%
Personnel costs	36,101	6.4%	31,271	5.6%	15.4%
Other operating charges	1,182	0.2%	1,568	0.3%	-24.6%
Total Purchase of goods and Operating Costs	**539,066**	**95.4%**	**530,882**	**95.6%**	**1.5%**
EBITDA	**25,846**	**4.58%**	**24,362**	**4.39%**	**6.1%**
Depreciation and Amortisation of tangible and intangible assets (software)	3,157		2,334		35.3%
Amortisation client lists and technological know-how	917		707		29.7%
Accruals to provision for bad debts and risks and other non-monetary costs	2,392		2,527		-5.3%
EBIT	**19,380**	**3.43%**	**18,794**	**3.38%**	**3.1%**
Profit from companies valued at equity	493		179		175.4%
Financial income and charges	(1,902)		(1,790)		6.3%
EBT	**17,971**	**3.18%**	**17,183**	**3.09%**	**4.6%**
Income taxes	5,542		5,997		-7.6%
Net profit	**12,429**	**2.20%**	**11,186**	**2.01%**	**11.1%**
Net profit attributable to the Group	*10,853*		*10,591*		*2.5%*
Net profit attributable to non-controlling interests	*1,576*		*595*		*164.9%*

The consolidated revenues showed an increase of 1.7% passing from Euro 551,386 thousand at 31 October 2016 to Euro 560,557 thousand at 31 October 2017, thanks to revenues growth of the SSI Sector compared to the same period of the previous year.

Total Revenues and Other Income showed an increase of Euro 9,668 thousand (+1.7%), passing from Euro 555,244 thousand at 31 October 2016 to Euro 564,912 thousand at 31 October 2017.

The consolidated Gross Margin measured as the difference between Revenues and Other Income and costs for the purchase of products, is up Euro 15,510 thousand (+16.2% compared to 31 October 2016), passing from Euro 95,859 thousand at 31 October 2016 to Euro 111,369 thousand at 31 October 2017.

The ratio between Gross Margin and Total Revenues and Other Income, equal to 19.7% at 31 October 2017, rose by 245 basis points compared to 17.3% recorded at 31 October 2016, thanks to the higher incidence of SSI Sector’s revenues, passing from 18.1% of the previous period to 22.8% at 31 October 2017 (characterised by a higher gross margin).

The trend of the Operating Costs reflects the largest share of the SSI Sector over total revenues and costs of the Group. The period under review records an increase in costs for services and personnel costs, as a result of the growth of revenues from services, also due to the change in the scope of consolidation that took place during the financial year as of 30 April 2017 (with the inclusion of the companies Var Prime Srl, Yarix Srl, AFB Net Srl, Globo Informatica Srl, specialized in the provision of IT services and solutions).

Consolidated Operating Costs are broken down as follows:

	Period ended 31 October				
(in thousands of euros)	**2017**	**%**	**2016**	**%**	**Change**
Total Revenues and Other Income	**564,912**	**100.0%**	**555,244**	**100.0%**	**1.7%**
Consolidated Gross Margin	**111,369**	**19.7%**	**95,859**	**17.3%**	**16.2%**
Costs for services and leased assets	48,240	8.5%	38,658	7.0%	24.8%
Personnel costs	36,101	6.4%	31,271	5.6%	15.4%
Other operating charges	1,182	0.2%	1,568	0.3%	-24.6%
Total Operating Costs	**85,523**	**15.1%**	**71,497**	**12.9%**	**19.6%**

Personnel costs rose from Euro 31,271 thousand at 31 October 2016 to Euro 36,101 thousand at 31 October 2017, with a percentage growth of 15.4%, deriving from the increase in the Group's average workforce to cope with the growth of the business turnover and the entry in the scope of consolidation of recently acquired companies (SSI Sector). The Group’s total wokforce passed from 1,278 units at 31 October 2016 to 1,479 units at 31 October 2017, leading to an increase of the incidence of personnel costs on Total Revenues and Other Income from 5.6% at 31 October 2016 to 6.4% at 31 October 2017. It should be noted that the companies Yarix Srl, AFB Net Srl and Globo Informatica Srl entered the scope of consolidation counting altogether over 50 resources.

Consolidated Ebitda at 31 October 2017 is equal to Euro 25,846 thousand (Ebitda margin 4.58%) up Euro 1,484 thousand (+6.1%) compared to Euro 24,362 thousand (Ebitda margin 4.39%) at 31 October 2016, as a result of the growth in revenues in high value-added IT services and solutions area (SSI Sector), mainly Cloud computing, Managed& Security Services, Digital and ERP & Vertical Solutions, and to the recovery of efficiency in the Corporate Sector.

Consolidated Ebit at 31 October 2017 is equal to Euro 25,846 thousand (Ebit margin 3.43%) up Euro 586 thousand (+3.1%) compared to Euro 18,794 thousand (Ebit margin 3.38%) at 31 October 2016, after amortisation for Euro 4,074 thousand (+34.0% compared to 31 October 2016) and accruals to the provision for bad debts and risks for Euro 2,392 thousand (-5.3% compared to 31 October 2016). The increase in Ebit therefore reflects the above-mentioned Ebitda growth, net of the increase in amortisation of tangible and intangible assets resulting from investments in technology and skills carried out by the Group to support growth and the increase in the item Amortisation of client lists and technological know-how.

Consolidated Ebt at 31 October 2017 is equal to Euro 17,971 thousand (Ebt margin 3.18%), with an increase of 4.6% compared to Euro 17.183 thousand (Ebt margin 3.09%) recorded in the previous period, benefiting from higher net profit of companies valued at equity which rose from Euro 179 thousand at 31 October 2016 to Euro 493 thousand at 31 October 2017. The negative balance of financial and income charges also recorded a slight increase (6.3%), from a negative balance of Euro 1,790 thousand at 31 October 2016 to a negative balance of Euro 1,902 thousand at 31 October 2017.

Consolidated net profit after taxes amounted to Euro 12,429 thousand (Eat Margin 2.20%) as of 31 October 2017, recording an increase of 11.1% compared to Euro 11,186 thousand (Eat Margin 2.01%) at 31 Ocotber 2016, also benefiting from a lower income tax rate (“IRES”), which passed from 27.5% to 24%, applicable from the fiscal year ending on 30 April 2018.

After non-controlling interests, consolidated net profit attributable to shareholders at 31 October 2017 is equal to Euro 10,853 thousand, with an increase of 2.5% compared to Euro 10,591 thousand at 31 October 2016, as a result from the increased incidence of the SSI sector's profit on the Group result.

The Diluted Earnings per share at 31 October 2017 related to the first half-year is equal to Euro 0.70 per share, compared to Euro 0.68 per share recorded at 31 October 2016.

Main balance sheet data of the Group

The reclassified consolidated balance sheet at 31 October 2017 is shown below (in thousands of euros). The comparative figures relating to the period ended 30 April 2017 are shown together with the figures of the period ended 31 October 2016, in order to provide a better analysis of the financial performance, considering the seasonal variations that usually characterise revenues from sales during the year.

Reclassified Balance Sheet	**31/10/2017**	**31/10/2016**	**30/04/2017**
Intangible assets	23,163	17,609	21,848
Property, plant and equipment	51,819	45,788	49,736
Investments valued at equity	8,868	4,101	8,835
Other non-current receivables and deferred tax assets	16,241	16,538	13,998
Total non-current assets	**100,091**	**84,036**	**94,417**
Inventories	71,554	66,678	61,570
Current trade receivables	267,148	243,386	315,399
Other current assets	25,465	25,147	25,407
Current operating assets	**364,167**	**335,211**	**402,376**
Payables to suppliers	190,930	162,894	270,984
Other current payables	41,746	43,408	52,847
Short-term operating liabilities	**232,676**	**206,302**	**323,831**
Net working capital	**131,491**	**128,909**	**78,545**
Non-current provisions and other tax liabilities	8,964	6,859	8,457
Employee benefits	18,842	15,908	17,427
Non-current liabilities	**27,806**	**22,767**	**25,884**
Net Invested Capital	**203,776**	**190,178**	**147,078**
Equity attributable to the Group	**192,699**	**175,900**	**191,285**
Equity attributable to non-controlling interests	**8,951**	**7,597**	**7,743**
Medium-Term Net Financial Position	115,353	74,659	81,118
Short-Term Net Financial Position	(113,227)	(67,978)	(133,068)
Total Net Financial Position (Net Liquidity)	**2,126**	**6,681**	**(51,950)**
Equity and Net Financial Position	**203,776**	**190,178**	**147,078**

Non-current assets at 31 October 2017 amounted to Euro 100,091 thousand with an increase of Euro 5,674 thousand compared to 30 April 2017, mainly generated by the investments carried out during the period.
In particular, the following main effects should be noted:

- a net increase in intangible assets of Euro 1,315 thousand, from Euro 21,848 thousand at 30 April 2017 to Euro 23,163 thousand at 31 October 2017. The change is mainly due to the purchase of the company branch consisting of the commercial business unit of Aldebra SpA by Var Emilia Romagna Srl, subsequently renamed Var Aldebra Srl;
- a net increase in property, plant and equipment of Euro 2,083 thousand from Euro 49,736 thousand at 30 April 2017 to Euro 51,819 thousand at 31 October 2017, mainly relative to the acquisition by the subsidiary Var Group Nord Ovest Srl of the cloud and infrastructure services branches of the company CDH Srl of Turin.

The net working capital amounted to Euro 131,491 thousand at 31 October 2017 recorded a slight increase (+2.0%) compared to Euro 128,909 of the period end at 31 October 2016.

The item Non-current liabilities, amounting to Euro 27,806 thousand at 31 October 2017, recorded an increase of Euro 1,922 thousand compared to Euro 25,884 thousand at 30 April 2017, due to the increase in the staff severance pay (TFR) provision, which includes provisions and actuarial changes for the period, and provisions for risks.

Details of the Group's Net Financial Position at 31 October 2017 are shown below (with figures in thousands of euros). Together with the comparative figures for the year ended 30 April 2017 are also included those for the period ended 31 October 2016, in order to provide a better analysis of the Net Financial Position considering the seasonality that usually characterises revenues from sales and cash flow operations during the year.

Net Financial Position	**31/10/2017**	**31/10/2016**	**30/04/2017**
Liquidity	164,320	117,408	191,951
Current financial receivables	1,851	1,300	1,995
Current financial debt	52,944	50,730	60,878
Net current financial debt	**(113,227)**	**(67,978)**	**(133,068)**
Non-current financial debt	115,353	74,659	81,118
Non-current financial debt	**115,353**	**74,659**	**81,118**
Net financial debt	**2,126**	**6,681**	**(51,950)**

Consolidated Net Financial Position (Net Debt) amounted to Euro 2,126 thousand at 31 October 2017, with an improvement of Euro 4,555 thousand compared to the corresponding period at 31 October 2016. The positive trend of the Net Financial Position compared to the same period of 2016 originates from an effective working capital management, together with self-financing of the period.

The change in the Net Financial Position at 31 October 2017 compared to 30 April 2017, which showed a net liquidity of Euro 51,950 thousand, mainly reflects the seasonality of the business where working capital absorption is higher at 31 October than at 30 April of each financial year.

The Group's consolidated equity is equal to Euro 201,650 thousand at 31 October 2017, compared to Euro 199,028 thousand at 30 April 2017. The change compared to 30 April 2017 mainly reflects the Net profit of Euro 12,429 thousand accruing in the period at 31 October 2017 net of dividends paid of Euro 8,666 thousand.

Main income statement data of the VAD Sector

Below is shown the reclassified income statement of the VAD Sector (Euro thousand) as of 31 October 2017, compared with the previous year ended 31 October 2016.

VAD Segment		**31 October**			
(in thousands of euros)	**2017**	**%**	**2016**	**%**	**Change**
Revenues from third parties	**432,092**		**450,827**		**-4.2%**
Inter segment revenues	34,712		30,666		13.2%
Total Revenues	**466,804**		**481,493**		**-3.1%**
Other income	3,137		3,060		2.5%
Total Revenues and other income	**469,941**	**100.0%**	**484,553**	**100.0%**	**-3.0%**
Consumables and goods for resale	432,110	-91.9%	444,744	-91.8%	-2.8%
Costs for services and rent, leasing and similar costs	15,043	-3.2%	13,126	-2.7%	14.6%
Personnel costs	6,544	-1.4%	6,306	-1.3%	3.8%
Other operating costs	677	-0.1%	1,104	-0.2%	-38.7%
Ebitda	**15,567**	**3.3%**	**19,273**	**4.0%**	**-19.2%**
Amortisation/depreciation, provisions and other non-monetary costs	2,843		3,098	-0.6%	-8.2%
Ebit	**12,724**	**2.7%**	**16,175**	**3.3%**	**-21.3%**
Share of profits of equity-accounted companies	359		3		11866.7%
Net financial income and charges	(1,542)		(1,066)		44.7%
Profit before taxes	**11,541**		**15,112**		**-23.6%**
Income taxes	3,183		4,632		-31.3%
Profit for the period	**8,358**	**1.8%**	**10,480**	**2.2%**	**-20.2%**
Net profit attributable to non-controlling interests	38		20		90.0%
Net profit attributable to the Group	**8,320**		**10,460**		**-20.5%**

In the period under review the VAD Sector sowed a decrease in Revenues of 3.1%, reflecting a negative trend in the reference market, as well as the minor contribution of the subsidiary ITF Srl.

The Ebitda in the period under review is equal to Euro 15,567 thousand, recording a 19.2% decrease compared to 31 October 2016 as a result of a reduction in the gross margin and investments in new commercial and organizational initiatives to support market position. The Ebitda margin, measured as the ratio between Ebitda and Total Revenues and Other Income, passed from 4.0% to 31 October 2017 to 3.3% as of 31 October 2017 (+3.3% even at 31 July 2017).

Net profit, amounting to Euro 8,358 thousand, recorded a decrease of 20.2% as result of the negative trend in the profitability of the Sector. The incidence of the Net profit on Total Revenues and Other Income went from 2.2% at 31 October 2016 to 1.8% at 31 October 2017.

Below is shown the reclassified income statement of the VAD Sector (Euro thousand) as of 31 October 2017, compared with the previous year ended 31 October 2016. Together with the comparative figures for the year ended 30 April 2017 are also included those for the period ended 31 October 2016, in order to provide a better analysis of the Net Financial Position considering the seasonality that usually characterises revenues from sales and financial management during the year.

Reclassified Balance Sheet	**31/10/2017**	**31/10/2016**	**30/04/2017**
Intangible assets	1,085	1,213	1,211
Property, plant and equipment	41,491	41,141	41,772
Investments valued at equity	5,108	53	4,749
Other non-current receivables and deferred tax assets	7,127	6,940	6,832
Total non-current assets	**54,811**	**49,347**	**54,564**
Inventories	60,323	56,190	51,738
Current trade receivables	212,083	197,803	266,331
Other current assets	6,329	6,321	7,385
Current operating assets	**278,735**	**260,314**	**325,454**
Payables to suppliers	164,088	141,759	245,002
Other current payables	9,967	17,743	9,534
Short-term operating liabilities	**174,055**	**159,502**	**254,536**
Net working capital	**104,680**	**100,812**	**70,918**
Non-current provisions and other tax liabilities	3,285	2,505	2,680
Employee benefits	1,456	1,468	1,479
Non-current liabilities	**4,741**	**3,973**	**4,159**
Net Invested Capital	**154,750**	**146,186**	**121,323**
Equity	**159,681**	**148,164**	**160,530**
Medium-Term Net Financial Position	81,718	58,455	59,717
Short-Term Net Financial Position	(86,649)	(60,433)	(98,924)
Total Net Financial Position (Net Liquidity)	**(4,931)**	**(1,978)**	**(39,207)**
Equity and Net Financial Position	**154,750**	**146,186**	**121,323**

The net working capital is equal to Euro 104,680 thousand and recorded a slight increase (+3.8%) compared to Euro 100,812 thousand at 31 October 2016.

In the period the VAD Sector's equity recorded a negative change of Euro 849 thousand passing from Euro 160,530 thousand at 30 April 2017 to Euro 159,681 thousand, due to the profits accruing in the six months net of dividends distributed. The Net Financial Position recorded a further improvement of Euro 2,953 thousand, passing from a credit balance (net liquidity) of Euro 1,978 thousand at 31 October 2016 to a credit balance (net liquidity) of Euro 4,931 at 31 October 2017.

Main income statement data of the SSI Sector

The reclassified income statement of the SSI Sector at 31 October 2017 is shown below (data in thousands of euros), compared with the previous period ended at 31 October 2016.

SSI Segment		**31 October**			
(in thousands of euros)	**2017**	**%**	**2016**	**%**	**Change**
Revenues from third parties	**127,664**		**99,626**		**28.1%**
Inter segment revenues	1,238		1,396		-11.3%
Total Revenues	**128,902**		**101,022**		**27.6%**
Other income	2,036		1,410		44.4%
Total Revenues and other income	**130,938**	**100.0%**	**102,432**	**100.0%**	**27.8%**
Consumables and goods for resale	52,847	-40.4%	45,258	-44.2%	16.8%
Costs for services and rent, leasing and similar costs	41,429	-31.6%	29,242	-28.5%	41.7%
Personnel costs	26,858	-20.5%	22,413	-21.9%	19.8%
Other operating costs	443	-0.3%	422	-0.4%	5.0%
Ebitda	**9,361**	**7.1%**	**5,097**	**5.0%**	**83.7%**
Amortisation/depreciation, provisions and other non-monetary costs	3,161		2,425	-2.4%	30.4%
Ebit	**6,200**	**4.7%**	**2,672**	**2.6%**	**132.0%**
Share of profits of equity-accounted companies	111		167		-33.5%
Net financial income and charges	(371)		(746)		-50.3%
Profit before taxes	**5,940**		**2,093**		**183.8%**
Income taxes	2,068		1,201		72.2%
Profit for the period	**3,872**	**3.0%**	**892**	**0.9%**	**334.1%**
Net profit attributable to non-controlling interests	1,538		577		166.6%
Net profit attributable to the Group	**2,334**		**315**		**641.0%**

The SSI Sector's revenues recorded an increase of 27.6% passing from Euro 101,022 thousand at 31 October 2016 to Euro 128,902 thousand at 31 October 2017. The increase in the Segment revenues is essentially a natural growth, favoured by the growth in revenues of Var Group SpA and its subsidiaries operating in the greater value added BUs with Ebitda margin higher than the average (Managed & Security Services, Digital Transformation, ERP & Vertical Solutions) while the companies recently included in the scope of consolidation (AFB Net Srl, Yarix Srl and Globo Informatica Srl) contributed approximately for Euro 4.8 million.

Ebitda for the period under review is equal to Euro 9,361 thousand, up by 83.7% compared to 31 October 2016, with a growth in Ebitda margin passing to 7.1% at 31 October 2017 from 5.0% at 31 October 2016. The growth in Ebitda is due, among other things, to the positive performance of the ERP & Vertical Solutions and Managed & Security Services BUs. Thanks to the positive performance in the period, it should be noted an increase in the SSI Segment's contribution to the Group Ebitda result, from 21% at 31 October 2016 to 36% at 31 October 2017.

Net profit, equal to Euro 3,872 thousand, recorded an increase of 334% thanks to an improved operating profitability and fiscal management (tax benefit relative to the lower income tax rate, IRES, from 27.5% to 24%). At 31 October 2017 the incidence of Net profit on Total Revenues and Other Income increased to 3.0% compared to 0.9% in the same period ended at 31 October 2016.

Below is shown the reclassified balance sheet of the SSI Sector (Euro thousand) as of 31 October 2017. Togheter with the figures relative to the fiscal year ending 30 April 2017, are also included those referred to the previous period ending 31 October 2016, in order to provide a better analysis of the financial performance, considering the seasonality that usually characterises revenues from sales during the year.

Reclassified Balance Sheet	**31/10/2017**	**31/10/2016**	**30/04/2017**
Intangible assets	21,983	16,330	20,556
Property, plant and equipment	9,836	4,442	7,477
Investments valued at equity	3,061	3,251	3,296
Other non-current receivables and deferred tax assets	8,201	9,309	7,085
Total non-current assets	**43,081**	**33,332**	**38,414**
Inventories	11,375	10,613	9,977
Current trade receivables	80,432	64,007	80,799
Other current assets	18,836	18,445	17,738
Current operating assets	**110,643**	**93,065**	**108,514**
Payables to suppliers	63,023	50,171	70,408
Other current payables	29,201	23,455	38,490
Short-term operating liabilities	**92,224**	**73,626**	**108,898**
Net working capital	**18,419**	**19,439**	**(384)**
Non-current provisions and other tax liabilities	5,927	4,557	5,989
Employee benefits	15,776	13,052	14,518
Non-current liabilities	**21,703**	**17,609**	**20,507**
Net Invested Capital	**39,797**	**35,162**	**17,523**
Equity	**24,256**	**18,835**	**21,136**
Medium-Term Net Financial Position	33,635	16,204	21,401
Short-Term Net Financial Position	(18,094)	123	(25,014)
Total Net Financial Position (Net Liquidity)	**15,541**	**16,327**	**(3,613)**
Equity and Net Financial Position	**39,797**	**35,162**	**17,523**

Also from a financial point of view, the Sector recorded an improvement in the most important indicators. Net working capital passed from Euro 19,439 thousand at 31 October 2016 to Euro 18,419 thousand at 31 October 2017, with a positive change of Euro 1,020 thousand.

The Sector’s equity rose from Euro 21,136 thousand at 30 April 2017 to Euro 24,256 thousand at 31 October 2017. The Net Financial Position showed a positive trend passing from a negative balance (net debt) of Euro 16,327 thousand at 31 October 2016 to a negative balance (net debt) of Euro 15,541 thousand, recording an improvement of Euro 786 thousand.

Main income statement data of the Corporate Sector

The reclassified income statement of the Corporate Sector at 31 October 2017 is shown below (data in thousands of euros), compared with the previous period ended at 31 October 2016.

Corporate Segment	31 October				
(in thousands of euros)	**2017**	**%**	**2016**	**%**	**Change**
Revenues from third parties	**801**		**933**		**-14.1%**
Inter segment revenues	5,722		5,000		14.4%
Total Revenues	**6,523**		**5,933**		**9.9%**
Other income	1,096		944		16.1%
Total Revenues and other income	**7,619**	**100.0%**	**6,877**	**100.0%**	**10.8%**
Consumables and goods for resale	243	-3.2%	426	-6.2%	-43.0%
Costs for services and rent, leasing and similar costs	3,677	-48.3%	3,818	-55.5%	-3.7%
Personnel costs	2,699	-35.4%	2,552	-37.1%	5.8%
Other operating costs	82	-1.1%	59	-0.9%	39.0%
Ebitda	**918**	**12.0%**	**22**	**0.3%**	**4072.7%**
Amortisation/depreciation, provisions and other non-monetary costs	(462)		(45)	-0.7%	926.7%
Ebit	**456**	**6.0%**	**(23)**	**-0.3%**	**-2082.6%**
Share of profits of equity-accounted companies	23		9		155.6%
Net financial income and charges	11		22		-50.0%
Profit before taxes	**490**		**8**		**6025.0%**
Income taxes	291		173		68.2%
Profit for the period	**199**	**2.6%**	**(165)**	**-2.4%**	**-220.6%**
Net profit attributable to non-controlling interests	-		(2)		-100.0%
Net profit attributable to the Group	**199**		**(163)**		**-222.1%**

The Corporate Sector showed an increase in turnover and operating results compared to the previous period ending 31 October 2016. Such growth is mainly due to the increase in professional services provided by Sesa SpA and logistic services provided by the subsidiary ICT Logistica Srl, reference company of Computer Gross Italia SpA for logistics services. Even from a financial point of view it should be noted an improvement in the key indicators compared to the previous year.

Reclassified Balance Sheet	**31/10/2017**	**31/10/2016**	**30/04/2017**
Intangible assets	73	43	81
Property, plant and equipment	792	505	777
Investments valued at equity	946	1,044	1,037
Other non-current receivables and deferred tax assets	68,393	67,605	67,538
Total non-current assets	**70,204**	**69,197**	**69,433**
Inventories			
Current trade receivables	6,336	7,417	7,940
Other current assets	1,052	1,105	2,958
Current operating assets	**7,388**	**8,522**	**10,898**
Payables to suppliers	2,839	2,584	4,494
Other current payables	2,657	2,279	4,885
Short-term operating liabilities	**5,496**	**4,863**	**9,379**
Net working capital	**1,892**	**3,659**	**1,519**
Non-current provisions and other tax liabilities	15	36	27
Employee benefits	1,610	1,388	1,430
Non-current liabilities	**1,625**	**1,424**	**1,457**
Net Invested Capital	**70,471**	**71,432**	**69,495**
Equity	**85,455**	**84,100**	**85,125**
Medium-Term Net Financial Position			
Short-Term Net Financial Position	(14,984)	(12,668)	(15,630)
Total Net Financial Position (Net Liquidity)	**(14,984)**	**(12,668)**	**(15,630)**
Equity and Net Financial Position	**70,471**	**71,432**	**69,495**

Treasury shares

At the date of approval of the Half-year Financial Report, the parent company Sesa SpA held 29,086 shares, equal to 0.19% of the share capital, purchased in accordance with the purchase plan of treasury shares resolved by the shareholders' meetings on 25 August 2017. In the period May – November 2017 37,703 shares were acquired. In application of the international accounting standards (IFRS), these instruments are deducted from the company shareholders' equity.

Research and development activity

Some Group companies developed proprietary and third-party IT platforms and carry out research and development activities. In particular, Sirio Informatica Sistemi SpA, Var Sirio Industria Srl, Var Group Digital Srl, Delta Phi Sigla Srl, BMS SpA, Sailing Srl, carried out research and development activities in the half-year under analysis.

Transactions with related parties and Group companies

As regards disclosures on transactions with related parties, it should be noted that any transactions carried out with related parties in any ordinary operations were entered into at market conditions and under conditions that were to the parties' mutual financial benefit.

The Group's related parties have been identified in accordance with IAS 24. For more details about relations with related parties and the information required pursuant to Consob Communication of 28 July 2006, please refer to the Annexes to the Half-year Financial Report.

Information on risks and uncertainties

The Sesa Group adopts specific procedures for managing risk factors that may affect the Group's economic and financial position. These procedures are the result of a type of management based on the values contained in the Group's ethical code (integrity, honesty, fairness, professionalism, business continuity and attention to people) focused on pursuing sustainable growth for stakeholders.

External Risks

Risks linked to the macroeconomic context and the ICT market

With reference to management risks, they can be traced back to the possible unfavourable situation in the external environment, characterised by general conditions of the economy and the ICT sector which highlight a correlated performance and a weak growth trend in demand. The ICT market is linked to the performance of the economy of industrialised countries, where the demand for high-tech products is greater. An unfavourable economic trend at national and/or international level could negatively influence the growth in demand for IT with consequent repercussions on the Group's business and its economic, equity and financial situation.

Despite the weak demand (macroeconomic context and IT market) recorded in the last five years and the consequent potential effect on the performance of business, in the last five years the Group has succeeded in growing, out-performing the reference market with a sustainable trend in revenues and profits.

The ICT market is characterised also by a high level of competition, where in addition to national operators, the Group has to face up to multinational competitors. If the Group were unable to generate added value through its sales, taking on the reference competitors, this could have a negative impact on the economic, equity and financial situation. To cope with this risk, the Group pursues an expansion of value added products for its customers, providing competitive, efficient and innovative services.

Lastly, the IT market is subject to extensive technological evolution and, consequently, to a constant transformation of the professional skills and expertise required. To operate with a competitive advantage on the ICT market, it is necessary to constantly develop skills, the offer of products and the strategic management of relations with international vendors. The Group carries out a constant and important analysis of the market trends and opportunities, in order to pre-empt future evolutions of its customers' needs, developing internal expertise, the aggregation of external specialisations and investments in research and development.

Internal Risks

Risks relating to dependency on key resources

The group's success, its business and its development depend largely on certain key managers, including the executive directors of Sesa SpA. Doing without the services of one of the key figures without an adequate replacement, as well as the inability to attract and keep new and qualified resources, could have negative effects on the Group's prospects and its economic and financial results. To cope with this risk, the Group has developed a retention strategy and incentive plans based also on medium-term equity-based remuneration plans. The management believes that Sesa SpA and the Group have an operational structure capable of ensuring continuity in the management of corporate affairs.

Risks linked to the concentration of and dependence on distribution agreements and the ability to negotiate and maintain distribution contracts with Vendors

This risk factor is important for the Group's main subsidiary, Computer Gross Italia SpA, reference operator in the value added distribution (VAD) area, and partner of the main producers of IT solutions for the Italian market. The main distribution agreements signed with Vendors are entered into on a non-exclusive basis, have a short-term duration (usually one or two years), are tacitly renewed and represent strategic assets. The Group tackles this risk offering vendors pre-and aftersales assistance with qualified staff, progressively expanding the portfolio of the vendors distributed, gradually diversifying the concentration of the brands distributed. The rates of termination of distribution agreements have usually been close to zero, confirming the Group's ability to create long-term strategic partnerships with its suppliers.

Risks linked to failure to fulfil contractual and compliance obligations

The Group offers IT services and solutions with a high technological content, and enters into agreements that can envisage the application of penalties in the event of failure to meet deadlines, performances (SLA) and quality standards agreed upon, with the consequent possibility of negative effects on the economic and financial situation. To mitigate this risk, the Group has implemented procedures to manage and monitor the services supplied and taken out adequate insurance policies.

In relation to compliance risks, the Group has implemented policies and procedures, including the adoption of a Compliance Model pursuant to Law 231/2001 for the parent company and the main subsidiaries, aimed at minimising compliance risks (particularly tax and legal risks).

Market risks

Credit risk

Credit risk is represented by the Group companies' exposure to potential losses arising from their customers' failure to meet their obligations. Credit risk arising from the Group companies' ordinary operations with their customers is constantly monitored using customer information and assessment procedures. An appropriate provision for bad debts is allocated and monitored.

Liquidity risk

During the financial year the Sesa Group Companies' core business generates a requirement for working capital with an ensuing financial exposure. Specifically, the Group closed the financial statements at 31 October 2017 with a net debt of Euro 2,126 thousand, compared to a net liquidity of Euro 51,950 thousand at 30 April 2017. The evolution of the Net Financial Position reflects a physiological financial requirement generated by the seasonality of the business and the increase in net working capital.
The liquidity risk is covered by periodic planning of cash requirements and by financing these requirements with short-term self-liquidating loans and credit lines mainly concentrated with the Group's two main operating companies, Computer Gross Italia SpA and Var Group SpA. In the half ended on 31 October 2017, the Group increased the medium/long-term share of financial debt by exploiting the reduction of market rates and further reducing the liquidity risk.

Interest rate risk

Exposure to interest rate risk arises from the fact that the Group Companies conduct a business activity characterised by a negative working capital cycle (calculated as the difference between short-term operating liabilities and short-term operating assets) at certain times of the year and thus have a temporary financial exposure to the banking system caused by the need to finance their working capital requirements. These requirements are met from self-liquidating loans and credit lines at variable rates, exposed to interest rate fluctuations. At 30 April 2016 and 31 October 2017, the Group had no derivative instruments in place relating to interest rates. In the light of present interest rate trends, the Company's risk management policy does not envisage recourse to derivatives to hedge interest rate risks.

Exchange rate risk

The Group companies do not operate on foreign markets and primarily only use the Euro as the currency for their commercial and financial transactions. There were some purchases of IT goods and products, mainly involving Computer Gross Italia SpA, all using the US dollar. Furthermore, it should be noted that there are no foreign currency derivatives, but there are forward currency contracts to hedge the exchange rate risk attached to foreign currency payables to a part of suppliers.
There were 29 transactions in place at 31 October 2017 with a positive fair value of Euro 110 thousand and 3 transactions with a negative fair value of Euro 132 thousand.

Price risk

The Group did not hold any financial instruments or shares listed on stock markets as of 31 October 2017, except for Sesa SpA treasury shares as a deduction of the shareholders' equity, and mutual funds and capitalization policies for a total amount of Euro 1,589 thousand. As regards inventory risk, the Group companies that distribute and market IT products monitor this aspect of their operations by conducting periodic inspections and analyses for the possible existence of a risk of obsolescence of the goods in order to decide on the steps to take to curb the risk. Moreover, it should be noted that the value of inventories at 31 October 2017 was primarily concentrated in the accounts of Computer Gross Italia SpA and Var Group SpA.

Information on Human Resources

Human capital represents the Sesa Group's main asset: skills, specialisations and integrity are the distinguishing value with which to take on the competitive challenges of the market.

The Sesa Group invests in its human resources via a programme of selection, management and enhancement, training, incentives and welfare. The average age of the Group's resources is 42.

Staff recruitment aims to identify the best resources available, via agreements with the leading Italian universities, participation in career days and the use of job sites, in observance of the principles of transparency and impartiality. To this end, specific internal company procedures were developed for selection, introduction and professional development.

During the calendar year to 31 October 2017, over 70 resources (less than 30 years old) were employed in the Group's companies, mainly with university graduates and, recruited from the main Italian universities and placed through targeted training courses, in innovative and high potential growth areas such as cloud computing, digital communication, security, services and value-added IT solutions.

Moreover, some training and updating courses that involved more than 50% of the employees took place in the current year, covering technical areas (also through dedicated seminars and events), as well as regulatory and motivation issues. The training hours provided during the calendar year to 31 October 2017 were over 10,000 including professional, technical and law updates.

In order to achieve the management goals, individual incentive programmes are assigned to most of the commercial resources and key figures in the Group, linked to achieving the quali/quantitative performances defined at the beginning of each year, in keeping with the Group strategy.
For Executive Directors, it was approved starting from the financial year ending 30 April 2018, a multi-year plan of attribution of SeSa SpA shares (Stock Grant) following the achievement of annual/triennial targets of value creation for shareholders. Targeted career paths were also defined, along with professional development plans for the growth and improvement of key figures and human capital.

As part of the corporate welfare initiatives aimed at optimizing the balance between work and personal life, it should be noted that allowances were assigned, including scholarships for the employees' children, the creation of services supporting the employees, including the company crèche and the company canteen located at the headquarters in via Piovola, Empoli (Florence). Welfare initiatives are also implemented thanks to the contribution of SeSa Foundation.

As of 31 October 2017, the Group's personnel numbered 1,479, showing a growth trend compared to the previous period ending 31 October 2016.

The figures are summarised in the table below:

	Actual number of employees at 31 October	
(in units)	**2017**	**2016**
Executives	17	16
Middle managers	105	92
Office workers	1,357	1,170
Total	**1,479**	**1,278**

The growth compared to the previous period ending 31 October 2016 is mainly due to the expansion of the scope of consolidation in the SSI Sector with the entry of Yarix Srl, AFB Net Srl and Globo Informatica Srl.

At 31 October 2017, staff on permanent contracts accounted for 98% of the total Group resources, with a female incidence equal to 34%.

(in units)	**Men**	**Women**	**Fixed-term contract**	**Open-ended contract**
Group's employees	**981**	**498**	**33**	**1,446**
Incidence on Group's employees	66%	34%	2%	98%

Significant events after the period-end

On 10 November 2017, Computer Gross Italia SpA acquired 51% of the capital of Icos SpA in application of the agreement already signed and after the AGCM's authorization. Icos SpA, which entered the scope of consolidation since November, is conducting its buisiness in operational continuity.

Furthermore, the procedures for the takeover bid of Tech-Value shares and warrants have been started, in application of the agreements signed in October 2017 for the purchase by Var Group SpA of the control of Tech-Value SpA, company listed on the AIM segment. Tech-Value SpA will enter the scope of consolidation in the second half of the financial year ending 30 April 2018.

There are no further significant events occurring after the end of the half-year at 31 October 2017.

Outlook on operations

The Group will continue to operate in the second half of the year with the aim of consolidating the growth in turnover and operational profitability, pursuing investment policies and sustainable growth in the long term, for the benefit of all its stakeholders.

Half-year condensed consolidated financial statements

Consolidated Income Statement

(in thousands of euros)	Note	Period ended 31 October 2017	2016
Revenues	4	560,557	551,386
Other income	5	4,355	3,858
Consumables and goods for resale	6	(453,543)	(459,385)
Costs for services and rent, leasing and similar costs	7	(48,611)	(38,658)
Personnel costs	8	(36,101)	(31,271)
Other operating costs	9	(3,203)	(4,095)
Amortisation, depreciation and write-downs	10	(4,074)	(3,041)
EBIT		**19,380**	**18,794**
Profit from companies valued at equity		493	179
Financial income	11	2,683	2,072
Financial charges	11	(4,585)	(3,862)
Profit before taxes		**17,971**	**17,183**
Income taxes	12	(5,542)	(5,997)
Profit for the period		**12,429**	**11,186**
of which			
Net profit attributable to non - controlling interests		1,576	595
Net profit attributable to the Group		10,853	10,591
Earnings per share (basic) (in euros)	20	0.70	0.69
Earnings per share (diluted) (in euros)	20	0.70	0.68

Consolidated Statement of Comprehensive Income

(in thousands of euros)	Note	Period ended 31 October 2017	2016
Profit for the period		**12,429**	**11,186**
Actuarial gain/loss for employees benefits	22	(333)	209
Comprehensive income for the period		**12,096**	**11,395**
of which			
Comprehensive income – non-controlling interests		1,471	681
Comprehensive income - Group		10,625	10,714

Consolidated Statement of Financial Position

(in thousands of euros)	Note	At 31 October 2017	At 30 April 2017
Intangible assets	13	23,163	21,848
Property, plant and equipment	14	51,819	49,736
Investment property	15	290	290
Equity investments valued at equity		8,868	8,835
Deferred tax assets		5,631	5,548
Other non-current receivables and assets	16	10,320	8,160
Total non-current assets		**100,091**	**94,417**
Inventories	17	71,554	61,570
Current trade receivables	18	267,148	315,399
Current tax receivables		4,208	4,687
Other current receivables and assets	16	23,108	22,715
Cash and cash equivalents		164,320	191,951
Total current assets		**530,338**	**596,322**
Non-current assets held for sale			
Total assets		**630,429**	**690,739**
Share capital	19	37,127	37,127
Share premium reserve		33,144	33,144
Other reserves		5,959	6,587
Profits carried forward		116,469	114,427
Total Group equity		**192,699**	**191,285**
Equity attributable to non-controlling interests		8,951	7,743
Total equity		**201,650**	**199,028**
Non-current loans	21	115,353	81,118
Employee benefits	22	18,842	17,427
Non-current provisions	23	2,477	1,746
Deferred tax liabilities		6,487	6,711
Total non-current liabilities		**143,159**	**107,002**
Current loans	21	52,944	60,878
Payables to suppliers		190,930	270,984
Current tax payables		5,221	3,241
Other current liabilities	24	36,525	49,606
Total current liabilities		**285,620**	**384,709**
Total liabilities		**428,779**	**491,711**
Total equity and liabilities		**630,429**	**690,739**

Consolidated Statement of Cash Flows

(in thousands of euros)	Note	Period ended 31 October 2017	2016
Profit before taxes		**17,971**	**17,183**
Adjustments to:			
Amortisation and depreciation	10	4,074	3,041
Provisions for personnel and other provisions	9	3,496	3,972
(Net financial (income)/charges	11	1,095	131
Profit from companies valued at equity		(493)	(179)
Other non-monetary items		393	
Cash flows generated from operating activities before changes in net working capital		**26,536**	**24,148**
Change in inventories	17	(9,984)	(7,599)
Change in trade receivables	18	46,588	61,679
Change in payables to suppliers		(80,253)	(99,146)
Change in other assets		(2,326)	(1,548)
Change in other liabilities		(13,505)	(12,386)
Use of provisions for risks	23	(32)	39
Payment of employee benefits	22	(15)	(1,836)
Change in deferred tax assets and liabilities		(86)	(707)
Change in current tax payables and tax receivables		(1,291)	137
Interest paid		(1,256)	(1,417)
Taxes paid		(1,956)	
Net cash flow generated from operating activities		**(37,580)**	**(38,636)**
Investments in companies net of cash		-	(353)
Investments in property, plant and equipment	14	(4,677)	(3,243)
Investments in intangible assets	13	(2,559)	(1,250)
Disposals of property, plant and equipment and intangible assets	13, 14	158	383
Disposal of assets held for sale			
Investments in associated companies		(27)	16
Investments in non-current financial assets			
Collection of non-current financial assets		217	245
Dividends collected		159	1
Interest collected		274	1,393
Net cash flow generated from/(used in) investing activities		**(6,455)**	**(2,808)**
New disbursements of long-term loans		59,000	37,500
Repayments of long-term loans		(32,329)	(6,399)
(Decrease)/increase in short-term loans		(406)	(11,366)
Financial investments/disinvestments		(15)	(705)
Change in Group equity	19	(217)	655
Change in equity attributable to minority interests	19	210	(29)
Treasury shares	19	(700)	(154)
Dividends distributed		(9,139)	(7,520)
Net cash flow generated from/(used in) financing activities		**16,404**	**11,983**
Translation difference on cash and cash equivalents			
Change in cash and cash equivalents		**(27,631)**	**(29,461)**
Cash and cash equivalents at the beginning of the period		191,951	146,168
Cash and cash equivalents at the end of the period		**164,320**	**116,707**

Consolidated Statement of Changes in Equity

(in thousands of euros)	Share capital	Share premium reserve	Other reserves	Profit for the period and Profits carried forward	Equity attributable to the Group	Equity attributable to non-controlling interests	Total equity
At 30 April 2017	**37,127**	**33,144**	**6,587**	**114,427**	**191,285**	**7,743**	**199,028**
Profit for the period				10,853	10,853	1,576	**12,429**
Actuarial gain/(loss) for employees benefits - gross			(300)		(300)	(138)	**(438)**
Actuarial gain/(loss) for employees benefits - net			72		72	33	**105**
Comprehensive income for the period			**6,359**	**125,280**	**201,910**	**9,214**	**211,124**
Purchase of treasury shares			(700)		(700)		**(700)**
Decrease of treasury shares in execution Stock Grant Plan			1,098		1,098		**1,098**
Dividends distribution			(299)	(8,367)	(8,666)	(473)	**(9,139)**
Stock Grant Plan – shares vesting in the period			(726)		(726)		**(726)**
Allocation of Net profit			440	(440)			
Changes in the scope of consolidation and other changes			(213)	(4)	(217)	210	**(7)**
At 31 October 2017	**37,127**	**33,144**	**5,959**	**116,469**	**192,699**	**8,951**	**201,650**

Explanatory Notes to Half-Year Condensed Consolidated Financial Statements

1 General Information

Sesa SpA (hereinafter "SESA", the "Company" or the "Parent Company") is a company that has been incorporated and is domiciled in Italy, with registered office in Empoli, at Via Piovola no. 138, and is organised according to the legal system of the Italian Republic.
It should be noted that Sesa SpA has been listed on the Electronic Stock Market (MTA, Mercato Telematico Azionario) of the Italian Stock Exchange Borsa Italiana SpA since 22 October 2013.
The Company and its subsidiaries (hereinafter collectively referred to as the "Group") operate in Italy in the field of *Information Technology*, and in particular in the value-added distribution of software and hardware *(value-added distribution* or VAD) and in the offering of software, technology, services and consultancy aimed at training and supporting businesses as end-users of IT. Furthermore, the Group is active in the field of logistics services, mainly for companies of its Group. The Company is owned by ITH SpA, which holds 52.8% of the voting shares. These half-year condensed consolidated financial statements were approved by the Company's Board of Directors on 19 December 2017 and reviewed by PricewaterhouseCoopers SpA.

2 Summary of Accounting Policies

Below are reported the main accounting policies and standards applied in the preparation of these Half-Year Condensed Consolidated Financial Statements as of 31 October 2016.

2.1 Basis of Preparation

The half-year condensed consolidated financial statements at 31 October 2017 were drawn up in compliance with IAS 34, concerning interim financial reporting. IAS 34 allows the preparation of the financial statements in "condensed" form, on the basis of a minimum level of reporting which is significantly less detailed than that envisaged by the International Financial Reporting Standards, issued by the International Accounting Standards Board and adopted by the European Union (hereinafter "IFRS"), where a complete version of the financial statements, prepared in compliance with IFRS, has been published previously. The half-year condensed consolidated financial statements at 31 October 2017 were drawn up in "short" form and must therefore be read jointly with the Group consolidated financial statements for the year ended 30 April 2017, prepared in compliance with IFRS.

The half-year condensed consolidated financial statements at 31 October 2017 comprise the consolidated income statement, the consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the explanatory notes to the financial statements.
In relation to the form and content of the accounting statements, the Group has made the following choices:

- The Statement of financial position was prepared by classifying assets and liabilities according to the criterion of "current/non-current" items;
- The Income Statement was prepared by classifying operating costs by nature;
- The Statement of comprehensive income includes the profit for the period arising from the income statement, as well as any other changes in equity attributable to transactions that were not carried out with the Company's shareholders;
- The Statement of Cash Flows was prepared by reporting cash flows from operating activities according to the "indirect method".

The half-year condensed consolidated financial statements were prepared on the basis of the conventional historical cost criterion, with the exception of financial assets and liabilities, for which the fair value criterion was applied.
The half-year condensed consolidated financial statements were prepared under the going concern assumption.
The statements used, as specified above, are those that best represent the Group's income, equity and financial situation. The values indicated in the financial statements and in the detailed tables included in the notes to the financial statements are shown in thousands of euros, unless otherwise indicated.

2.2 Scope of Consolidation and Consolidation Criteria

The Half-Year Condensed Consolidated Financial Statements at 31 October 2017 include the Company's Interim Financial Report, as well as the Interim Financial Reports of subsidiaries at 31 October 2017. These interim financial reports were properly adjusted, if required, in order to have them comply with IFRSs.
The companies included in the scope of consolidation at 31 October 2017 are detailed in the Annexes, which form an integral part of the Half-Year Condensed Consolidated Financial Statements.

2.3 Accounting policies

The accounting policies and consolidation criteria adopted when preparing the half-year condensed consolidated financial statements at 31 October 2017 comply with those adopted for the consolidated financial statements for the year ended 30 April 2017, taking into account those specifically applicable to the interim situations.
The preparation of the half-year condensed consolidated financial statements requires the directors to make estimates and assumptions that affect the values of the assets and liabilities booked and the related reporting, as well the potential assets and liabilities at the date of reference. The estimates and related assumptions are based on previous experiences and other factors that are considered reasonable in the case in hand and are implemented when the book value of the assets and liabilities cannot be easily deduced from other sources. The final totals might, therefore, differ from these estimates. The estimates and assumptions are reviewed on a regular basis and the effects of every change are reflected in the income statement when this is related to the specific financial period only. If the review concerns both the current and future financial periods, the change is carried in the period in which the review is carried out and in the related future periods. The totals could differ significantly from these estimates following possible changes in the factors considered in the calculation of said estimates. Certain evaluation processes, particularly those that are more complex, such as the calculation of any impairment losses of non-current assets, are usually carried out completely only when drawing up the annual consolidated financial statements, with the exception of cases in which there are indicators that require an immediate estimate of updates, if any. As regards the liability relating to staff severance pay, an independent actuarial calculation at 31 October 2017 has been prepared especially, in accordance with IAS 19.

FAIR VALUE ESTIMATE

The fair value of financial instruments listed on an active market is based on market prices at the reporting date. The fair value of instruments that are not listed on an active market is calculated using evaluation techniques based on a series of methods and assumptions linked to market conditions at the reporting date.
The fair value classification of financial instruments is given below, based on the following hierarchical levels:
Level 1: fair value calculated with reference to listed prices (not adjusted) on active markets for identical financial instruments;
Level 2: fair value calculated using evaluation techniques with reference to variables that can be observed on active markets;
Level 3: fair value calculated using evaluation techniques with reference to market variables that cannot be observed.
The fair value of derivative instruments at 31 October 2017 is of level 2, while the fair value of the shares of mutual funds and capitalization policies held in portfolio is of level 1.

2.4 Seasonality

The performance of the Sesa Group, despite being only slightly affected by seasonal or cyclic changes in overall annual sales, is influenced by the lack of standardised distribution of costs and revenues in the different months of the year. This is why the analysis of the half-year results and income, equity and financial indicators cannot be considered fully representative and it would, therefore, be incorrect to consider them as a proportional share of the whole year.

2.5 Recently-issued accounting standards

As at the date of this Half-year Condensed Consolidated financial report, the competent bodies of the European Union approved the adoption of the following accounting standards and amendments applied to the Group on 1 May 2017.

- In February 2016 the IASB issued some amedments to IAS 12 – Income taxes on the recognition of deferred tax assets for unrealised losses which clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments will be applicable from years beginning on or after 1 January 2017.

- On 25 February 2016 the IASB issued some amedments to IAS 7 - Statement of cash flows on disclosure initiative. These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments will be applicable from years beginning on or after 1 January 2017.

The adoption of the new standards mentioned above had no significant effect on the consolidated financial statements.

As at the date of the present Half-year Financial Report, the competent bodies of the European Union have approved the adoption of the following accounting standards and amendments, not yet applied by the Group.

- On 12 November 2009 the IASB published IFRS 9 – Financial instruments, which was then amended on 28 October 2010 and 24 July 2014. The standard, which will be applicable for financial years commencing on or after 1 January 2018 on a retrospective basis, falls within the scope of a multi-phase process aimed at fully replacing IAS 39 and introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets from the accounts. Specifically, for financial assets the new standard adopts a single approach based on the method of the management of the financial instruments and the characteristics of their contractual cash flows in order to determine their measurement policy, replacing the different rules laid down in IAS 39. On the contrary, as regards financial liabilities, the main amendment involved the accounting treatment of changes in the fair value of a financial liability designated as financial liability valued at fair value through profit or loss, in the event that said changes are due to a change in the credit risk of the liability itself. Based on the new standard, such adjustments have to be charged in the statement of comprehensive income rather than profit and loss statement.
- On 28 May 2014 the FASB issued IFRS 15 "Revenue from contracts with customers". The new standard will be applicable as of years beginning on or after 1 January 2018. The standard replaces IAS 18 – "Revenue" IAS 11 "Construction Contracts", IFRIC 13 "Customer Loyalty Programmes", "IFRIC 15 - Agreements for the Construction of Real Estate", IFRIC 18 – "Transfers of Assets from Customers", SIC 31 – "Revenue—Barter Transactions Involving Advertising Services". The new standard applies to all contracts with customers, apart from contracts falling within the scope of application of IAS 17 – Leases, for insurance contracts and financial instruments. It establishes a process consisting of five phases to define the timing and the amount of the revenues to be disclosed (identification of contracts with customers, identification of the performance obligations envisaged by the contract, determination of the price of the transaction, allocation of the price of the transaction, disclosure of revenues upon fulfilment of the performance obligation). The Group plans to apply this new standard from the mandatory effective date, using the

method of full retrospective application. During the period the Group carried out a preliminary assessment of the effects of IFRS 15. On the basis of such analysis, no significant impacts for the Group are expected.

- On 12 April 2016 the IASB issued some further amedments to IFRS 15 - Revenue from Contracts with Customers, "Clarifications to IFRS 15", clarifying some points and allowing more semplifications, with the aim to reduce costs and complexity, for early adopters. These amendments will be applicable from years beginning on or after 1 January 2018.

As at the date of the present Half-year Financial Report, the competent bodies of the European Union have not yet completed the necessary process of endorsement for the adoption of the following accounting standards and amendments.

- On 13 January 2016 the IASB issued new IFRS 16 – Leases. This standard replaces the current guidance in IAS 17 no more suitable to represent leases in the current business. New standard now requires to recognise a lease contracts in the balance sheet as assets or liabilitiy whether financial or operting lease. Lease contrats with 12 months o less duration and leases of low-value assets are out of new standard scope. The standard will be applicable from years beginning on or after 1 January 2019. New standards can generally be adopted early by IFRS 15 (Revenue from contracts with customers) adopters.
- In June 2016 the IASB issued some further amedments to IFRS 2 – "Share based payments" clarifying the evaluation of the "cash-settled share-based payments" and how to account for certain types of share-based payment transactions. It also introduces an exception to IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. These amendments will be applicable from years beginning on or after 1 January 2018.
- In December 2016, the IASB issued some further amendments to IAS 40 "Investment Property" providing guidance on transfers of property to, or from, "Investment properties" line item, underlying that transfers to investment property can be made when there is an evident change in use. These amendments will be applicable from years beginning on or after 1 January 2018.
- In December 2016, the IASB issued a collection of amendments to IFRS (Annual Improvements to IFRSs 2014-2016 Cycle). Improvements amended the following standards: (i) IFRS 1 "First-time Adoption of International Financial Reporting Standards" in relation to the deletion of some exemptions related to IFRS 7, IAS 19 and IFRS 10 in case of first-time adoption, (ii) IFRS 12 "Disclosure of Interests in Other Entities" clarifying the scope of the standard (iii) IAS 28 "Investments in Associates and Joint Ventures" relating to measurement at fair value of associates or joint ventures. These amendments will be applicable from years beginning on or after 1 January 2018.
- In December 2016, the IASB issued IFRIC 22 "Foreign currency transactions and advance consideration". The document clarifies the accounting for transactions or part of transactions where there is consideration that is priced in a foreign currency. This amendment will be applicable from years beginning on or after 1 January 2018.
- In June 2017, the IASB published the interpretation IFRIC 23 "Uncertainty over Income Tax Treatments". The document provides guidance on how to reflect the uncertainties over the tax treatment of a specific event in the accounting of current and/or deferred income taxes. This interpretation will be applicable from years beginning on or after 1 January 2019.
- In October 2017, the IASB issued an amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures". The amedment provides some clarifications relative to the accounting of investments in associated companies and joint ventures not valued at equity in accordance with IFRS 9. This amendment will be applicable from years beginning on or after 1 January 2019.
- In October 2017, the IASB issued an amendment to IFRS 9 "Prepayment features with negative compensation". The amendment confirms that when a financial liability recorded at amortized cost is changed without a de-recognition, the related gain or loss must be immediately recognized in the income statement. The gain or loss are measured as difference between the previous financial flow and the redetermined flow following the change. This amendment will be applicable from years beginning on or after 1 January 2019.

- On May 2017 the IASB issued IFRS 17 – Insurance contracts. The new standard replaces IFRS 4 and will be applicable from years beginning on or after 1 January 2021.

The Group will adopt these new standards, amendments and interpretations, on the basis of the expected date of application, and will assess potential impacts, when these will be approved by the European Union.

3 Financial risks management

The Group's business is exposed to the following risks: market risk (defined as exchange and interest rate risk), credit risk, liquidity risk and capital risk.
The Group's risk management strategy is aimed at minimizing potential adverse effects on the Group's financial performance. Some types of risks are mitigated through recourse to derivative instruments. Risk management is centralised within the treasury function that identifies, assesses and hedges financial risks in close cooperation with the Group's operating units. The treasury function provides instructions to monitor risk management, as well as provides instructions for specific areas, concerning interest rate risks, exchange rate risks and the use of derivative and non-derivative instruments.

MARKET RISK

The Group is exposed to market risks as regards interest rate risks and exchange rate risks.

Interest Rate Risk

The exposure to interest rate risks mainly arises from the fact that the Group companies carry out business activities characterized by negative financing requirements during certain periods of the year. These requirements are covered through assignments of receivables, loans and variable-rate credit lines. The Group has not deemed it appropriate to enter into specific financial instruments to hedge interest rate risks, as the same would result, as a whole, particularly onerous compared to benefits (if any), considering the current level of financial debt and interest rates. The amount of variable-rate indebtedness that is not covered by the interest rate risk represents the main element of risk for the impact that could be produced on the income statement following an increase in market interest rates.

Exchange Rate Risk

The Group is active exclusively in the Italian market and its exposure limited to exchange rate risks relates to some minor purchases and sales of goods in US dollars. In order to reduce exchange rate risks arising from assets, liabilities and expected cash flows in foreign currency, the Group makes recourse to forward contracts in order to hedge cash flows in currencies other than the Euro. The Group mainly sets the exchange rates of the functional currencies of the Group companies (Euro) against US dollar, as some purchases and sales of consumables and goods are denominated in US dollars. In fact, it is the Group's policy to hedge, where possible, forecast trade flows in US dollars arising from certain or highly probable contractual commitments. The term of the existing forward contracts does not exceed 12 months. The instruments adopted by the Group do not meet all the necessary requirements to be accounted for according to the rules of hedge accounting. At 31 October 2017 no. 32 currency forward contracts were in place for an overall notional amount of Dollar 10,954 thousand signed by Computer Gross Italia SpA, of which no.29 contracts with positive fair value for Euro 110 thousand and no.3 contracts with negative fair value for Euro 132 thousand.

CREDIT RISK

The credit risk essentially arises from receivables from customers for the sale of products and services. As regards the credit risk relating to the management of financial or cash resources, temporarily deposited with banks, the Group has in place procedures aimed at ensuring that the Group companies maintain relations with independent counterparties that are of high standing and reliable.
In order to mitigate the credit risk correlated to its business counterparties, and therefore to its customers, the Group has implemented procedures aimed at ensuring that its products are sold to customers that are considered to be reliable on the basis of past experience and any available information. Furthermore, the Group

controls its commercial exposure on an ongoing basis and monitors that the debt collection takes place within the preset contractual time limits.
With reference to trade receivables, the more risky situation concerns relations with retailers. Therefore, receipts and payment times relating to these receivables are monitored on an ongoing basis. However, the amount of financial assets that are considered to be of insignificant amount and the recoverability of which may be doubtful is covered by appropriate provisions for bad debts.

The table below provides a breakdown of current receivables from customers at 31 October 2017 and 30 April 2017, by overdue amounts, net of the portion of provision for bad debts covering performing loans.

(in thousands of euros)	**At 31 October 2017**	**At 30 April 2017**
Falling due	227,055	274,572
Overdue from 0-90 days	20,961	26,151
Overdue from 90-180 days	7,828	5,208
Overdue from 180-360 days	6,022	3,269
Overdue from more than 360 days	5,282	6,198
Total	**267,148**	**315,399**

For the management of credit risk, it should be noted that the Group uses the credit insurance instrument on a significant portion of trade receivables.

LIQUIDITY RISK

The liquidity risk is associated to the Company’s ability to meet any commitments mainly arising from financial liabilities. A prudent management of the liquidity risk arising from the Company’s ordinary operations requires the maintenance of an adequate level of cash and cash equivalents and the availability of funds that can be obtained through an adequate amount of credit lines.

CAPITAL RISK

The Company’s objective within the scope of the capital risk management is mainly that of safeguarding its continuation as a going-concern so as to guarantee returns to shareholders and benefits to any other stakeholders. The Company also intends to maintain an optimal capital structure so as to reduce the cost of debt.

4 Segment Reporting

The criteria applied to identify the business segments being reported are in line with the procedures through which the management runs the Group. In particular, the organisation of the business segments being reported corresponds to the structure of the reports that are periodically analysed by the Board of Directors for the purposes of the management of the Group's business. Specifically, the main scope of operational analysis used by the Group is that relating to the following operating segments:

- *Value-Added Distribution*, which includes the value-added distribution, through the subsidiary Computer Gross SpA, of IT products and solutions in the categories of servers, storage, software and networking to the operators in the Enterprise and Small/Medium enterprise segment. The Group's VAD offer, integrated to software houses and integrators of technology for the implementation of complex technology solutions, is targeted at the end users of products distributed.
- *Software and System Integration* (SSI), which includes the offer of software, technology, services and consultancy, through the subsidiary Var Group SpA, aimed at training and supporting businesses as end users of IT. The Group provides services for the design, consultancy, development and installation of software and complex technology, pre- and after-sales assistance and strategic outsourcing.
- *Corporate*, which includes services such as administrative and finance management, organisation, planning and control, management of IT systems, human resources, general, corporate and legal affairs of the main Group companies carried out by the parent company Sesa SpA and also logistics services, (storage, assembly, customisation and handling of products) through Ict Logistica Srl.

The operating segments of Value-Added Distribution and Software and System Integration are vertically integrated through the sale of IT products and solutions from Computer Gross SpA to Var Group SpA. Computer Gross SpA uses the logistics services included in the Corporate segment.

The Group's management assesses the performance of the different operating segments, using the following indicators:

- revenues from third parties by operating segment;
- EBITDA defined as the profit for the period before depreciation, provisions for bad debts, accruals to provision for risks, non monetary costs related to Stock Grant Plans assigned to executive directors, financial income and charges, the profit (loss) of companies valued at equity and taxes;
- profit for the period.

As Ebitda is not a recognized measure of financial performance under IFRS (Non-GAAP Measures) the quantitative calculation may not be unique. Ebitda is a measure used by management to monitor and evaluate the operating performance of the companies of the Group.
The criteria in determining the Ebitda reported above and applied by the Group may not be consistent with that used by other companies or groups, and therefore the figures may not be comparable with that determined by such groups.

The table below shows the segment reporting applied for the periods ended 31 October 2017 and 31 October 2016:

	Period ended 31 October 2017					**Period ended 31 October 2016**				
(in thousands of euros)	**Value Added Distribution**	**Software and System Integration**	**Corporate**	**Eliminations**		**Value Added Distribution**	**Software and System Integration**	**Corporate**	**Eliminations**	
Revenues from third parties	**432,092**	**127,664**	**801**		**560,557**	**450,827**	**99,626**	**933**	**-**	**551,386**
Inter segment revenues	34,712	1,238	5,722		41,672	30,666	1,396	5,000	-	37,062
Revenues	466,804	128,902	6,523	(41,672)	**560,557**	**481,493**	**101,022**	**5,933**	**(37,062)**	**551,386**
Other income	3,137	2,036	1,096	(1,914)	4,355	3,060	1,410	944	(1,556)	3,858
Total Revenues and other income	**469,941**	**130,938**	**7,619**	**(43,586)**	**564,912**	**484,553**	**102,432**	**6,877**	**(38,618)**	**555,244**
Purchase of goods	(432,110)	(52,847)	(243)	31,657	(453,543)	(444,744)	(45,258)	(426)	31,043	(459,385)
Costs for services and rent, leasing and similar costs	(15,043)	(41,429)	(3,677)	11,909	(48,240)	(13,126)	(29,242)	(3,818)	7,528	(38,658)
Personnel costs	(6,544)	(26,858)	(2,699)		(36,101)	(6,306)	(22,413)	(2,552)		(31,271)
Other operating costs	(677)	(443)	(82)	20	(1,182)	(1,104)	(422)	(59)	17	(1,568)
Ebitda	**15,567**	**9,361**	**918**		**25,846**	**19,273**	**5,097**	**22**	**(30)**	**24,362**
Amortisation, depreciation and write-downs	(2,843)	(3,161)	(462)		(6,466)	(3,098)	(2,425)	(45)	-	(5,568)
Ebit	**12,724**	**6,200**	**456**		**19,380**	**16,175**	**2,672**	**(23)**	**(30)**	**18,794**
Profit from companies valued at equity	359	111	23		493	3	167	9		179
Net financial income and charges	(1,542)	(371)	11		(1,902)	(1,066)	(746)	22		(1,790)
Profit before taxes	**11,541**	**5,940**	**490**		**17,971**	**15,112**	**2,093**	**8**	**(30)**	**17,183**
Income taxes	(3,183)	(2,068)	(291)		(5,542)	(4,632)	(1,201)	(173)	9	(5,997)
Profit for the period	**8,358**	**3,872**	**199**		**12,429**	**10,480**	**892**	**(165)**	**(21)**	**11,186**
Profit attributable to non-controlling interests	38	1,538	-		1,576	20	577	(2)		595
Profit attributable to the Group	**8,320**	**2,334**	**199**		**10,853**	**10,460**	**315**	**(163)**	**(21)**	**10,591**

The table below shows information on the balance sheet by operating segment for the periods ended 31 October 2017 and 31 October 2016:

(in thousands of euros)	Period ended 31 October 2017					Period ended 31 October 2016				
	Value Added Distribution	**Software and System Integration**	**Corporate**	**Eliminations**		**Value Added Distribution**	**Software and System Integration**	**Corporate**	**Eliminations**	
Intangible assets	1,085	21,983	73	22	23,163	1,213	16,330	43	23	17,609
Property, plant and equipment	41,491	9,836	502	(10)	51,819	41,141	4,442	215	(10)	45,788
Investment property			290		290			290		290
Equity investments valued at equity	5,108	3,061	946	(247)	8,868	53	3,251	1,044	(247)	4,101
Deferred tax assets	3,463	2,087	168	(87)	5,631	3,371	2,237	352	(79)	5,881
Other non-current receivables and assets	3,664	6,114	68,225	(67,683)	10,320	3,569	5,254	67,253	(67,527)	8,549
TOTAL NON-CURRENT ASSETS	**54,811**	**43,081**	**70,204**	**(68,005)**	**100,091**	**49,347**	**31,514**	**69,197**	**(67,840)**	**82,218**
Inventories	60,323	11,375		(144)	71,554	56,190	10,613		(125)	66,678
Current trade receivables	212,083	80,432	12,836	(38,203)	267,148	197,803	64,007	12,417	(30,841)	243,386
Current tax receivables	1,775	2,266	167		4,208	837	2,928	197		3,962
Other current receivables and assets	4,554	18,421	885	(752)	23,108	5,484	17,518	908	(724)	23,186
Cash and cash equivalents	116,815	39,021	8,484		164,320	87,018	22,021	7,668		116,707
TOTAL CURRENT ASSETS	**395,550**	**151,515**	**22,372**	**(39,099)**	**530,338**	**347,332**	**117,087**	**21,190**	**(31,690)**	**453,919**
Non-current assets held for sale							1,818			1,818
TOTAL ASSETS	**450,361**	**194,596**	**92,576**	**(107,104)**	**630,429**	**396,679**	**150,419**	**90,387**	**(99,530)**	**537,955**
Share capital	40,000	3,800	37,127	(43,800)	37,127	40,000	3,800	37,127	(43,800)	37,127
Share premium reserve		4,051	33,144	(4,051)	33,144		4,051	33,102	(4,051)	33,102
Other reserves and Profits carried forward	118,810	9,108	14,638	(20,128)	122,428	107,152	4,099	13,272	(18,852)	105,671
TOTAL GROUP EQUITY	**158,810**	**16,959**	**84,909**	**(67,979)**	**192,699**	**147,152**	**11,950**	**83,501**	**(66,703)**	**175,900**
Equity attributable to non-controlling interests	871	7,297	546	237	8,951	1,012	6,885	599	(899)	7,597
TOTAL EQUITY	**159,681**	**24,256**	**85,455**	**(67,742)**	**201,650**	**148,164**	**18,835**	**84,100**	**(67,602)**	**183,497**
Non-current loans	81,718	33,635			115,353	58,455	16,204			74,659
Employee benefits	1,456	15,776	1,610		18,842	1,468	13,052	1,388		15,908
Non-current provisions	1,768	709			2,477	1,305	264			1,569
Deferred tax liabilities	1,517	5,218	15	(263)	6,487	1,200	4,293	36	(239)	5,290
TOTAL NON-CURRENT LIABILITIES	**86,459**	**55,338**	**1,625**	**(263)**	**143,159**	**62,428**	**33,813**	**1,424**	**(239)**	**97,426**
Current loans	30,166	22,778			52,944	26,585	24,145			50,730
Payables to suppliers	164,088	63,023	2,839	(39,020)	190,930	141,759	50,171	2,584	(31,620)	162,894
Current tax payables	1,682	2,398	1,131	10	5,221	5,109	1,985	983	10	8,087
Other current liabilities	8,285	26,803	1,526	(89)	36,525	12,634	21,470	1,296	(79)	35,321
TOTAL CURRENT LIABILITIES	**204,221**	**115,002**	**5,496**	**(39,099)**	**285,620**	**186,087**	**97,771**	**4,863**	**(31,689)**	**257,032**
TOTAL LIABILITIES	**290,680**	**170,340**	**7,121**	**(39,362)**	**428,779**	**248,515**	**131,584**	**6,287**	**(31,928)**	**354,458**
TOTAL EQUITY AND LIABILITIES	**450,361**	**194,596**	**92,576**	**(107,104)**	**630,429**	**396,679**	**150,419**	**90,387**	**(99,530)**	**537,955**

All the Group's revenues are generated in Italy. Revenues can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2017**	**2016**
Sale of hardware, software and accessories	499,582	499,779
Software development and other services	28,923	21,966
Hardware and software assistance	25,910	23,394
Marketing activity	3,550	3,986
Other sales	2,592	2,261
Total	**560,557**	**551,386**

5 Other Income

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2017**	**2016**
Transport activity	529	436
Capital gains on disposals	9	27
Commissions	765	153
Leases and hires	111	93
Training courses	99	72
Other income	2,842	3,077
Total	**4,355**	**3,858**

6 Consumables and Goods for resale

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2017**	**2016**
Purchase of hardware	305,393	299,955
Purchase of software	147,268	159,377
Consumables and other purchases	882	53
Total	**453,543**	**459,385**

From the year ended at 30 April 2017 cash discount granted by suppliers are reclassified to reduce the purchase cost of the goods since the commercial compenent is considered prevalent, as practiced in the distribution sector. For purposes of comparision the financial discounts have been reclassified from Financial income item to the cost of Consumables also in the income statment at 31 October 2016.

7 Costs for services and rent, leasing and similar costs

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2017**	**2016**
Hardware and software technical assistance	19,683	13,367
Consultancy	10,512	8,641
Commissions and contributions due to agents	3,918	3,324
Leases and hires	4,021	3,249
Marketing	1,903	1,496
Transport	1,841	1,833
Insurance	700	732
Utilities	969	945
Logistics and warehousing	589	699
Support and training expenses	398	321
Maintenance	1,230	1347
Other expenses for services	2,847	2,704
Total	**48,611**	**38,658**

8 Personnel costs

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2017**	**2016**
Wages and salaries	24,608	21,299
Social security contributions	6,627	5,753
Contributions to pension funds	1,713	1,445
Reimbursements and other personnel costs	3,153	2,774
Total	**36,101**	**31,271**

Below is the average and actual number of the Group's employees:

	Average number of employees at		**Actual number of employees at**	
(in units)	**31-Oct-17**	**31-Oct-16**	**31-Oct-17**	**31-Oct-16**
Executives	17	16	17	16
Middle managers	102	94	105	92
Office workers	1,334	1,137	1,357	1,170
Total	**1,453**	**1,247**	**1,479**	**1,278**

9 Other Operating costs

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2017**	**2016**
Accruals to provision for bad debts	1,490	1,709
Charges and commissions for assignments of receivables without recourse	310	721
Taxes and duties	300	302
Capital losses on disposals	2	8
Losses not covered by provisions for bad debts	30	162
Provisions for risks and charges	531	818
Other operating costs	540	375
Total	**3,203**	**4,095**

10 Amortisation and depreciation

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2017**	**2016**
Intangible assets	1,542	1,371
Property, plant and equipment	2,531	1,670
Investment property	1	
Total	**4,074**	**3,041**

Amortisation of intangible assets in the period included Euro 917 thousand relating to the client lists and technological know-how items, resulting from the allocation of the difference in value between the cost for acquisitions of companies recently included in the scope of consolidation and the relative book value of equity.

11 Financial income and charges

This item can be broken down as follows:

	Period ended 31 October	
(in thousands of euros)	**2017**	**2016**
Interest expense for assignments of receivables	406	759
Charges and commissions for assignments of receivables with recourse	424	154
Interest expense on bank accounts and loans	159	144
Other interest expense	691	514
Commissions and other financial charges	888	1,091
Financial charges relating to staff severance pay (TFR)	113	108
Foreign exchange losses	1,904	1,092
Total financial charges	**4,585**	**3,862**
Interest income on other short-term receivables	261	759
In associated companies		
Other financial income	396	79
Interest income on bank deposits	13	34
Dividends from equity investments	1	1
Foreign exchange gains	2,012	1,199
Total financial income	**2,683**	**2,072**
Net financial charges	**1,902**	**1,790**

Financial management showed a negative balance equal to Euro 1,902 thousand at 31 October 2017, with an increase compared to a negative balance of Euro 1,790 thousand at 31 October 2016, mainly due to lower interest income on receivables. Foreign exchange management (net balance of foreign exchange losses and gains) showed a positive balance of Euro 107 thousand, with no significant changes compared to the figure at 31 October 2016.

12 Income taxes

Income taxes at 31 October 2017 are equal to Euro 5,542 thousand and are based on the best estimate of taxes in accordance with the legislation in force.

	Period ended 31 October	
(in thousands of euros)	**2017**	**2016**
Current taxes	5,706	6,422
Deferred taxes	(164)	(425)
Total	**5,542**	**5,997**

The reduction in current taxes compared to the previous period ended 31 October 2016 is mainly due to a lower income tax rate ("IRES"), which passed from 27% to 24%, applicable from the fiscal year ending on 30 April 2018.

13 Intangible assets

This item and the related change can be broken down as follows:

(in thousands of euros)	**List of customers**	**Technological know-how**	**Software and other intangible assets**	**Total**
Balance at 30 April 2017	**8,236**	**11,464**	**2,148**	**21,848**
Of which				
- historical cost	*12,060*	*12,251*	*7,888*	*32,199*
- accumulated amortisation	*(3,824)*	*(787)*	*(5,740)*	*(10,351)*
Changes in the scope of consolidation			299	299
Investments	1,831	83	644	2,558
Amortisation	(653)	(308)	(581)	(1,542)
Decreases				
Other changes				
Balance at 31 October 2017	**9,414**	**11,239**	**2,510**	**23,163**
Of which				
- historical cost	*13,891*	*12,334*	*8,831*	*35,056*
- accumulated amortisation	*(4,477)*	*(1,095)*	*(6,321)*	*(11,893)*

The balance of intangible assets at 31 October 2017 consists largely of client lists and technological know-how items, acquired in the previous years through business branches and companies. The investment in client lists and technological know-how items, equal to Euro 1,914 thousand, refers to the acquisition of commercial network of Aldebra Spa by Var Aldebra Srl, completed through a company branch purchase. The client lists and technological know-how items as well as software and other intangible assets are assets with finite useful life and are subject to regular amortisation.

14 Property, plant and equipment

This item and the related change can be broken down as follows:

(in thousands of euros)	**Land**	**Buildings**	**Office machines**	**Leasehold improvements**	**Other property, plant and equipment**	**Total**
Balance at 30 April 2017	**7,950**	**25,911**	**5,776**	**3,320**	**6,779**	**49,736**
Of which						
- - historical cost	*7,950*	*28,287*	*17,477*	*5,624*	*12,124*	***71,462***
- - accumulated depreciation		*(2,376)*	*(11,701)*	*(2,304)*	*(5,345)*	***(21,726)***
Changes in the scope of consolidation					95	**95**
Investments		201	3,497	319	661	**4,678**
Disposals			(117)		(41)	**(158)**
Depreciation		(460)	(1,171)	(333)	(568)	**(2,532)**
Other changes						
Balance at 31 October 2017	**7,950**	**25,652**	**7,985**	**3,306**	**6,926**	**51,819**
Of which:						
- historical cost	*7,950*	*28,488*	*20,857*	*5,943*	*12,839*	***76,077***
- cumulated depreciation		*(2,836)*	*(12,872)*	*(2,637)*	*(5,913)*	***(24,258)***

The investments in property, plant and equipment made at 31 October 2017 mainly refer to office and electronic machines (servers and storage) necessary to the development of the fully owned Data Center and the offering of Cloud Computing services by the subsidiary Leonet Srl, as well as for Euro 1,271 thousand for the purchase of the infrastructural cloud computing branch by CDH Srl.

15 Investment Property

This item and the related change can be broken down as follows:

(in thousands of euros)	Land	Buildings	Total
Balance at 30 April 2017	**281**	**9**	**290**
Of which			
- historical cost	*281*	*10*	***291***
- accumulated depreciation		*(1)*	***(1)***
Investments			
Disposals			
Depreciation			
Balance at 31 October 2017	**281**	**9**	**290**
Of wh ich:			
- historical cost	*281*	*10*	***291***
- accumulated depreciation		*(1)*	***(1)***

The item "Investment Property" includes the value of land and buildings held by the Group for investment purposes. In particular, two agricultural lands located in Villanova (Empoli) and an apartment for office use located in Rome, fully owned.

16 Other current and non-current receivables and assets

This item can be broken down as follows:

(in thousands of euros)	At 31 October 2017	At 30 April 2017
Non-current receivables from others	3,662	3,705
Non-current equity investments in other companies	6,527	4,155
Non-current securities	119	51
Non-current receivables from associated companies	12	
Other non-current tax receivables		249
Total other non-current receivables and assets	**10,320**	**8,160**
Current receivables from others	10,761	9,167
Other current tax receivables	2,893	2,761
Accrued income and prepaid expenses	7,745	9,167
Derivative assets	110	
Other current securities	1,589	1,615
Current receivables from Group's companies out of the scope of consolidation		5
Current receivables from associated companies	10	
Total other current receivables and assets	**23,108**	**22,715**

17 Inventories

This item can be broken down as follows:

	At 31 October	At 30 April
(in thousands of euros)	**2017**	**2017**
Finished products and goods for resale	68,344	57,813
Work in progress and semi-finished products	3,210	3,757
Total	**71,554**	**61,570**

The increase in inventories compared to the year ended 30 April 2017 was due to the seasonality of the purchases and sales during the year. Finished products and goods for resale were recognised net of the provision for write-down for obsolescence, which showed in the period the following changes:

(in thousands of euros)	**Provision for obsolescence of finished products and goods for resale**
Balance at 30 April 2017	**1,406**
Net change	(26)
Balance at 31 October 2017	**1,380**

18 Current trade receivables

This item can be broken down as follows:

	At 31 October	At 30 April
(in thousands of euros)	**2017**	**2017**
Receivables from customers	277,248	324,205
Provision for write-down of receivables from customers	(13,029)	(12,381)
Receivables from customers, net of provision for bad debts	**264,219**	**311,824**
Receivables from associated companies	2,929	3,575
Total current trade receivables	**267,148**	**315,399**

For the purposes of a better presentation of receivables from customers, they are presented net of the balance relating to customers subject to insolvency proceedings which at 31 October 2017 were Euro 29,704 thousand, compared to Euro 28,789 thousand at 30 April 2017. These positions have been fully written down via the booking of a specific provision.

The table below shows the change in the provision for bad debts:

(in thousands of euros)	**Provision for current bad debts**
Balance at 30 April 2017	**12,381**
Allocation	2,034
Use	(1,386)
Changes in the scope of consolidation	-
Balance at 31 October 2017	**13,029**

For the purposes of a better presentation of receivables from customers, they are presented net of the balance relating to customers subject to insolvency proceedings which at 31 October 2017 were Euro 29,704 thousand, compared to Euro 28,789 thousand at 30 April 2017. These positions have been fully written down via the booking of a specific provision.

19 Equity

Share capital

At 31 October 2017 the Parent Company's share capital, fully subscribed and paid-up, amounted to Euro 37,127 thousand and was divided into 15,494,590 ordinary shares, all of which were no-par-value shares. There are no outstanding warrants or other shares than ordinary ones.
On 27 September 2017 a dividend equal to Euro 0.56 per share was distributed as approved by the Shareholders' Meeting on 25 August 2017. The total profit distributed by the Parent Company Sesa SpA amounted to Euro 8,677 thousand, gross of treasury shares in portfolio.

20 Earnings per Share

The following table shows the calculation of the basic and diluted earnings per share.

	Period ended 31 October	
(in euros, except otherwise specified)	**2017**	**2016**
Profit for the period – attributable to the Group in thousands of euros	**10,853**	**10,591**
Average number of ordinary shares (*)	15,453,643	15,400,748
Earnings per share – basic	**0.70**	**0.69**
Average number of ordinary shares (**)	15,494,590	15,471,082
Earnings per share – diluted	**0.70**	**0.68**

(*) Monthly weighted average of the outstanding shares, net of treasury shares in portfolio
(**) Monthly weighted average of the outstanding shares, net of treasury shares in portfolio, included the impact related to Stock Options/Grants Plans

21 Current and non-current loans

The table below shows the breakdown of this item at 31 October 2017 and 30 April 2017:

At 31 October 2017 *(in thousands of euros)*	**Within 12 months**	**Between 1 and 5 years**	**Beyond 5 years**	**Total**
Long-term loans	36,407	100,583		136,990
Short-term loan	12,826			12,826
Advances received from factors	2,332			2,332
Finance lease liability	1,379	4,672	10,098	16,149
Total	**52,944**	**105,255**	**10,098**	**168,297**

At 30 April 2017 *(in thousands of euros)*	**Within 12 months**	**Between 1 and 5 years**	**Beyond 5 years**	**Total**
Long-term loans	45,621	65,698		111,319
Short-term loans	9,021			9,021
Advances received from factors	4,787			4,787
Finance lease liability	1449	4,622	10,798	16,869
Total	**60,878**	**70,320**	**10,798**	**141,996**

The item "advances received from factors" refers to advances granted by factoring companies against receivables from customers assigned in the period that did not meet the requirements for the derecognition of financial assets.

The table below summarises the main outstanding loans:

(in thousands of euros)						**Outstanding debt at**	
Lending bank	**Original amount**	**Financed Company**	**Registration**	**Expiry**	**Applied Rate**	**31 October 2017**	*of which current*
BNL BNP Paribas SpA	20,000	Computer Gross Italia SpA	May-17	May-20	Taeg* 0.52%	20,000	-
Unicredit SpA	10,000	Computer Gross Italia SpA	Apr-17	May-19	Taeg 0.75%	10,000	-
Banca MPS SpA	10,000	Computer Gross Italia SpA	Apr-17	Jun-22	Taeg 0.61%	9,500	2,000
UBI Banca SpA	10,000	Computer Gross Italia SpA	Jun-17	Jun-20	Euribor 3m + 0.57%	8,897	3,340
Banca MPS SpA	10,000	Computer Gross Italia SpA	Nov-15	Dec-20	Euribor 6m + 1.10%	7,000	2,000
Banca CR Firenze SpA (Gruppo Intesa San Paolo)	10,000	Computer Gross Italia SpA	Nov-15	DEc-20	Euribor 3m + 1.00%	6,500	2,000
CARIPARMA SpA - Credit Agricole	10,000	Var Group SpA	May-16	May-20	Euribor 3m + 0.9%	6,901	2,497
BNL BNP Paribas SpA	10,000	Var Group SpA	May-17	May-19	Taeg 0.61%	10,000	
Unicredit SpA	7,000	Var Group SpA	Apr-17	Jul-19	Taeg 0.815%	5,455	3,108
Banca CR Firenze SpA	5,000	Computer Gross Italia SpA	May-17	Jun-22	Euribor 3m + 0.80%	4,750	1,000
Banca Popolare Emilia Romagna SpA	5,000	Computer Gross Italia SpA	Nov-16	Nov-20	Taeg 0.55%	4,070	1,245
CREDEM	5,000	Computer Gross Italia SpA	Dec-16	Dec-19	Taeg 0.407%	3,756	1,665

*TAEG – gross annual percentage rate (APR)

It should be noted that loans do not envisage capital and/or financial covenants but essentially cross default or change of control covenants except for the loans stipulated by Computer Gross Italia SpA with Banca CR Firenze SpA (Intesa San Paolo Group) for an initial amount of Euro 10 million (residual amount Euro 6.5 million expiring in December 2020) and for an initial amount of Euro 5 million (residual amount Euro 4.75 million expiring in June 2022) and that stipulated by Var Group SpA with Banca CR Firenze SpA (Intesa San Paolo Group) for an initial amount of Euro 5 million (residual amount Euro 4.75 million expiring in June 2022); the financial covenants oblige to respect some ratios of Net Financial Position/equity and/or Net Financial Position/Ebitda on consolidated basis. In the period ending 31 October 2017 the above-mentioned ratios were met.

The table below summarises the main finance lease agreements in place:

(in thousands of euros) Lending bank	Company	Registration	Expiry	At 31 October 2017	*of which current*	At 30 April 2017	*of which current*
Leasint SpA (Intesa San Paolo Group)	Computer Gross Italia SpA	Jan-17	Sep-25	8,218	680	8,552	*671*
Leasint SpA (Intesa San Paolo Group)	Computer Gross Italia SpA	Sep-13	Sep-25	560	39	579	*38*
Leasint SpA (Intesa San Paolo Group)	Computer Gross Italia SpA	Oct-10	Sep-25	6,754	479	6,990	*475*
Leasint SpA (Intesa San Paolo Group)	Computer Gross Italia SpA	Dec-08	Oct-23	508	72	542	*70*
Dell Bank International Limited	Leonet Srl	May-15	Apr-18	109	109	206	*195*
Total				**16,149**	**1,379**	**16,869**	**1,449**

The financial lease agreements in place signed by Computer Gross Italia SpA with Leasint SpA are related to the real estate complex in Empoli used as headquarters and warehouse.

At 31 October 2017 and 30 April 2017 the Group's financial debt was made up, for about 100%, of loans raised in euros. Below is a summary of the Group's Net Financial Position:

	(in thousands of euros)	At 31 Ocober 2017	At 30 April 2017
A.	Cash	46	51
B.	Cheques and bank and postal deposits	164,274	191,900
C.	Securities held for trading		
D.	**Liquidity (A) + (B) + (C)**	**164,320**	**191,951**
E.	**Current financial receivables**	**1,851**	**1,995**
F.	Current bank debts	15,158	13,808
G.	Current portion of non-current debt	36,407	45,621
H.	Other current financial payables	1,379	1,449
I	**Current financial debt (F) + (G) + (H)**	**52,944**	**60,878**
J.	**Net current financial debt (I) - (E) - (D)**	**(113,227)**	**(133,068)**
K.	Non-current bank debts	100,583	65,698
L.	Bonds issued		
M.	Other non-current payables	14,770	15,420
N.	**Non-current financial debt (K) + (L) + (M)**	**115,353**	**81,118**
O.	**Net financial debt (J) + (N)**	**2,126**	**(51,950)**

The trend of Net Financial Position reflected mainly the seasonality of the business where working capital absorption is higher at 31 October than at 30 April of each financial year.

22 Employee benefits

This item includes the provision relating to the staff severance pay (TFR) for the employees of the Group companies in Italy.

The change in the item can be broken down as follows:

(in thousands of euros)	At 31 Ocober 2017	At 30 April 2017
Balance at the beginning of the period	**17,427**	**15,836**
Service cost	699	1,142
Interest on the obligation	113	205
Uses, advances and transfer	(15)	(729)
Actuarial loss/(gain)	438	107
Changes in the scope of consolidation	180	866
Balance at the end of the period	**18,842**	**17,427**

The table below shows the actuarial calculation assumptions for the purposes of the determination of defined-benefit pension plans:

(in thousands of euros)	At 31 Ocober 2017	At 30 April 2017
Economic assumptions		
Rate of inflation	1.50%	1.50%
Discount rate	1.40%	1.35%
Rate of increase in staff severance pay (TFR)	2.63%	2.63%

As regards the discount rate, reference has been made to the iBoxx Eurozone Corporates AA index with duration 10+ as at the various valuation dates, commensurate with the residual average term of the staff subject to assessment.

23 Provisions for risks and charges

The change in the items can be broken down as follows:

(in thousands of euros)	Provision for agents' pension fund	Other provisions for risks	Total
At 30 April 2017	**266**	**1,480**	**1,746**
Allocations	24	531	555
Uses		(32)	(32)
Other changes	224	(16)	208
At 31 October 2017	**514**	**1,963**	**2,477**

Other provisions for risks, equal to Euro 1,963 thousand at 31 October 2017, are aimed to cover the risks relating to fiscal and legal disputes and,in particular, include an estimate of the future charges connected with the notices of assessment notified by the Florence Revenue Agency to Computer Gross Italia SpA on 18 December 2015, 12 December 2016 and 19 October 2017, concerning value added tax for the year 2010, 2011 and 2012 respectively.

The higher tax established amounts to a total of Euro 8.6 million, in addition to sanctions and interest, for all three notices and involves the sale of non-taxable assets under art. 8 para. 2 of Presidential Decree 633/72. From an examination of similar claims as those in the abovementioned notices, after hearing the opinion of its legal and tax consultants, Computer Gross Italia SpA deems that the claims of the revenue authorities are groundless. The company also believes that it has had a proper tax behavior, having progressively strengthened the validation and monitoring procedures of customers who resort to this type of transaction in order to anticipate such potential fiscal risk. Such transactions represent a very little and decreasing percentage of the turnover of Computer Gross Italia SpA.

In relation to the notice issued in December 2015 referred to taxes for 2010, Computer Gross Italia SpA filed an appeal in February 2016. In January 2017, the decision of the Provincial Tax Commission was served which accepted the appeal filed and allowed the repayment of the expenses. Following said decision, which fully confirms the company's correct conduct, the revenue authorities filed an appeal in June 2017.

In relation to the notice notified in December 2016 with reference to taxes for 2011 the appeal filed by Computer Gross Italia SpA, which is based on the same assumptions as the appeal won for 2010, is pending with the Provincial Commission.

In relation to the notice notified in October 2017 with reference to taxes for 2012, Computer Gross Italia SpA filed an appeal based on the same assumptions as the appeal won relating to 2010.

24 Other current liabilities

This item can be broken down as follows:

(in thousands of euros)	**At 31 Ocober 2017**	**At 30 April 2017**
Accrued expenses and deferred income	11,001	19,006
Tax payables	7,539	6,599
Payables to personnel	11,788	10,934
Other payables	2,652	5,322
Payables to social security institutions	2,504	2,408
Advances from customers	909	5,260
Derivative liabilities	132	77
Total other current liabilities	**36,525**	**49,606**

25 Other Information

Contingent liabilities

No significant changes emerged regarding the main existing disputes with respect to the information contained in the explanatory notes to the Consolidated Financial Statements of the Group as of 30 April 2017 except as set forth above in relation to the tax litigation in Note 23 - Provisions for Risks and Charges. We are not aware of the existence of further disputes or proceedings that are likely to have significant effects on the economic and financial position of the Group.

Commitments

At 31 October 2017 the Group did not undertake commitments that are not reflected in the Financial Statements.

26 Events after the period-end

As regards information related to the events subsequent to 31 October 2017, please refer to the interim report on operations.

Annexes

Balance Sheet drawn up in compliance with Consob resolution no. 15519 of 27 July 2006

(in thousands of euros)	Period ended 31-Oct-17	Of which with related parties	% impact
Intangible assets	23,163		
Property, plant and equipment	51,819		
Investment property	290		
Equity investments valued at equity	8,868		
Deferred tax assets	5,631		
Other non-current receivables and assets	10,320		
Total non-current assets	**100,091**	-	
Inventories	71,554		
Current trade receivables	267,148	2,854	1.1%
Current tax receivables	4,208		
Other current receivables and assets	23,108	94	0.4%
Cash and cash equivalents	164,320		
Total current assets	**530,338**	**2,948**	**0.6%**
Non-current assets held for sale			
Total assets	**630,429**	**2,948**	**0.5%**
Share capital	37,127		
Share premium reserve	33,144		
Other reserves	5,959		
Profits carried forward	116,469		
Equity attributable to the Group	**192,699**	-	
Equity attributable to non-controlling interests	8,951		
Total equity	**201,650**	-	
Non-current loans	115,353		
Employee benefits	18,842	112	0.6%
Non-current provisions	2,477		
Deferred tax liabilities	6,487		
Total non-current liabilities	**143,159**	**112**	**0.1%**
Current loans	52,944		
Payables to suppliers	190,930	2,031	1.1%
Current tax payables	5,221		
Other current liabilities	36,525	141	0.4%
Total current liabilities	**285,620**	**2,172**	**0.8%**
Total liabilities	**428,779**	**2,284**	**0.5%**
Total equity and liabilities	**630,429**	**2,284**	**0.4%**

Trade receivables from related parties include amounts claimed by the Group from the associated company attributable to ordinary commercial supplies.

Income statement drawn up in compliance with Consob resolution no. 15519 of 27 July 2006

(in thousands of euros)	**Period ended 31-Oct-17**	**Of which with related parties**	**% impact**
Revenues	560,557	10,259	1.8%
Other income	4,355	32	0.7%
Consumables and goods for resale	(453,543)	(1,012)	0.2%
Costs for services and rent, leasing, and similar costs	(48,611)	(3,264)	6.7%
Personnel costs	(36,101)	(374)	1.0%
Other operating costs	(3,203)		
Amortisation, depreciation and write-downs	(4,074)		
EBIT	**19,380**		
Profit from companies valued at equity	493		
Financial income	2,683		
Financial charges	(4,585)		
Profit before taxes	**17,971**		
Income taxes	(5,542)		
Profit for the period	**12,429**		
of which:			
Profit attributable to non-controlling interests	1,576		
Profit attributable to the Group	10,853		
Earnings per share (basic) (in euros)	0.70		
Earnings per share (diluted) (in euros)	0.70		

Revenues from related parties mainly refer to operations with associated company Zucchetti Informatica SpA, relating to ordinary commercial supplies. The transactions between the Group and related parties mainly consist of commercial transactions and refer primarily to hardware and software sales and related technical assistance. The Company believes that all transactions with related parties are substantially regulated on the basis of normal market conditions. Personnel costs mainly refer to the remuneration of managers with strategic responsibilities.

List of Subsidiary and operating Associated Companies

Subsidiary Companies

Owned by	Company	Registered Office	Ownership percentage at 31-Oct-17	Ownership percentage at 30-Apr-17
VAR GROUP SRL	365ONLINE SRL	Empoli (Florence)	100.00%	100.00%
VAR DIGITAL SRL	AFB NET SRL	Ponte San Giovanni (Perugia)	62.00%	62.00%
APRA SPA	AGENZIA SENZA NOME SRL	Jesi (Ancona)	71.25%	75.00%
VAR GROUP SPA	APRA SPA	Jesi (Ancona)	60.00%	60.00%
SESA SPA	ARCIPELAGO CLOUD SRL	Empoli (Florence)	100.00%	100.00%
VAR GROUP SPA	BMS SPA	Milan	51.00%	51.00%
APRA SPA	CENTRO 3 CAD SRL	Jesi (Ancona)	80.00%	80.00%
COMPUTER GROSS ITALIA SPA	COMPUTER GROSS ACCADIS SRL	Rome	51.00%	51.00%
SESA SPA	COMPUTER GROSS ITALIA SPA	Empoli (Florence)	100.00%	100.00%
COMPUTER GROSS ITALIA SPA	COMPUTER GROSS NESSOS SRL	Empoli (Florence)	60.00%	60.00%
VAR GROUP SPA	COSESA SRL	Empoli (Florence)	100.00%	100.00%
VAR GROUP SPA	DELTA PHI SIGLA SRL	Empoli (Florence)	100.00%	100.00%
VAR GROUP SPA	GLOBO INFORMATICA SRL	Druento (Torino)	57.50%	57.50%
COMPUTER GROSS ITALIA SPA	ICT LOGISTICA SRL	Empoli (Florence)	33.33%	33.33%
VAR GROUP SPA			33.33%	33.33%
SESA SPA	IDEA POINT SRL	Empoli (Florence)	100.00%	100.00%
ITF SRL	INTEGRATION CUSTOMER CENTER SRL	Empoli (Florence)	100.00%	100.00%
COMPUTER GROSS ITALIA SPA	ITF SRL	Empoli (Florence)	100.00%	100.00%
VAR GROUP SPA	LEONET SRL	Empoli (Florence)	100.00%	100.00%
MY SMART SERVICES SRL	M.F. SERVICES SRL	Campagnola Emilia (Reggio Emilia)	70.00%	70.00%
VAR GROUP SPA	MY SMART SERVICES SRL	Empoli (Florence)	100.00%	100.00%
VAR GROUP SPA	OPENIA SRL	Empoli (Florence)	70.00%	70.00%
VAR GROUP SPA	SAILING SRL	Reggio Emilia	51.00%	51.00%
VAR ONE SRL	SYNERGY SRL	Carpi (Modena)	51.00%	51.00%
VAR GROUP SPA	SIRIO INFORMATICA E SISTEMI SPA	Milan	51.00%	51.00%
VAR GROUP SPA	VAR COM SRL	Empoli (Florence)	51.00%	51.00%
VAR GROUP SRL	VAR ALDEBRA SRL	Rimini	50.50%	50.50%
VAR GROUP SRL	VAR ENGINEERING SRL	Empoli (Florence)	63.0%	63.0%
VAR ALDEBRA SRL			15.0%	15.0%
VAR GROUP SRL	VAR GROUP NORD OVEST SRL	Genoa	100.00%	100.00%
SESA SPA	VAR GROUP SPA	Empoli (Florence)	100.00%	100.00%
VAR GROUP SPA	VAR GROUP SRL	Empoli (Florence)	100.00%	100.00%
VAR GROUP SPA	VAR GROUP DIGITAL SRL	Empoli (Florence)	100.00%	100.00%
LEONET SRL	VAR ITT SRL	Empoli (Florence)	50.00%	n.a.
VAR GROUP SPA			15.00%	n.a.
VAR GROUP SPA	VAR ONE SRL	Empoli (Florence)	65.3%	65.3%
VAR GROUP SPA	VAR PRIME SRL	Empoli (Florence)	51.00%	51.00%
MY SMART SERVICES SRL	VAR SERVICE SRL	Empoli (Florence)	52.59%	55.40%
M.F. SERVICES SRL			2.83%	3.00%
SIRIO INFORMATICA E SISTEMI SRL	VAR SIRIO INDUSTRIA SRL	Milan	54.60%	54.60%
VAR GROUP SPA	VAR TECH SRL	Empoli (Florence)	n.a.	71.80%
VAR GROUP SPA	YARIX SRL	Montebelluna (Treviso)	50.00%	50.00%

Associated Companies

Owned by	Company	Registered Office	Ownership percentage at	
			31-Oct-17	30-Apr-17
COSESA SRL	ARCOS SRL	Empoli (Florence)	50.0%	50.0%
COMPUTER GROSS ITALIA SPA	ATTIVA SPA	Brendola (Vicenza)	20.0%	20.0%
BMS SPA	B.I.T. SRL	Milan	25.0%	25.0%
SESA SPA	C.G.N. SRL	Milan	47.5%	47.5%
COMPUTER NESSOS SRL	COLLABORA SRL	Vinci (Florence)	29.0%	29.0%
APRA SPA	CONSORZIO 3 CAD	Milan	33.3%	33.3%
VAR GROUP SPA	DOTDIGITAL SRL	Empoli (Florence)	50.0%	50.0%
APRA SPA	EVIN SRL	Ascoli Piceno	20.0%	20.0%
AFBNET SRL	GO2TECH SRL	Perugia	40.0%	40.0%
VAR DIGITAL SRL	G.G. SERVICES SRL	Pontedera (Pisa)	33.3%	33.3%
VAR GROUP SPA	GLOBAL BUSINESS AREZZO SRL	Arezzo	39.5%	39.5%
VAR GROUP SPA	M.K. ITALIA SRL	Empoli (Florence)	45.0%	45.0%
VAR GROUP SPA	MEDIAMENTE CONSULTING SRL	Empoli (Florence)	20.0%	20.0%
VAR GROUP SPA	NOA SOLUTION SRL	Cagliari	24.0%	24.0%
LEONET SRL	S.A. CONSULTING SRL	Milan	30.0%	30.0%
VAR GROUP SPA	SESA PROGETTI SRL	Cascina (Pisa)	25.0%	25.0%
APRA SPA	SO WINE SRL	Verona	35.0%	35.0%
VAR GROUP SRL	STUDIO 81 DATA SYSTEM SRL	Rome	50.0%	50.0%
VAR GROUP SRL	VAR & ENGINFO SRL	Empoli (Florence)	30.0%	30.0%
VAR GROUP SRL	VAR IT SRL	Parma	22.0%	22.0%
VAR GROUP SPA	VAR ITT SRL	Verona	n.a.	30.0%
SIRIO INFORMATICA E SISTEMI SPA	WEBGATE ITALIA SRL	Milan	30.0%	30.0%
APRA SPA	WINLAKE ITALIA SRL	Novi Ligure (Alessandria)	25.0%	25.0%
VAR GROUP SPA	ZUCCHETTI INORMATICA SPA	Lodi	25.0%	25.0%

Attestation of the Half-Year Condensed Consolidated Financial Statements pursuant to art. 154-bis of Italian Legislative Decree no. 58/98

Attestation of the Half-Year Condensed Consolidated Financial Statements pursuant to art. 154-bis of Italian Legislative Decree no. 58/98

1. The undersigned Paolo Castellacci, in his capacity as Chairman of the Board, and Alessandro Fabbroni, in his capacity as Director responsible for drawing up the Sesa SpA's accounting documents, certify, also taking into account that envisaged by article 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998:

   - the adequacy in relation to the enterprise characteristics and
   - the effective application of the administrative and accounting procedures for the preparation of the Half-Year Condensed Consolidated Financial Statements at 31 October 2017.

2. The assessment of the adequacy of the administrative and accounting procedures for the formation of the Half-Year Condensed Consolidated Financial Statements at 31 October 2017 was carried out in compliance with the Internal Control model - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission that represents a framework of reference generally accepted at international level.

3. It is also certified that:

   3.1 The Half-Year Condensed Consolidated Financial Statements:

   a) are drawn up in compliance with the applicable international accounting standards recognised by the European Community, pursuant to EC regulation no. 1606/2002 of the European Parliament and Council, dated 19 July 2002;

   b) correspond to the company accounts, books and records;

   c) offer a true and fair representation of the financial position, results of operations and cash flows of the issuer and of the groups of companies included within the scope of consolidation.

   3.2 The Interim Report on Operations includes a reliable analysis of the significant events in the first six months of the current fiscal year and the impact of such events on the Company's half-year condensed consolidated financial statements, together with a description of the main risks and uncertainties for the second half of the year. The Interim Report on Operations also includes a reliable analysis of information on significant transactions with related parties.

Empoli, 19 December 2017

Paolo Castellacci
Chairman of the Board of Directors

Alessandro Fabbroni
CEO
Director responsible for drawing up accounting documents

Independent Auditors’ Report

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REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Sesa SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Sesa SpA and its subsidiaries (the Sesa Group) as of 31 October 2017, comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related explanatory notes. The directors of Sesa SpA are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution no. 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of the Sesa Group as of 31 October 2017 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Florence, 19 December 2017

PricewaterhouseCoopers SpA

Signed by

Luigi Necci
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers