



CONSOLIDATED INTERIM REPORT AS AT 30 JUNE 2018

Financial Statements prepared in accordance with IAS/IFRS principles*

- All amounts are in Euro -

DHH - Dominion Hosting Holding S.p.A.

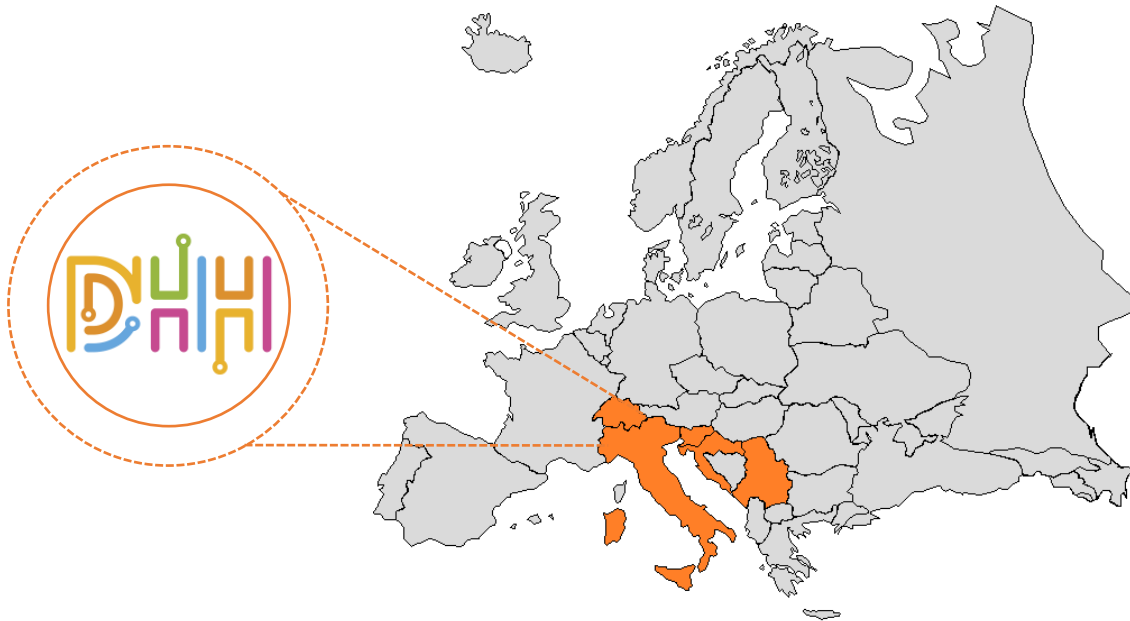
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(*) These consolidated financial statements, making use of the option provided by art.19, Part I, of the Issuers Regulation AIM Italy, have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and published in the Official Journal of the European Union (OJEU), as specified in notes to the financial statements. Financial statements are the result of consolidation of financial statements of companies detailed in the rights in the ordinary shareholders, at the date.

INTRODUCTION



Established in July 2015, **Dominion Hosting Holding (“DHH”)** is an industrial investment company focused on the web hosting, SaaS and cloud-computing industry with the goal of creating the leading *“Internet Platform of European emerging markets”*, a geographic area where expected growth rates are higher thanks to current lower digital penetration.

CORE BUSINESS AND BUSINESS MODEL

So far DHH has focused on Web Domain name registration / transfer and on Web hosting products (from simple share hosting products to more sophisticated solutions as virtual private server, cloud and managed hosting services). New “verticals” of the basic Web services / cloud computing space should be added in the next future.

Most of the above-mentioned services are supplied through cloud based Software as a service (SaaS) technicality, with one-to-many model where contracted customers are charged in advance for their subscription.

MAIN FEATURES

Eight brands under management, with more than 100 thousand customers and 200 thousand registered domains in five promising countries: Croatia, Italy, Serbia, Slovenia and Switzerland.

In-depth and proven capabilities of turning around and up-scaling acquired assets (10 acquisitions between 2015 and 2018, 5 acquisitions after the IPO that took place back in July 2016).

Fast growing company (1H18 Net Sales +24% YoY) with a well-balanced financial structure, (positive net cash position of €2.6mn in 1H18) and sound Cash Flow generation (Robust cash conversion OCF/EBITDA = 100%).

GROUP STRUCTURE BASED ON INDUSTRIAL CONGLOMERATE APPROACH

Conglomerate business model. A holding company (listed on AIM Italia MTF) controlling seven “Opcos”; Holding company providing to all subsidiaries advisory in terms of both “go to market” strategy (expert support, resources and capabilities enhancement) and planning & control (Business unit control, managerial processes, financial KPIs implementation).

Main benefits of “conglomerate approach”:

- Synergies in SG&A, through optimization of IT, Sales and physical infrastructure and as well as collective technology purchase,
- Synergies from cross-selling programs based on the same business model in order to boost ARPU,
- Synergies in knowledge creation and sharing among different brands.

REFERENCE MARKET FEATURES

Reference market is rapidly growing and evolving, highlighting:

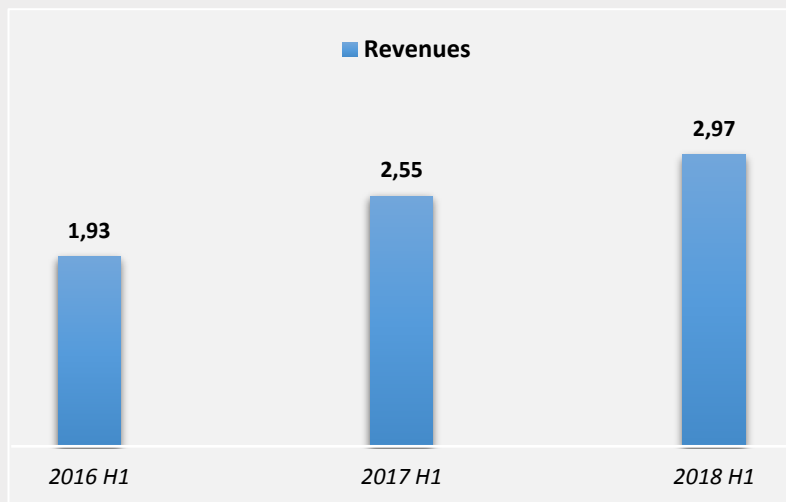
- Double-digit growth rates expected in the next years both in the traditional web hosting and cloud computing markets (*Source: Market Research Future, July 2017 and Gartner technology research, October 2017*), with global shared hosting industry expected to reach a market size of \$21.1bn by 2019 (*Source: Statista*);
- Growing Internet user base, with 3.8 billion users expected by 2018, and as a consequence Internet volumes expected to reach two zettabytes by 2020 (*Source: Websitehostinginsider*);
- eCommerce and Mobile Internet penetration as main underlying drivers.

INVESTMENT STRATEGY

Exploiting positive net cash position in order to finalize further M&A deals aiming at:

- Consolidating existing market shares in the current company’s reference market through the acquisition of small to mid-size companies involved in the web hosting market, attaining related customer bases and distribution networks without retaining previous management.
- Entering in new geographic markets in the web hosting, cloud computing and SaaS market, acquiring the entire company and retaining founders through an equity stake in the original company or in the combined entity. Target company should have a sound cash generating capability or it should be a hypothetical turnaround candidate.
- Investing in seed stage start-ups (investment size around €0.2mn), with innovative projects in the cloud computing and SaaS field, acquiring minority stakes combined with contingent call options, in order to build and develop digital business, guiding startups founders and providing acceleration support. The company is also looking for “unlucky” start-ups who did not succeed for different reasons, but with founders still confident and motivated for taking up such projects.
- Building a diversified product portfolio by integrating new “verticals” beyond traditional web hosting field, such as cloud computing and other Value-Added Solutions (VAS).
- Expanding supply chain, trying to meet all customers’ needs, mixing high quality products with satisfying experience levels.
- Improving customers acquisition rates, renewal rates and, as a consequence, Life-Time Value (LTV).
- Implementing managerial capabilities in revamping and optimization of acquired assets from a financial and technological point of view, delivering strategic thinking, technology solutions, marketing know-how and other best practices.

FINANCIAL HIGHLIGHTS



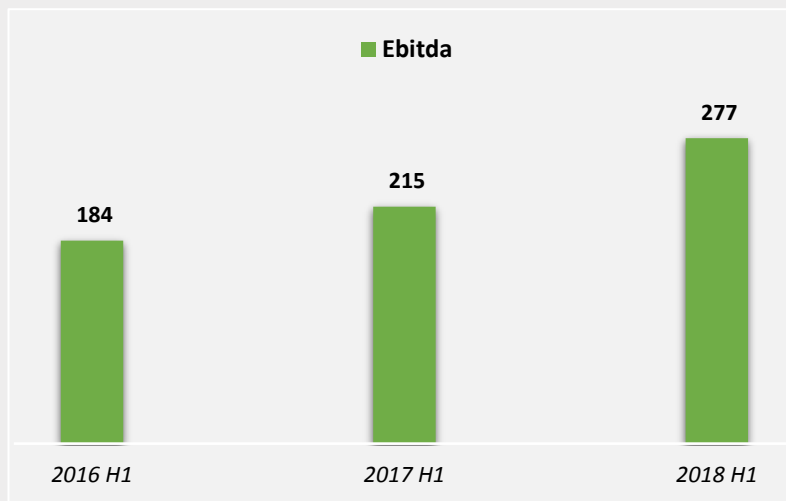
The consolidated

REVENUES

equal to

2,97M EUR

+16%*



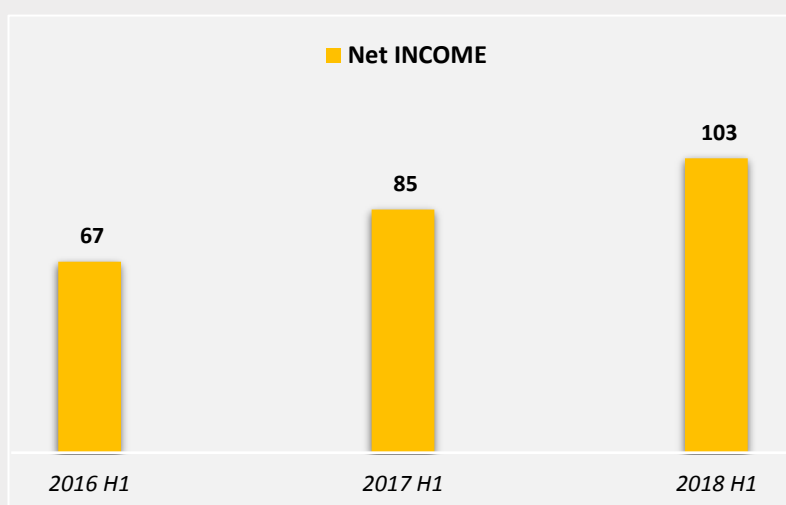
The consolidated

EBITDA

equal to

277k EUR

+29%*



The consolidated

NET INCOME

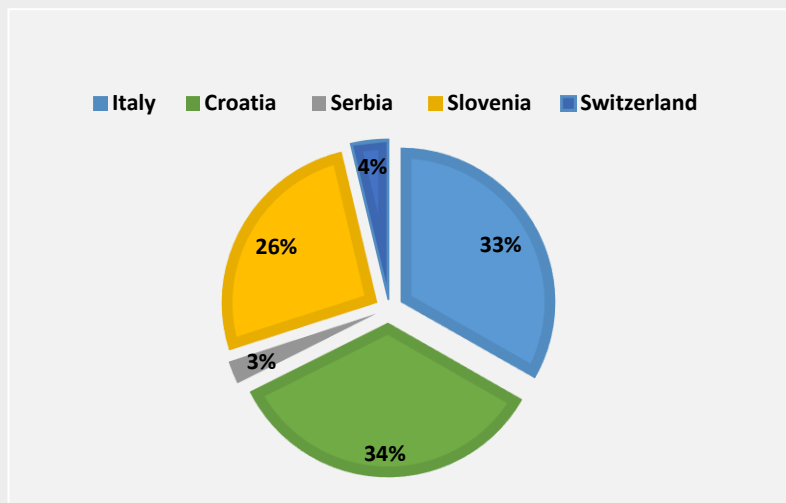
equal to

103k EUR

+21%*

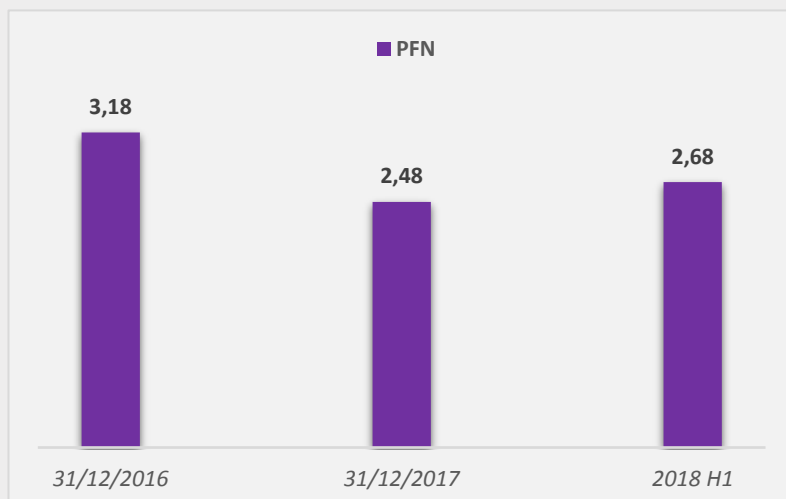
**The change is calculated on the previous semester (H1-2017)*

FINANCIAL HIGHLIGHTS

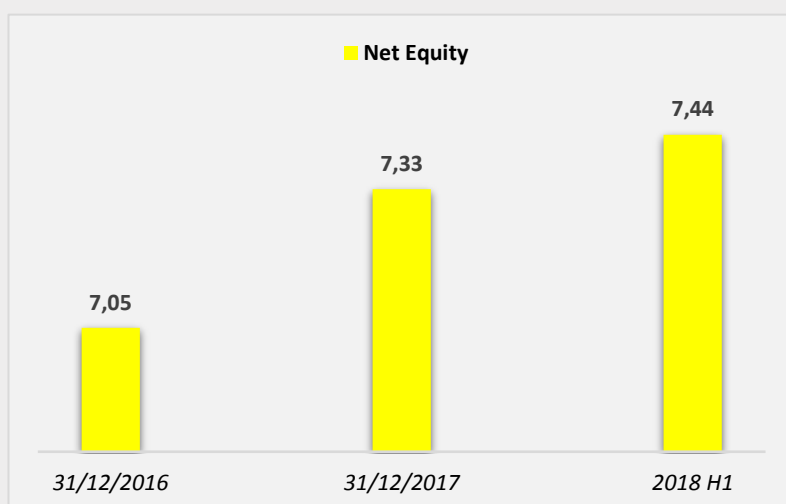


Revenues are approx.:

-  1.02M EUR in Italy (Tophost and DHH Italia)
-  727k EUR in Slovenia (DHH.si)
-  1.04M EUR in Croatia (DHH, InfoNet, HostingIT and System Bee)
-  67k EUR in Serbia (DHH SRB)
-  120k EUR in Switzerland (DHH SWZ)



The consolidated
NET FINANCIAL POSITION
equal to
2.68M EUR
+8%*



The consolidated
NET EQUITY
equal to
7.44M EUR
+1,5%*

*The change is calculated on the previous period (31.12.2017)

KEY FINANCIAL DATA

Profit & Loss Statement

The reclassified Profit or Loss Statement of the Group as at June 30, 2018 is provided below:

RECLASSIFIED CONSOLIDATED PROFIT AND LOSS STATEMENT (ALL AMOUNTS ARE IN EURO)	30.06.2018	30.06.2017
Revenues	2.974.849	2.554.333
Operating costs	(1.839.406)	(1.580.094)
VALUE ADDED	1.135.444	974.239
Personnel costs	(857.912)	(758.352)
GROSS OPERATING MARGIN (EBITDA)	277.531	215.887
Amortization and impairment	(126.650)	(62.914)
EBIT	150.881	152.973
Other non-operating income/expense	(9)	(1.346)
Financial income and expenses	(10.468)	(33.494)
EARNINGS BEFORE TAXES (EBT)	140.404	118.133
Income taxes	(37.599)	(33.169)
NET RESULT	102.806	84.964
OF WHICH		
Relating to the shareholders of the Group	106.783	98.429
Relating to the third party shareholders	(3.978)	(13.465)

During the financial semester ended 30 June 2018 the total consolidated revenues of the Group are equal to **2,97M EUR**.

The Group is focused on web hosting services as a core business line and its revenues are approx. 1.02M EUR in Italy (Tophost and DHH Italia), 727k EUR in Slovenia (DHH.si), 1.04M EUR in Croatia (DHH, InfoNet and HostingIT), 67k EUR in Serbia (DHH SRB) and 120k EUR in Switzerland (DHH SWZ).

The consolidated EBITDA amounts to **277k EUR**.

Comparing consolidated EBITDA as at 30 June 2018 to consolidated EBITDA as at 30 June 2017, there is a positive difference of **62k EUR**.

MAIN BALANCE SHEET DATA

The reclassified balance sheet of the Group as at 30 June, 2018 is provided below:

RECLASSIFIED CONSOLIDATED BALANCE SHEET (ALL AMOUNTS ARE IN EURO)	30.06.2018	31.12.2017
Trade Receivables	357.515	440.747
Trade Payables	(344.809)	(440.610)
OPERATING NET WORKING CAPITAL	12.706	137
Other current receivables	202.478	245.154
Prepaid expenses and accrued income	498.606	424.515
Other current liabilities	(264.298)	(319.444)
Accrued liabilities and deferred income	(1.765.006)	(1.597.189)
Taxes payables	(98.309)	(121.724)
NET WORKING CAPITAL *	(1.413.823)	(1.368.551)
Goodwill	5.436.376	5.462.952
Tangible fixed assets	336.819	350.722
Intangible fixed assets	411.022	436.128
Non current financial assets	6.261	6.166
Other non current assets	-	2.457
Deferred tax assets	13.474	8.161
FIXED ASSETS	6.203.952	6.266.586
Employee benefits fund	(12.974)	(11.792)
Provisions for risks and future liabilities	-	(10.255)
Liabilities for deferred taxes	(21.307)	(24.013)
NET NON CURRENT LIABILITIES	(34.281)	(46.060)
NET INVESTED CAPITAL **	4.755.848	4.851.975
NET EQUITY OF THE GROUP	7.436.690	7.324.855
NET EQUITY TO THE THIRD PARTY SHAREHOLDERS	3.505	8.467
TOTAL NET EQUITY	7.440.195	7.333.322
Cash and cash equivalents	(2.731.875)	(2.614.511)
Current financial assets	-	(0)
Non current financial liabilities	8.151	8.930
Current financial liabilities	39.377	124.234
NET FINANCIAL POSITION ***	(2.684.347)	(2.481.347)
NET EQUITY AND NET FINANCIAL DEBT	4.755.848	4.851.975

(*) The Net Working Capital is the difference between current assets and liabilities without financial assets and liabilities. The Net Working Capital is not recognized as accounting measure within the accounting standard adopted; it should be noted that such data has been established in accordance with Recommendation CESR 05-054b of 10 February 2005, as modified on 23 March 2011, "Guidelines for the Consistent Implementation of the European Commission's Regulations on Prospectuses".

(**) The Net Capital Invested is the algebraic sum of the Net Working Capital, assets and long-term liabilities. The Net Capital Invested is not recognized as accounting measure within the accounting standard adopted.

(***) Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, it should be noted that the Net Financial Position ("Net Financial Position" or "NFP") is the algebraic sum of cash and cash equivalents, current financial assets and short/long term financial liabilities (current and noncurrent liabilities).

NET FINANCIAL POSITION

The Net Financial Position of the Group as at June 30, 2018 is provided below:

CONSOLIDATED NET FINANCIAL POSITION¹ (ALL AMOUNTS ARE IN EURO)	30.06.2018	31.12.2017
A. Cash	(196)	(1.319)
B. Cash equivalents	(2.731.679)	(2.613.192)
C. Securities held for trading		
D. LIQUIDITY (A)+(B)+(C)	(2.731.875)	(2.614.511)
E. Current financial Receivables		
F. Short-term bank liabilities	39.376	124.234
G. Current part of non-current borrowing		
H. Other current financial liabilities		
I. CURRENT FINANCIAL DEBT (F)+(G)+(H)	39.376	124.234
J. NET CURRENT FINANCIAL DEBT (I)+(E)+(D)	(2.692.498)	(2.490.277)
K. Non-current bank liabilities	8.151	8.930
L. Bonds issued		
M. Other non-current liabilities		
N. NON-CURRENT FINANCIAL DEBT (K)+(L)+(M)	8.151	8.930
O. NET FINANCIAL DEBT (J)+(N)	(2.684.347)	(2.481.347)

¹ Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, it should be noted that the Net Financial Position ("Net Financial Position" or "NFP") is the algebraic sum of cash and cash equivalents, current financial assets and short/long term financial liabilities (current and noncurrent liabilities).

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DOMINION HOSTING HOLDING S.P.A.

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CORPORATE BODIES

BOARD OF DIRECTORS

Executive Chairman: **GIANDOMENICO SICA**

Managing Director: **MATIJA JEKOVEC**

Managing Director: **UROS ČIMŽAR**

Director: **ANTONIO DOMENICO BALDASSARRA**

Independent Director: **GUIDO BUSATO**

BOARD OF AUDITORS

Chairman: **UMBERTO LOMBARDI**

Statutory Auditors: **PIERLUIGI PIPOLO, STEFANO PIZZUTELLI**

INDEPENDENT AUDITING FIRM

Auditing firm: **BDO ITALIA S.P.A**

STRUCTURE OF THE GROUP



DOMINION HOSTING HOLDING S.P.A. (ITALY)

Parent company or consolidation parent - which stands as a point of reference in the field of hosting and software services for SMEs in emerging digital economies of Europe and provides, through the Group companies, domain name registration services, web hosting services and accessory and related services.

TOPHOST S.R.L. (ITALY)

100% controlled by D.H.H. S.p.A. - established in 2004 with the goal of becoming a major Italian player in the "mass" web hosting service industry, in a short period of time, the company has gained an important position in providing entry-level web hosting services, offering comprehensive and innovative solutions at a lower price than competitors.

100% controlled by D.H.H. S.p.A. was established as a web development and later web agency company. After focusing on the hosting market and acquiring and merging the biggest competitor in Slovenia, DHH.si d.o.o. became Slovenia's largest hosting provider. Today the company is an important Slovenian provider of web hosting services and its market share is growing steadily.

100% controlled by DHH S.p.A. - was established in 2001 as IT Plus d.o.o. and later renamed to Plus hosting d.o.o. Through organic growth and after some successful small acquisitions of competitors, Plus quickly became key player in Croatian hosting area. The company is recognised on the market for its technical expertise and high quality of its customer service. Now it includes Infonet d.o.o. and Hosting IT d.o.o., previously DHH's subsidiaries.

100% controlled by DHH S.p.A. – established by the same founders as DHH d.o.o. in Croatia, it is a budget provider in Serbia with a small but the fastest growing presence in the Group. It currently operates around 5.000 domain names and 2.500 customers.



60% controlled by DHH S.p.A. acquired in May 2017 – a swiss company engaged in the business of web hosting. Under the brand Artera, DHH Switzerland (previously Bee Bee Web SA) produces premium hosting and cloud services designed to meet the needs of companies and web professionals, major portals and e-commerce projects. Artera's mission is to have the best performance ever.



100% controlled by DHH S.p.A., a new company acquired in May 2017 - engaged in the business of web hosting. DHH Italia is mainly a reseller of DHH Switzerland.



100% controlled by DHH S.p.A., a new company established by the spin-off of DHH d.o.o. in May 2018 - engaged in the business of web hosting and IT solutions. Sysbee is a group of system engineers and infrastructure architects dedicated to bringing DevOps culture to small and medium-sized enterprises, with over 15 years of experience in the field of cloud and web services hosting.

BOARD OF DIRECTORS REPORT

SECTION A: SIGNIFICANT EVENTS DURING THE SEMESTER

As a general remark in the first part of 2018 the Group focused on developing its business strengthening its market position and improving its corporate governance increasing the number of qualified persons.

More specifically, the following material events took place on the dates indicated below:

1ST SEMESTER 2018

Dominion Hosting Holding S.p.A. announces that the Monthly Average Price is lower than the strike price, pursuant to Article 3 of the warrant Dominion Hosting Holding S.p.A. 2016 – 2021 Regulation, the Warrants are not exercisable from February 2018 to June 2018.

2ND JANUARY 2018

Dominion Hosting Holding S.p.A. announces the change of the official domain of its corporate website: from www.dominion.it to www.dhh.international.

www.dhh.international is the new reference point for all the official communications with the market. This change is one of the actions that DHH put in place to enhance its brand awareness in the market.

5TH FEBRUARY 2018

Dominion Hosting Holding S.p.A. announces that the merger of Hosting IT j.d.o.o./Infonet d.o.o. (two subsidiaries of DHH in Croatia) was completed.

20TH MARCH 2018

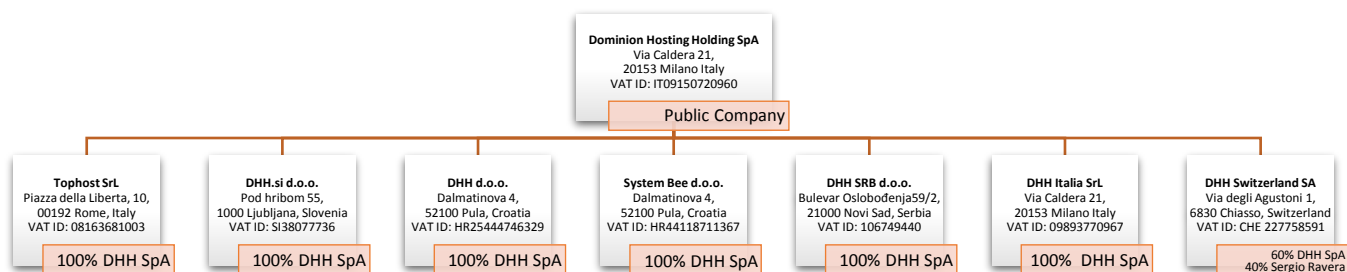
Dominion Hosting Holding S.p.A. announces that it has entered a Joint Venture Agreement along with Seeweb, a company that is providing cloud computing and datacenter services globally. The companies have entered the agreement with the joint aim of collaboration on the project entitled “CloudSeed – Startup Turnaround.” The project looks into supporting and investing in the start-up businesses that position themselves in the web hosting, SaaS and cloud computing industry.

17TH APRIL 2018

Dominion Hosting Holding S.p.A. announces that the merger of Infonet d.o.o./DHH d.o.o. (two subsidiaries of DHH in Croatia) was completed.

16TH MAY 2018

Dominion Hosting Holding S.p.A. announces that the spin off of DHH d.o.o. to establish a new company System bee d.o.o. was completed. The new structure of the group is shown below:



SECTION B: PRINCIPAL RISKS

Disclosure relative to risks and uncertainties pursuant to the article 2428, paragraph 2, no. 6-bis, of the Italian Civil Code.

The company is potentially exposed to the following relevant risks:

INTERNAL RISKS

RISK LINKED TO THE COMPANY BEING ONLY RECENTLY INCORPORATED

Although the key persons of the Company have a multi-year professional experience in the IT field and all subsidiaries have recorded a steady and intense development in recent years, there is no guarantee that the future growth goals of the Company can be achieved or that the Company, as a holding company, will be able to record the growth rates which the individual subsidiaries have recorded in previous years, also in the light of the fact that the Company will have to face typical risks and difficulties of companies with recent operational history which might cause adverse effects on its economic, equity and financial situation.

RISK LINKED TO CERTAIN KEY PERSONS

The success of the Group depends on some of its key managers who, thanks to a solid experience and their skills, have played over time a key role in the management of the Group, contributing significantly to the development of the Group's activities. It should be noted that the key persons of the Group continue to work within the Company.

Although the Group has an operating and managerial structure capable of ensuring continuity in the management of the Group's business, a termination of the professional contribution brought by one or more key persons could have negative effects on the development of the business and the timeframe for the implementation of the Group's growth strategy.

EXTERNAL RISKS

RISK RELATED TO THE GENERAL ECONOMIC SITUATION

The persistent crisis affecting the banking system and the financial markets, as well as the subsequent worsening of the macro-economic conditions, which resulted in a contraction in consumption and industrial world-wide production, have in the last years caused the restriction on access to the credit and a low level of liquidity in the financial markets of countries in the Eurozone. The crisis of the banking system and financial markets led, along with other factors, to a scenario of economic recession in the countries where the Group operates. Considering the business model features that the Group adopted, the Group's business is mainly funded through the re-use of cash resources generated by the business itself. However, the demand for the Group's products is to some extent related to the general economic situation of the Countries where the companies of the Group operate. In this difficult macro-economic situation the Group has successfully grown and achieved positive results. However it cannot be excluded that such crisis might continue in the Eurozone countries. In such case there might be negative effects on the Group's economic, equity and financial position.

RISKS RELATING TO THE COMPETITION IN THE MAIN MARKET

The Company operates in a competitive and dynamic area. The domain registration and hosting market is characterized by high competition which is caused by, among others, the significant growth margins recorded in recent years. In particular, in Italy the market is characterized not only by a high level of competition, but also by the presence of operators holding higher market shares than the Company. Furthermore, legal and natural persons with seat or place of residence in Croatia may record for free a domain name identifying such legal/natural person. Although the Group companies operating in Croatia will continue to provide additional services to domain registration, maintaining an adequate marginality, it cannot be excluded that, due to competition, Group companies will be forced to lower their prices of domain registration.

In addition, there is a risk that the Company will not be able to properly address the strategies and offers of competitors or the entry of new national or international operators on the market losing progressively their customers and/or market shares. Such situation could generally have a negative effect on the market position of the Group and on its economic, equity and financial position.

RISK RELATING TO TECHNOLOGICAL PROGRESS

The main sector in which the Company operates is characterized by a rapid technological development, high competition as well as by a rapid obsolescence of existing products. Therefore, the success of the Company in the future will depend, among others, on the capacity to innovate and strengthen its technologies, in order to respond to the technological and emerging progress in the field in which it operates and to satisfy the clients' needs, through the development of new services and products.

In order to maintain its competitiveness on the market and to respond to the rapid technological changes, the Group will invest in research and development.

Should the Group be unable to innovate its services and, therefore, adjust to the needs of clients, negative effects may affect the company's economic, equity and financial position.

FINANCIAL RISKS

The main financial risks of the Group depend on fund raising in the market (liquidity risk) and customer's capacity to face their obligations (credit risk).

LIQUIDITY RISK

Liquidity risk refers to the potential inability to raise sufficient financial means to support investments expected for the development of the business and the Company's ongoing business and for the development of operational activities.

The Company's objective is to maximize the return on net invested capital maintaining the ability to operate over time and ensuring adequate returns for shareholders and benefits for other stakeholders with a sustainable financial structure.

CREDIT RISK

Credit risk is the exposure to potential losses arising from non-fulfilment of obligations undertaken by trade counterparties.

Most of the services of the Group are available with an annual or multi-year subscription. Therefore, clients (especially companies) may not fulfil their obligations.

MARKET RISKS

EXCHANGE RATE RISK

The Group operates in countries that use currencies other than Euro. In every country they operate, the Group companies offer the price lists of their services in local currencies. However, these price lists are often based on the purchase of services in various currencies and, mainly, on the US dollar from third parties.

The exchange risk is the risk of incurring losses due to adverse changes in foreign exchange rates on profitability. The Group companies, in fact, supply and buy products and services both in Euro and in other currencies (mainly US Dollar, Croatian Kuna, Serbian Dinar and Swiss Franc). Therefore, many of transactions carry out by the Group companies may be subject to foreign exchange risks due to money market fluctuations.

SECTION C: RELATED PARTY TRANSACTIONS

The transactions carried out with Group companies and other related parties mainly involve the provision of services, obtaining and using of financial resources; they are part of normal operations and are regulated at market conditions, meaning the conditions that would be applied between two independent parties.

The following is a breakdown of relations with related parties as at June 30, 2018 taken from the year's Financial statements:

PARTY	RECEIVABLES	PAYABLES	COSTS	REVENUES
1 Seeweb s.r.l.	26.027	129.958	493.212	36.639
2 Antonio Domenico Baldassarra		1.000	1.000	
3 Giandomenico Sica		10.621	47.800	
4 Uros Čimžar		4.330	37.793	
5 Matija Jekovec		10.857	42.390	
6 Petra Kotlušek		974	9.968	
TOTAL	26.027	157.741	632.163	36.639

Additional relationships with associated parties are entertained with subsidiaries of the DHH group and Seeweb srl (shareholder). Relations with Seeweb srl mainly refer to trade relations for the purchase of wholesale hosting services with associated registration of domain names and for outsourced accounting and treasury services.

Costs and payables relate Board of Directors (Mr.Sica, Mr.Baldassarra, Mr. Čimžar and Mr. Jekovec) are of Euro 500,00 for each Board meeting in which each director will take part in 2018.

Cost and payables relate to Mr. Čimžar Mr. Jekovec and Mrs Kotlušek are associated with their position as employees of DHH doo.

Costs and payables relating to counterparts Mr.Sica, relate to the contract signed with Grafoventures by Giandomenico Sica are related for professional strategic services.

SECTION D: LABOUR & ENVIRONMENT

The Group employed 73 people as of 30.06.2018 compared to 81 at 30.06.2017. The rest of employments were made to cover the needs of Customer Service and System Administration. There were no on the job fatalities or work related accidents in the period covered by this report. During the period there were no claims regarding occupational diseases of employees or former employees and causes of mobbing, for which the companies of the Group were declared liable.

The basic principle governing the Group operation is the continuous training and education of its personnel with the goal of providing the best service to the company's' customers and to provide a positive work environment for all employees.

The Group recognizes the need for continuous improvement of its environmental performance based on the principles of sustainable development and in compliance with legislation and international standards aiming to achieve a balanced economic development in harmonization with the natural environment. Following the above mentioned principles, the Group carries out its activities in a manner that ensures both the protection of the environment and preservation of the health and safety of its personnel.

During the period of this report there were no environmental issues for which one or more companies were liable, nor there were any penalties awarded by the local authorities.

SECTION E: EVOLUTION, PERFORMANCE AND POSITION OF THE COMPANY AND GROUP

This section includes a proper and concise representation of the development, performance activity and position of the whole business included in consolidation. This display has been created in such a way as to provide a balanced and comprehensive analysis of the above categories of issues, which corresponds to the size and complexity of these companies' activities. Furthermore, at the end of this display some indicators are being provided which the Board of Directors evaluates as useful.

GROUP FINANCIAL INDICATORS

The main financial numbers for the Group are as follows:

KEY FINANCIALS	30.06.2018	31.12.2017	VAR	%
Total Assets	9.994.425	9.991.512	2.913	(0)%
Total Equity	7.440.195	7.333.322	106.872	1%
	30.06.2018	30.06.2017		
Net sales	2.960.453	2.388.868	571.585	24%
Gross Margin	1.233.532	1.063.075	170.457	16%
EBT	140.404	118.133	22.271	19%
NET PROFIT	102.806	84.964	17.842	21%

GROUP PERFORMANCE INDICATORS

Below several ratios are listed and are related to essential performance, position and economic situation of the Group:

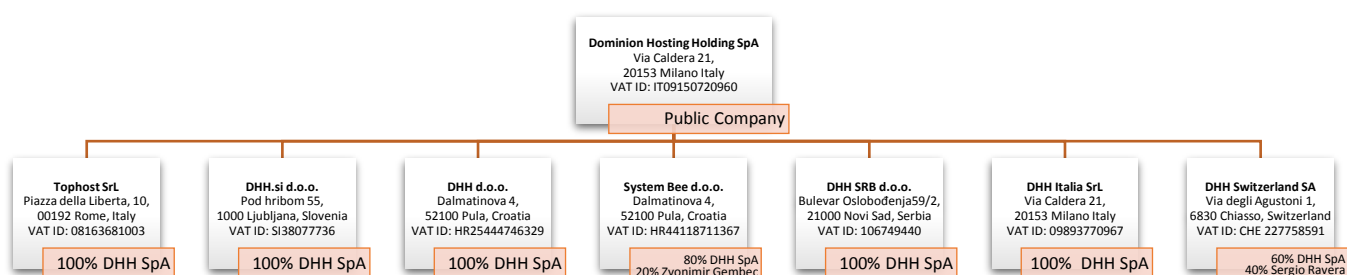
KEY INDICATORS	30.06.2018	31.12.2017	
Fixed Assets Ratio	62%	63%	This ratio shows the ratio of fixed assets to total assets
Total Fixed Assets to Equity Ratio	83%	85%	This ratio shows the capital structure of the Group
Total Liabilities to Liabilities and equity ratio	26%	27%	Debt percentage ratio
Total equity to total liabilities and equity	74%	73%	Debt percentage ratio
Debt to Equity ratio	1%	2%	The percentage of debt to equity
Working Capital ratio	1,51	1,43	This ratio shows how many times the current assets cover the current liabilities
	30.06.2018	30.06.2017	
Assets return ratio	2%	2%	Net profit after tax as a percentage of the equity
Ebitda Margin	9%	9%	Ebitda as a percentage of sales
Net profit margin	3%	4%	Net profit as a percentage of sales

SECTION F: SIGNIFICANT EVENTS BETWEEN END OF SEMESTER AND PUBLISHING OF THIS REPORT

5TH JULY 2018

Dominion Hosting Holding S.p.A. announces that Zvonimir Gembec, current CEO of System Bee d.o.o. ("Sysbee") became a shareholder of Sysbee, which was previously 100% owned by DHH S.p.A. Zvonimir Gembec entered into the ownership structure of Sysbee, subscribing (cash contribution) a dedicated capital increase of approx. 116.000 EUR, thus gaining 20% of the ownership of the company.

The new structure of the group is shown below:



SECTION H: CORPORATE GOVERNANCE

CORPORATE GOVERNANCE MODEL

The corporate governance structure adopted by Dominion Hosting Holding S.p.A. is articulated according to the traditional system that features:

- the shareholders' meeting;
- the board of directors entrusted with the management of the Company;
- the board of statutory auditors.

BOARD OF DIRECTORS

The Board of Directors of the Company, appointed by the Shareholder's meeting held on 15th April 2016, is entrusted with the management of the Company and is made of four members plus an independent director who has to be appointed. The current board of directors' term will expire when the financial statements for 2018 will be approved.

The members of the Board of Directors (with a brief professional profile of each of them) are the following:



**GIANDOMENICO
SICA**

President



**MATIJA
JEKOVEC**

Managing Director



**UROŠ
ČIMŽAR**

Managing Director



**ANTONIO
BALDASSARRA**

Director



**GUIDO
BUSATO**

Independent Director

GIANDOMENICO SICA – CHAIRMAN OF THE BOARD OF DIRECTORS

Giandomenico is an entrepreneur with a passion for technology and technologic-enabled services businesses. He is founder and Managing Partner of Grafoventures, his own VC firm focused on building tech conglomerates in the Southern Europe.

He is former shareholder and executive director of MailUp, an industrial group of Email Service Providers focused on the non-English speaking markets and listed on the Italian Stock Exchange (IPO 2014).

He is also a former partner of Digital Magics (www.digitalmagics.com), a venture incubator of digital startups listed on the Italian Stock Exchange (IPO 2013).

His background is in Philosophy (BA hons 2003 at the University of Milan).

MATIJA JEKOVEC – MANAGING DIRECTOR

Matija co-founded the Klaro Group in 2003 and worked as a developer and later R&D manager. Through his technical career he acquired an intimate knowledge of development, software architecture, implementation of development processes (agile development, test driven development continuous integration) and system administration. As the company shifted focus to hosting and acquired some of its

competitors, Matija managed the operations for the group and had an active role in building the largest hosting group in Slovenia.

His background is in Computer Science and he is still actively involved in the developer community in Slovenia.

UROŠ ČIMŽAR – MANAGING DIRECTOR

Uroš Čimžar has over 15 years of experience in the web and hosting industry. While he was still at university, he co-founded Klaro where he worked as CEO. Klaro was one of the top 10 Slovenian web agencies, but the team also worked on its own internal projects like Domovanje.com. Over the years, Uroš has accumulated extensive entrepreneurial experience, mostly in the fields of finance, marketing and business development. He also shares his knowledge with the Slovenian business community as guest speaker at various events. He is particularly passionate about promoting entrepreneurial thinking, especially among young people.

ANTONIO BALDASSARRA – DIRECTOR

With over 25 years of experience in Electronics, Telecommunication and Computer Science, Antonio is the founder and CEO of Seeweb, a leading Italian company in the field of IT services, cloud computing and data centers.

Antonio is currently president of the Hosters and Registrars Association, member of the Technical Committee and of the Board of Directors at Rome Nautilus Mediterranean Exchange (NameX), and formerly he was a member of the ccTLD Steering Committee (CIR) of .IT registry at IIT-CNR in Pisa.

Antonio is also committed to creation and enhancement of businesses, and he has a great passion for the development of start-ups and nascent companies operating in the world of Internet and cloud computing through business angel activities and industrial relationships.

GUIDO BUSATO - INDEPENDENT DIRECTOR

Born in 1963, Mr. Guido Busato is an entrepreneur and managing director with over 25 years of working experience in finance, environmental and energy markets. Specialized in new business start-up with excellent track-record in banking and asset management.

Since 2003 he is the founder, owner and manager of EcoWay S.p.A., the first Italian trading and advisory firm on environmental markets and finance, leader in CO2 trading for Italy and from 2014 active also on power markets with a focus on renewable energy.

From 2015, through the family Holding BREG, he is managing a small Family Office with equity investments in Italian SMEs.

His professional career started in the early '90s in Mediocredito Lombardo S.p.A. then in Credito Italiano.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors is the governance body charged with ensuring that the Company is operating in compliance with the law and the By-laws and performs a management oversight function.

Pursuant to Article 40 of By-laws, the Board of Statutory Auditors performs all the functions provided for Italian law. It has been appointed by the Shareholders' meeting held on 15th April 2016 and is made of three Standing Auditors and two Alternate Auditors.

The Board of Statutory Auditors will remain in office for three fiscal years from the date of appointment (so, until the approval of financial statements for 2018).

The current Auditors are listed below:

NAME	ROLE
Umberto Lombardi	Chairman
Stefano Pizzutelli	Standing Auditor
Pierluigi Pipolo	Standing Auditor
Umberto Capogna	Alternate Auditor
Cesare Cinelli	Alternate Auditor

PROCEDURES

In order to establish and maintain good standards of corporate governance, Dominion Hosting Holding S.p.A. has adopted the following procedures:

1. **INTERNAL PROCEDURE FOR THE MANAGEMENT AND HANDLING OF CONFIDENTIAL INFORMATION AND FOR THE EXTERNAL COMMUNICATION OF DOCUMENTS AND INFORMATION:** this procedure regulates the management and handling of confidential information about the Company, with a special reference to the inside information (as defined pursuant to article 7 of the M.A.R.), bearing in mind the current laws and regulations concerning the prevention and the repression of any form of market abuse. This procedure has been approved pursuant to articles 17, 24, 25 and 31 of AIM Italia Issuers' regulations – Mercato Alternativo del Capitale, as well as in compliance with all applicable law and regulations such as the Regulations (EU) No. 596 of 2014 on market abuse ("M.A.R.").
2. **INTERNAL DEALING PROCEDURE:** this procedure, deals with the practice of internal dealing, i.e. the transparency of all transactions performed by Relevant Persons and Close Associates of Relevant Persons (both as defined in such procedure) that involves shares, as well as financial instruments linked to shares issued by Dominion Hosting Holding S.p.A.; such procedure aims at regulating all disclosure requirements and conditions to which the Relevant Persons, the Close Associates of Relevant Persons and the Company itself are subject, with the goal to ensure a timely, correct and proportional disclosure to the public.
3. **NOMAD COMMUNICATION OBLIGATIONS PROCEDURE:** this procedure regulates the process through which the Company provides the Nomad with any information which may be necessary, opportune or reasonably requested by the latter to fulfil its duties according to the AIM Italia Issuers' Regulations and according to the AIM Italia – Alternative Capital Market Nominated Advisers Regulations, as amended and integrated from time to time.
4. **TRANSACTIONS WITH RELATED PARTIES PROCEDURE:** this procedure relating to the governance of transactions with related parties is aimed at identifying the rules which govern the approval and execution of transactions with Related Parties (as defined in such procedure) put in place by Dominion Hosting Holding S.p.A. directly or through Subsidiary (as defined in such procedure), in order to ensure the transparency and the substantial and procedural correctness of such transactions following the trading of the Company's shares on AIM Italia – Mercato Alternativo del Capitale ("AIM Italia"), a multi-lateral trading facility organized and managed by Borsa Italiana.
5. **PROCEDURE FOR SETTING UP AND KEEPING A REGISTER OF PERSONS WITH ACCESS TO INSIDE INFORMATION:** this procedure regulates the institution and the keeping of the register of persons with access to inside information which, pursuant to article 7 of the M.A.R., means any information of a precise nature, which has not been made public, relating, directly or indirectly, to the Company or one or more of its financial instruments listed on AIM Italia and which, if it were made public, would be likely to have a significant effect on the prices of such financial instruments or on the price of related derivative financial instruments prices.



GROUP CONSOLIDATED INTERIM REPORT AS AT 30.06.2018

Financial Statements prepared in accordance with IAS/IFRS principles*

- All amounts are in Euro -

(*) These consolidated financial statements, making use of the option provided by art. 19, Part I, of the Issuers Regulation AIM Italy, have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and published in the Official Journal of the European Union (OJEU), as specified in notes to the financial statements. Financial statements are the result of consolidation of financial statements of companies detailed in the chapter "Structure of the group" (the "Group") in which Dominion Hosting Holding S.p.A. directly or indirectly controls the majority of voting rights in the ordinary shareholders, at the above date.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

ASSETS	NOTES	30.06.2018	OF WHICH RELATED PARTIES	31.12.2017
(ALL AMOUNTS ARE IN EURO)				
Goodwill	1	5.436.376		5.462.952
Tangible fixed assets	2	336.819		350.722
Intangible assets	3	411.022		436.128
Non current financial assets	4	6.261		6.166
Other non current assets		-		2.457
Deferred Tax assets	5	13.474		8.161
NON CURRENT ASSETS		6.203.952		6.266.586
Trade receivables	6	357.515	26.027	440.747
Current financial assets		-		-
Other current assets	7	45.397		72.079
Tax receivables	8	157.080		173.075
Cash and cash equivalents	9	2.731.875		2.614.511
Prepaid expenses and accrued income	10	498.606		424.515
CURRENT ASSETS		3.790.473		3.724.927
TOTAL ASSETS		9.994.425	26.027	9.991.513

LIABILITIES AND NET EQUITY	NOTES	30.06.2018	31.12.2017
(ALL AMOUNTS ARE IN EURO)			
Share Capital		142.000	142.000
Reserves		6.694.476	6.687.687
Retained Profit (Loss)		493.430	249.696
Profit (loss) relating to the shareholders of the Group		106.783	245.472
NET EQUITY GROUP		7.436.690	7.324.855
Capital and Reserves relating to the third party shareholders		7.483	14.981
Profit/loss relating to the third party shareholders		(3.978)	(6.514)
NET EQUITY TO THE THIRD PARTY SHAREHOLDERS		3.505	8.467
NET EQUITY	11	7.440.195	7.333.322

Non current financial payables	12	8.151		8.930
Severance reserves	13	12.974		11.792
Other non current liabilities		-		-
Provisions for risk and future liabilities	14	-		10.255
Liabilities for deferred taxes	15	21.307		24.013
NON CURRENT LIABILITIES		42.432		54.990
Trade payables	16	344.809	140.579	440.610
Other current liabilities	17	264.298	17.162	319.444
Current financial liabilities	18	39.376		124.234
Tax payables	19	98.309		121.724
Accrued liabilities and deferred income	20	1.765.006		1.597.189
CURRENT LIABILITIES		2.511.798		2.603.201
TOTAL LIABILITIES		2.554.230		2.658.191
TOTAL LIABILITIES AND NET EQUITY		9.994.425	157.741	9.991.513

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AS AT 30 JUNE 2018

CONSOLIDATED INCOME STATEMENT	NOTES	30.06.2018	OF WHICH RELATED PARTIES	30.06.2017
(ALL AMOUNTS ARE IN EURO)				
Net Sales	21	2.960.453	36.639	2.388.868
Other Revenues	22	14.396		41.112
Internal project	23	-		124.354
OPERATING REVENUES		2.974.849		2.554.333
Material costs	24	(17.454)		(15.034)
Service costs and use of third party assets	25	(1.723.863)	(541.012)	(1.476.224)
Personnel costs	26	(857.912)	(91.151)	(758.352)
Other expenses	27	(98.089)		(88.836)
TOTAL OPERATING COSTS		(2.697.317)		(2.338.446)
OPERATING INCOME - EBITDA*		277.531		215.887
Amortization and impairment	28	(126.650)		(62.914)
EBIT**		150.882		152.973
Financial income (expenses)	29	(10.468)		(33.494)
Other non-operating income/expense	30	(9)		(1.346)

EARNINGS BEFORE TAXES		140.405	118.133
Total current and deferred income taxes	31	(37.599)	(33.169)
NET INCOME (LOSS)		102.806	84.964
OF WHICH:			
relating to the shareholders of the Group		106.783	98.429
relating to the third party shareholders		(3.978)	(13.465)
EARNINGS PER SHARE	32	0,07	0,069
DILUTED EARNINGS PER SHARE	32	0,05	0,035

OVERALL CONSOLIDATED INCOME STATEMENT (ALL AMOUNTS ARE IN EURO)	30.06.2018	30.06.2017
PROFIT (LOSS) FOR PERIOD (A)	102.806	84.964
Components which should be subsequently classified in the Income Statement		
Components which should not be classified in the Income statement		
Profit/(losses) arising from the translation of the consolidated companies' financial statements in currencies other than Euro	8.382	(5.622)
TOTAL OTHER INCOME (LOSS), NET OF FISCAL EFFECT (B)	8.382	(5.622)
TOTAL COMPREHENSIVE PROFIT (LOSS) FOR PERIOD (A+B)	111.188	79.342

(*) EBITDA indicates earnings before interest, taxes, depreciation and amortization or fixed assets and write-down of receivables. Therefore EBITDA represents the operating margin before choices in amortisation policy and assessing trade receivables. EBITA, as defined above, represents the index used by the Company's directors to monitor and assess business trends. EBITDA is not identified as an accounting measure under national accounting standard, it should not be considered as an alternative measure to evaluate the results of the Company. Because the composition of EBITDA is not regulated by the main reference accounting, the criteria used by the Company may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

(**) EBIT indicates earnings before interest and taxes. Therefore EBIT represents the year's results before third party and treasury share dividend distribution. EBIT, as defined above, represents the index used by the directors of the Company to monitor and assess business trends. EBIT is not identified as an accounting measure under national accounting standard, consequently it should not be considered as an alternative measure to evaluate the results of the Company. Because the composition of EBIT is not regulated by the main reference accounting, the criteria used by the Company may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2018

	31.12.2016	RESULT ALLOCATION	OTHER VARIATIONS INCREASE DECREASE	EARNINGS/LOSSES REPORTED IN OCI	NET RESULT	31.12.2017
Share capital	142.000					142.000
Share premium reserve	6.710.766		(31.122)			6.679.644
Bonus Share Reserve	8.400					8.400
OCI Reserve	471			(828)		(357)
Retained earnings (accumulated losses)	35.561	155.222	59.549	(636)		249.696
NET RESULT OF THE GROUP	155.222	(155.222)			245.472	245.472
TOTAL NET EQUITY OF THE GROUP	7.052.420		28.427	(1.464)	245.472	7.324.855
Capital and Reserves relating to the third party shareholders			10.550	4.431		14.981
NET RESULT relating to the third party shareholders					(6.514)	(6.514)
NET EQUITY TO THE THIRD PARTY SHAREHOLDERS			10.550	4.431	(6.514)	8.467
TOTAL NET EQUITY	7.052.420		38.977	2.967	238.958	7.333.322

	31.12.2017	RESULT ALLOCATION	OTHER VARIATIONS INCREASE DECREASE	EARNINGS/LOSSES REPORTED IN OCI	NET RESULT	30.06.2018
Share capital	142.000					142.000
Share premium reserve	6.679.644		-			6.679.644
Bonus Share Reserve	8.400					8.400
Legal Reserve		1.738				1.738
OCI Reserve	(357)			5.051		4.694

Retained earnings (accumulated losses)	249.696	243.735	-	-		493.431
NET RESULT OF THE GROUP	245.472	(245.472)	-		106.783	106.783
TOTAL NET EQUITY OF THE GROUP	7.324.855	-	-	5.051	106.783	7.436.690
Capital and Reserves relating to the third party shareholders	14.981	(6.514)	-	(985)		7.483
NET RESULT relating to the third party shareholders	(6.514)	6.514			(3.978)	(3.978)
NET EQUITY TO THE THIRD PARTY SHAREHOLDERS	8.467	-	-	(985)	(3.978)	3.505
TOTAL NET EQUITY	7.333.322	-	-	4.067	102.806	7.440.195

INTERIM STATEMENT OF RECONCILIATION BETWEEN SHAREHOLDER'S EQUITY AND THE RESULT OF THE PARENT COMPANY

STATEMENT OF RECONCILIATION	NET PROFIT	NET EQUITY	TOTAL
BALANCES OF THE PARENT COMPANY	8.790	6.839.926	6.848.716
Elimination of gains from intra-group disposals			
Adjustment for Consolidation	(2.728)		(2.728)
Difference between the value of the consolidated investments and their own net equity value		489.981	489.981
Net profit of consolidated companies	100.722		100.722
Third party shareholders	(3.978)	7.483	3.505
TOTAL NET EQUITY	102.806	7.337.389	7.440.195

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2018

CONSOLIDATED CASH FLOW STATEMENT		
(ALL AMOUNTS ARE IN EURO)	30.06.2018	30.06.2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for period	102.806	84.964
Income taxes	37.599	33.169
Interest payables/(receivables)	13.140	33.494
(Capital losses)/gains from sales of business	-	-
1. EARNINGS BEFORE INCOME TAX, INTEREST, DIVIDENDS AND CAPITAL GAIN/LOSSES	153.544	151.950
Adjustments for non-cash items that are not accounted for in net working capital change:	123.088	59.445
- Allocation to provisions	1.182	1.130
- Amortization and depreciation of assets	124.883	62.041
- Permanent loss write-down	290	873
- Other adjustments on non-monetary items	(3.267)	(4.599)
2. CASH FLOW BEFORE NWC CHANGES	276.632	211.396
Changes in NWC:	63.422	359.543
- Decrease (increase) in inventories	-	-
- Decrease (increase) in customer receivables	91.553	(16.825)
- Increase (decrease) in supplier payables	(73.596)	186.120
- Decrease (increase) in prepaid expenses and accrued income	92.893	(118.924)
- Increase (decrease) in accrued expenses and deferred income	90.184	274.264
- Other changes to the NWC	(137.612)	34.907
3. CASH FLOW AFTER NWC CHANGES	340.055	570.938
Other changes:	(66.746)	(57.789)
- Interests collected/(paid)	(13.140)	(33.494)
- (income taxes paid)	(43.351)	(24.295)
- Dividends received	-	-
- (Use of provisions)	(10.255)	-
CASH FLOW FROM OPERATING ACTIVITIES [A]	273.309	513.149

(Investments) disinvestment in tangible assets	(51.733)	(107.232)
(Investments) disinvestment in intangible assets	(18.575)	(594.732)
(Investments) disinvestment in financial assets		(549.147)
(Investments) disinvestment in non-capitalized financial assets		14.425
CASH FLOW FROM INVESTING ACTIVITIES [B]	(70.308)	(1.236.686)
CASH FLOW FROM FINANCING ACTIVITIES [C]		
Increase (decrease) current payables to banks	(85.637)	(9.766)
New loans (Loan Repayments)		(117.335)
Paid capital increase		-
Treasury share sale (purchase)		-
(Dividends paid)		-
CASH FLOW FROM FINANCING ACTIVITIES [C]	(85.637)	(127.101)
INCREASE (DECREASE) IN LIQUIDITY [A]+[B]+[C]	117.364	(850.637)
LIQUID FUNDS AT THE BEGINNING OF THE PERIOD	2.614.511	3.926.378
LIQUID FUNDS AT THE END OF THE PERIOD	2.731.875	3.075.741

NOTES TO FINANCIAL STATEMENTS

COST SHARING

The main activities of DHH S.p.A. (Holding) are delivering strategic thinking, technology solutions analysis, financial and marketing know-how to the Group companies with the goal of expansion and optimization of the business. DHH also provides best practice, management control system and expertise on processes, quality of delivery and operations.

Under these assumptions, revenues of DHH are strictly related to these kind of activities and, in great part, related to corresponding costs. Regular costs of DHH are due to governance, compliance and operating of group control system procedures.

BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

PRINCIPLES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

DHH S.p.A., availing itself of the option set out under article 19, First Part, of the AIM Regulations for Issuers elected to adopt the international accounting principles (IFRS) issued by the International Accounting Standards Board (IASB) and published in the Gazzetta Ufficiale della Comunità Europea (G.U.C.E.) for the preparation of its own financial statements.

The central body of IFRS encompasses all IFRS, up-to-date accounting principles and the interpretations drawn-up by the International Financial Reporting Interpretations Committee (IFRIC) formerly known as Standing Interpretations Committee ("SIC"). It should be noted that the accounting principles applied for the preparation of the financial statements as at June 30, 2018 are those in force at such date.

FINANCIAL STATEMENTS FORMATS

The DHH Group consolidated Financial statements as at June 30, 2018 is approved by the Board of Directors on 26.09.2018.

This half-yearly report is prepared in order to comply with disclosure requirements pursuant to the Article 18, First Part, of the AIM Italia Issuers Rules.

The Consolidated Interim Financial Statement as at June 30, 2018 is prepared in accordance with IAS 34 on interim financial reporting. IAS 34 allows for the preparation of financial statements in form that is based on a minimum level of information significantly lower than that is required by the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union.

The Consolidated Interim Financial Statement, with Euro units, is made up of mandatory accounting principles (the statement of financial position, the statement of comprehensive income the statement of changes in equity, the statement of cash flow) and relevant explanatory notes. The prospect of the balance sheet and financial report has been drawn up on the basis of the classification criteria of assets and liabilities "current/not current". An asset/liability is classified as "current" depending on the following criteria:

- It is expected it will be collected/paid or will be assigned or utilized in the normal operating cycle or when it is held mainly for negotiation purposes;

- Or it is expected it will be collected/paid within twelve months from the end of the financial year.

As to the prospect of the overall economic results, the revenues and costs are classified according to their nature. The gross margin is calculated as the difference between net revenues and operating costs, excluding the non-monetary costs relevant to amortizations and devaluations, net of any value-restoration. The operating result is calculated as the difference between net revenues and operational costs including non-monetary costs relevant to amortizations and devaluations of current assets, net of any value-restoration. The criterion adopted for the accounting of assets and liabilities is the historical cost.

The drawing up of the financial statements and explanatory notes required certain estimates and assumptions both in the determination of assets and liabilities and the evaluation of contingent assets and liabilities.

The Interim Financial statements have been drawn-up pursuant to the general principle of presenting a reliable and true balance sheet, financial balance sheet, economic result and financial flow of consolidated companies, in accordance with the general principles of going concern, accrual principle, materiality and aggregation, offsetting prohibition and comparative information.

The Consolidated Interim Financial Statements for DHH (the “Group”) as at 30 June, 2018 have been drawn up on the basis of the financial statements of the holding company and of the companies in which D.H.H. S.p.A. (the “Consolidating Company”) holds -directly or indirectly- the majority of votes exercisable in the Ordinary Shareholders’ Meeting, with reference to the same date, as detailed below:

CONTROLLED COMPANIES IN THE CONSOLIDATED AREA	OFFICE	SHARE CAPITAL (IN EURO)	SHARE
TOPHOST Srl	Italy	10.000	100%
DHH.si d.o.o.	Slovenia	13.813	100%
DHH d.o.o.	Croatia	2.618	100%
DHH SRB d.o.o.	Serbia	431	100%
DHH SWITZERLAND SA	Switzerland	92.327	60%
DHH ITALIA Srl	Italy	3.000	100%
SYSTEM BEE d.o.o.	Croatia	2.709	100%

The preparation of the Financial statements in accordance with the applicable accounting principles require the use by the management of estimates, which may have a material effect on the amounts set out in the financial statements. Estimates and the relevant assumptions are based on the historical experience and other factors which are deemed reasonable with reference to the current circumstances and knowledge at the reference date for the Financial Statements. The actual results may differ from estimates. The estimates and relevant assumptions are reviewed on an ongoing basis. The effects of the estimate reviews are recorded in the period in which such estimates have been reviewed. Decisions by management, having significant effects on the balance sheet and estimates and showing a significant risk

of material review to the accounting value of assets and liabilities affected in the following financial years are discussed in the comments to the relevant financial statement items.

The main estimates are utilized to track the provisions for risks on receivables, amortizations, devaluations, lasting reduction of the value of non-financial assets ("impairment"), benefits for employees, recovery of anticipated taxes, taxes and other provisions, fair value determination of financial instruments.

With reference to the financial statement presentation the Group made the following choices:

1. the consolidated profit or loss statement has been drawn up according to the format with cost allocation by nature, highlighting the intermediate result as to operational result and result before taxes. The operational result is determined as the difference between the net income and operational costs (including non-monetary costs relevant to amortization and devaluation of current and non-current assets, net of any restoration of value). In order to allow a better measurement of normal operation management cost and revenue items arising of events or transactions non-recurrent by nature and value materiality are indicated separately.
2. The consolidated aggregated profit or loss statement shows cost and revenue items, net of the fiscal effect which, as requested or allowed by various international accounting principles are directly recorded within money reserves.
3. The consolidated statement of financial position has been drawn up according to the format evidencing the split of assets and liabilities between current and non-current. An asset/liability is classified as "current" according to one of the following criteria:
 - It is expected it will be collected/paid or will be assigned or utilized in the normal operating cycle or when it is held mainly for negotiation purposes;
 - Or it is expected it will be collected/paid within twelve months from the end of the financial year.

CONSOLIDATION PRINCIPLES

PARTICIPATIONS IN CONTROLLED COMPANIES

Companies, in which the Group has the power to exert, directly or indirectly, the control determining the financial and management choices and obtaining the relevant benefits, are consolidated with the global integration method.

According to such method assets and liabilities, income and expenses of controlled companies are fully assumed in the consolidated financial statements; the accounting value of participations is deleted in exchange for a corresponding fraction of the net worth, grating the relevant assets and liabilities the current value at the time of the control acquisition.

Any difference, if positive, is registered in the assets as “goodwill” if not depending on the increased value of other assets or, if negative, to the profit and loss statement.

EVALUATION CRITERIA

The main criteria for drawing up the interim financial statements are set out below.

INTANGIBLE ASSETS

Intangible assets are assets without a physical substance, they are recognised only if they are identifiable, controllable and they can be predicted to generate future economic benefits and their cost can be determined in an accurate way. Intangible assets with a defined life are evaluated at their purchase or production cost net of amortization and accumulated losses of value.

Amortization is variable, depending on the expected residual life and it starts when the activity is available for use. Useful life is re-examined yearly and any changes are made with prospective application.

Intangible assets with residual undefined life are not amortized but are subject annually or more often, if necessary, to checks to identify any value reduction (impairment test) even in the absence of value-loss indicators. Such check is run at the level of cash generating unit, to which the same immaterial asset is attributed.

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE - GOODWILL

The goodwill, arising from the acquisition of a controlled company or other merger transactions, represents the positive excess of the acquisition cost compared to the percentage due to the Group of current values, fair value, assets, liabilities and potential liabilities identifiable at the acquisition date.

The goodwill is accounted for assets with residual indefinite life and is not amortized but annually subject – even in the absence of value-loss indicators or even more frequently if necessary- to checks to identify any value reduction (impairment test), as well as to verify the indefinite duration requirement. Value-losses are immediately recognised in the profit and loss statement and are not subsequently restored. After the initial recording the goodwill is evaluated at the cost net of any accumulated losses. In case of transfer of a controlled company the net value of the goodwill attributable to it is included in the determination of capital gain or capital loss arising from the transfer. For purposes of running the impairment test the goodwill is attributed to the cash generating units or CGU or CGU groups which are expected to benefit from the aggregation.

INTANGIBLE ASSETS WITH FINITE USEFUL LIFE – DEVELOPMENT COSTS

Development costs, essentially relevant to the development of new products are capitalized if and to the extent such costs may be determined in an accurate way, the generated activity is clearly identifiable and there is evidence their bearing will give rise to future economic benefits. In particular, for purpose of capitalization what matter is (i) the technical feasibility and (ii) the intention to complete the activity so as to make it sustainable for use or sale, (iii) the existence of adequate technical and financial resources to complete the development and (iv) the sale and reliability of cost evaluation with reference to activity during the development. Upon checking these conditions, costs are recognised within the assets of the balance sheet and amortized, at constant rates, since the beginning of commercial production of the product. Useful life is determined with reference to a prudent estimate of the relevant economic benefits and it is initially estimated at five years, depending on the features of the relevant product.

The development costs for which the above conditions are not met are recognised in the profit or loss statement when they are accrued and may not be capitalized in subsequent years.

INTANGIBLE ASSETS WITH FINITE USEFUL LIFE – OTHER IMMATERIAL ACTIVITIES

Other immaterial activities are recorded in the statement of financial position only to the extent it is likely the use of the activity will give rise to future economic benefits and the cost of the activity can be recorded in an accurate way. If such conditions are met immaterial activities are recorded at their purchase cost, corresponding to the price paid increased by side costs and, for goods contributed in kind, the values ascertained in the relevant deeds. Other immaterial activities due to the purchase of going concerns are recorded separately from the goodwill, if their fair value can be determined in a reliable way. The gross accounting value of other intangible activities with defined useful life is regularly spread across the financial years in which they are being used through the provision of constant amortization costs, with reference to the estimated useful life. Amortization starts when the activity is ready for use. For contributed activities amortization is determined on the basis of the useful residual life.

TANGIBLE ASSETS

Tangible assets are registered at their purchase or production or contribution cost, including any additional expenses necessary to make the asset ready for use. In case an extended time is necessary to make the asset ready for use, the purchase or production cost includes the financial cost which theoretically could be avoided without an investment.

No revaluation has been made, including pursuant to specific laws. The above said activities are specifically amortized on the basis of certain economical-technical parameters determined with reference to the theoretical usability of the goods. In case a tangible asset includes more than a significant element with a different useful life amortization is done for each component.

The amortizable value is represented by deducting book value from the net value of its residual life, if significant and if it can be reasonably ascertained. The amortization ratio applied to any unit is reviewed at least at closing of any financial year and, if there are significant changes in the expected consumption of the future economic benefits generated by an asset the ratio is modified to reflect this change as contemplated under IAS 8.

Gains and losses arising from transfers or dismissals of assets are determined as difference between the sale revenue and the net book value of the asset and recognised in the profit and loss statement. The costs relevant to renewals, changes and transformation which extend the useful life of an asset are capitalized. If there are events leading to a presumed reduction of the accounting value of material assets

their recovery is controlled by comparing the book value with the recoverable value, represented by the higher between (i) fair value less disposal costs and (ii) current value.

PARTICIPATIONS

Participations in controlled companies are valued with the cost method. By applying such method, they are subject to impairment test with the rules set out under IAS 36 to the extent there is objective evidence of a loss of value of the participation due to one or more events occurred after the initial recognition having an impact on future cash flows of the participated company and dividends which it may distribute. Such objective evidence arises if there is a persistent negative trend. In such cases devaluation is determined as difference between the book value of the participation and its recoverable value, normally determined on the basis of the higher between use value, determined discounting future cash flows and fair value net of sale costs.

NON-CURRENT FINANCIAL ASSETS

Non-current financial assets are those which are non-derivative financial assets, which are classified as:

- Loans and receivables (L&R);
- Investments held to maturity (HTM)
- Financial assets at fair value recorded in the profit and loss statement and valued using the fair value method (FVTPL).

Fair value generally corresponds to the market value. If there is no active market value fair value is determined utilizing evaluation techniques e.g. the actualized future cash flow method at a market interest rate. Differences arising from such evaluations are recorded in a specific net worth reserve. The suspended evaluation effects of such reserve are recognised in the profit or loss statement at the time of disposal of the financial transaction leading to such disposal, realization of sale thereof. In case the loss of value is durable, such amount is reclassified from equity to profit and loss.

CURRENT ASSETS

The drafting of the statement of cash flow, the statement of financial position and the profit or loss statement requires estimates and assumptions having an effect on the value of assets and liabilities and relevant report, as well as on contingent assets and liabilities at the reference date. Estimates and relevant assumptions are based on the preceding experiences of the Company and other factors deemed reasonable in the circumstances and have been adopted to determine the accounting value of assets and liabilities the value of which may not be easily discerned from other objective sources. The final results may therefore differ from such estimates. Estimates and assumptions are reviewed periodically and the effects of the relevant variations reflected in the profit and loss statement.

TRADE RECEIVABLES

Trade receivables are recorded at their fair value, corresponding generally to their nominal value, net of value-loss referred to sums which may not be collected, recorded in specific provisions for doubtful receivables. Receivables, with an expiry date that falls within the normal commercial terms, are not actualized. Receivables expressed in a currency other than Euro have been evaluated at the end of period currency registered by the European Central Bank.

CASH AND EQUIVALENT INSTRUMENTS

Cash and equivalent instruments are recorded at their nominal value and include the nominal value, i.e. those values having availability on demand and short term requirements, good outcome and absence of expenses for their collection.

TRADE PAYABLES

Trade payables are recorded at their nominal value which is normally approximated at the amortized cost. Payables expressed in a currency other than Euro have been evaluated at the end of period currency registered by the European Central Bank.

FINANCIAL LIABILITIES

Financial liabilities, other than derivative financial instruments, are recorded at the settlement date measured at fair value of liabilities, net of directly related transaction costs.

EMPLOYEES BENEFITS

Severance Indemnity Reserve (TFR), which is mandatory for Italian companies pursuant to art. 2120 of the Civil Code, is considered as deferred remuneration and is based on the years of service and on the salary earned by the employee during his service period. For benefits subject to actuarial valuation, liabilities relating to TFR must be calculated by projecting on a forward basis the amount already accrued at the time when the relationship between employer and employee is terminated and by subsequently proceeding with its time-discounting on the date of financial statement under the actuarial method "Projected Unit Credit Method". Such actuarial method is based on demographic and financial assumptions to reasonably estimate of the amount of benefits that each employee has already accrued as result of his employee service.

Through actuarial valuation the current service cost, which represents the amount of rights matured by employee at reporting date, is recorded in the profit or loss statements. Among financial (Gain)/Losses is also recorded the interest cost which represents the figurative expenditure that the company would bear by securing a market loan for an amount corresponding to TFR. The actuarial gain and losses resulting from changes in the actuarial assumptions adopted are directly recorded in the balance sheet.

RECOGNITION OF REVENUES

Revenues are recorded - according to territorial competence principle - when the Group is likely to benefit from future economic benefits and such benefits may be reliably determined. In particular, revenues from sales and services are recorded when the transfer of all the risks and benefits arising from the passage of title takes place or upon execution of a service. Revenues are recorded net of discounts, allowances, settlement discounts and rebates.

EXPENSES

Expenses are recorded when they are incurred, in accordance with the principle of matching expenses and revenues that directly and jointly derive from the same transactions or events. Expenses which may not be associated with revenues are immediately recorded in the profit or loss statement. Value losses are recorded in the profit or loss statement of the financial year in which such value losses occurred.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are considered on an accrual basis, recorded interest matured on the net value of the relevant financial assets and liabilities using the effective interest rate.

TAXES

Current and deferred taxes are recognised in the profit or loss statement if not related to the transactions directly recorded in the net equity. Income taxes are determined on the basis of taxable income for the period in accordance with laws. The “deferred tax liabilities” and the “receivables for advanced taxes” are calculated – in accordance with IAS 12 – on the temporary differences between the fiscal value of an asset or liability and its balance sheet value, to the extent likely that – in the foreseeable future – such differences will disappear. The amount of the “deferred tax liabilities” as well as the “receivables for deferred tax” is determined on the basis of the tax rate which – according to the tax regulations in force on the accounting entry reference date – will apply at the time when the tax asset will be realized or the tax liabilities will be due. The recognition of deferred tax assets is made when their recovery is probable. Receivables for advanced taxes and deferred tax liabilities are offset whenever such compensation is allowed by law.

ESTIMATES AND VALUATIONS

The preparation of the consolidated financial statements and related notes require estimates and assumptions affecting the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period. The final results may differ from such estimates.

In particular, estimates are used to make the impairment tests, as well as to record the amortization and depreciation, the impairment of assets, the provisions for risks. Estimates and assumptions are periodically reviewed and the effects of any variation are periodically recognised in the profit or loss statement.

CHANGES IN THE ACCOUNTING PRINCIPLES

The main changes in the relevant accounting principles are described below:

A. ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE BEEN RATIFIED AND HAVE BEEN ADOPTED BY THE GROUP

As indicated in the Annual Report 2017 the following accounting standards, amendments and interpretations are applicable from the 1st of January 2018:

- IFRS 15 “Revenue from Contracts with Customers”
- IFRS 9 “Financial Instruments”.

IFRS 15 provide that revenue recognition may no longer be based on the earnings method but on the asset-liability method, which focuses on the date that control of the sold asset was transferred. The new standard requires more evaluation elements and decisions from board to define its own policy about revenue recognition. The new standard introduces an articulated methodology in five steps to establish the reporting information about the nature, amount, timing and uncertainty of revenue.

From management analysis no differences in the revenue recognition cut-off have been identified.

IFRS 9 brings together all three aspects related to the project on accounting for financial instruments: classification and valuation, loss of value and hedge accounting. With the application of the new standard, the Group has not opted for the restatement of comparative information.

Following the main aspects involved by the standard.

Classification and evaluation of financial assets and liabilities

Because of the type of financial assets and liabilities of the Group no significant impacts are expected from the application.

Gli impatti conseguenti all'applicazione dei requisiti di classificazione e valutazione previsti dall'IFRS 9 non sono significativi per il Gruppo. At the moment the Group does not hold significant financial liabilities valued at FVTPL because of the adoption of the "fair value option". About financial assets the standard requires that it classifies it based on the Group's business model for managing the asset and the asset's contractual cash flow characteristics.

Incurred loss

The IFRS 9 requires that the Group recognizes Expected Credit Loss applies to bonds in portfolio, loans and trade receivables che il Gruppo registri le perdite su crediti attese su tutte le obbligazioni in portafoglio, finanziamenti e crediti commerciali, with reference to either a 12-month period or the entire contractual term of the instrument (e.g. lifetime expected loss). The Group has opted for the simplified approach and therefore will record the expected losses on all trade receivables based on their residual contractual duration. The Group continues however to analytically consider the specificity of the sector and of some customers in its evaluations.

Hedge accounting

If the Group will decide to carry out hedging transactions using derivative financial instruments and to implement hedge accounting, it shall adopt the rules of IFRS 9. Given that IFRS 9 does not change the general principle that an entity accounts for effective hedging relationships, compared to the provisions of the previous IAS 39, the main changes are as follows: - the hedge effectiveness test is only prospective and can also be based on qualitative aspects, substituting the previous 80-125% test and focusing on the economic relationship between the hedging instrument and the hedged item; the possibility of designating as a hedging object only a risk component also for non-financial elements (provided that the risk component is separately identifiable and reliably estimated); - introduction of the concept "costs of hedging"; – greater possibilities to designate groups of items as hedging items, including stratifications and some net positions. In the absence of hedge accounting, changes in the fair value of derivative financial instruments will continue to be recognized in the income statement.

Based on the above considerations, the application of IFRS 9 did not have any impact on the Group.

Furthermore, the following accounting standards, amendments and interpretations, applicable from 1 January 2018, are not significant or have not produced effects for the Group :

- changes to IFRS 4: joint application of IFRS 9 "Financial instruments" and IFRS 4 "Insurance contracts";
- IFRIC 22 interpretation "Foreign currency transactions and advances";
- changes to IAS 40 "Changes in the destination of real estate investments";
- changes to IFRS 2 "Classification and recognition of share-based payment transactions";

- changes to IFRS 1 “First adoption of International Financial Reporting Standards”: cancellation of short-term exemptions for first-time adopters;
- changes to IAS 28 “Investments in associates and joint ventures”: clarification that the recognition of a fair value investment recorded in the profit / (loss) for the year is a choice that applies to the individual investment;

As indicated in the Annual Report 2017, among the principles issued by the IASB, but not yet in force for the preparation of these financial statements, attention is focused on IFRS 16 "Leases", which will be applicable starting from 1 January 2019.

IFRS 16 defines the principles for the recognition, measurement, presentation and reporting of leases and requires lessees to recognize in the balance sheet all lease contracts, including contracts qualified according to current practice as operational (such as some rentals), on the basis of a single model substantially similar to that used to account for financial leases in accordance with IAS 17. At the start date of the lease, the lessee will recognize a liability for future lease payments (that is, the lease liability) and an asset that represents the right to use the underlying asset for the duration of the contract (that is, the right to use the activity). The lessor will have to separately account for the interest expenses on the lease liability and the amortization of the right to use the asset.

The lessors will also have to remeasure the liability linked to the lease contracts upon the occurrence of certain events (for example: a change in the conditions of the lease, a change in future lease payments resulting from the change of an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as a correction of the right to use the asset.

The principle provides for two exemptions for the survey by lessors:

- leases related to low value assets;
- short-term leases (for example contracts expiring within 12 months or less).

The Group will continue to define the effects of IFRS 16 on its consolidated financial statements, also taking into account the possible changes that will occur in the contractual positions at the date of this report as well as the hypotheses of early adoption and simplifications provided for by the standard.

OTHER INFORMATION

MATERIAL NON-RECURRING EVENTS AND TRANSACTIONS – ATYPICAL AND/OR UNUSUAL TRANSACTIONS

When material non-recurring events and transactions and atypical and/or unusual transactions occur, the notes to the financial statement disclose the impact of these events on the statement of financial position and on the statement of comprehensive income. Atypical or unusual transactions mean transactions whose significance/relevance, nature of the counterparts, subject matter of the transaction, transfer pricing method and timing of the event (near the end of the financial year) can give rise to doubts as to: correctness/completeness of information recorded, conflicts of interests, protection of the company equity, protection of minority interests.

COMPENSATION OF THE STATUTORY AUDITOR AND AUDITOR FIRM

The overall compensation paid by the Group to the auditor firm is equal to 12.908 EUR for auditing activities and 2.140 EUR for other activities. The compensation for the Board statutory auditors is equal to 8.122 EUR.

RELATED PARTIES

The Explanatory Notes provide the information on the effect that operations with related parties have on the economic and financial situation.

TRANSLATION OF FOREIGN COMPANIES' FINANCIAL STATEMENTS

Exchange rates used to translate in Euros the financial statements prepared in currencies other than Euro are set out below (source National Bank of Italy):

CURRENCY	EXCHANGE RATE AS AT 30.06.2018	AVERAGE EXCHANGE RATE
Croatian Kuna (HRK)	7,38	7,41
Serbian Dinar (RSD)	118,51	118,35
Swiss Franc (CHF)	1,15	1,16

SCOPE OF CONSOLIDATION

The subsidiaries included in the scope of consolidation are listed below.

PARENT COMPANY

Name

DOMINION HOSTING HOLDING S.P.A.

REGISTERED OFFICE

MILANO – VIA CALDERA,21 - ITALIA

Direct subsidiaries which are consolidated with the “integral method”:

NAME	REGISTERED OFFICE	SHARE CAPITAL (IN EURO)	% SHARE
TOPHOST S.r.l.	Italy	10.000	100%
DHH.si d.o.o.	Slovenia	13.813	100%
DHH SRB d.o.o.	Serbia	431	100%
DHH SWITZERLAND SA	Switzerland	92.327	60%
DHH ITALIA S.r.l.	Italy	3.000	100%
DHH d.o.o.	Croatia	2.618	100%
SYSTEM BEE d.o.o.	Croatia	2.708	100%

CHANGE IN THE SCOPE OF CONSOLIDATION

With regard to the changes in the scope of consolidation, compared to the consolidated interim report as at 30.06.2017, it should be noted the merger of the companies Infonet d.o.o. and Hosting IT j.o.o. to DHH d.o.o. and the inclusion of System Bee d.o.o. with the split of the company Dhh d.o.o.

INTRA-GROUP TRANSACTIONS

All balances and transactions between the companies which were consolidated with integral method as well as any unrealized gains on intercompany transactions have been deleted.

SERVICES PROVIDED

The strategic goal of DHH relies mostly on providing SMEs with simple and flexible digital products, to establish, build and increase their online presence and visibility, and to enhance their business turnover and profitability with small investments. In general terms, and remaining in the SMEs field, solutions offered by players in web services segment such as DHH can be broadly classified in the following categories: products / solutions aimed at getting SMEs online, products / solutions aimed at making SMEs visible online, products / solutions aimed at helping SMEs to grow their online business.

More in details, among potential that a full-range web service solutions provider can offer to SMEs looking for web presence and visibility there are:

PRODUCTS / SOLUTIONS AIMED AT GETTING SMES ONLINE, SUCH AS:

- Web Hosting, which a set of products, services resources that share storage, bandwidth and processing power, enabling subscribers to create an initial web presence quickly;
- Domain Registration, Management Resale;
- Website Builders, that enable subscribers to create a customized web presence with varying degrees of technical sophistication; o Security tools, offering malware protection solutions to protect subscribers' websites from virus, malicious code and other threats. In this category are also included Secure Socket Layer (SSL) certificates, which encrypt data collected on a subscriber's websites;
- Site Back-up, allowing subscribers to schedule, maintain, manage and restore backups of their online data.

PRODUCTS / SOLUTIONS AIMED AT MAKING SMES VISIBLE ONLINE THROUGH:

- Search Engine Optimization (SEO) and Search Engine Marketing (SEM), helping subscribers to distribute their business profiles to online directories and manage links and keywords with on-page diagnostic tools;
- Mobile solutions, enabling subscribers to have their websites rendered on mobile devices and target mobile customers among other features and functionality;
- Social media solutions, among which tools and services that enable subscribers to communicate effectively with their target audiences through social networks. These instruments allow subscribers to easily integrate their website content on Facebook, Twitter and of social media, and track the results of their marketing campaigns;
- Analytic tools, providing control panels and dashboards that enable subscribers to assess their website activity and the impact of their digital presence and marketing campaigns.

PRODUCTS / SOLUTIONS AIMED AT HELPING SMES TO GROW THEIR ONLINE BUSINESS SUCH AS:

- Advanced Web Hosting, as for instance Virtual Private Server (VPS) or dedicated hosting solutions which allow customers to scale their growing business and build additional functions into their websites;
- Productivity solutions, which include custom mailboxes that reflect a subscriber's domain name and tools to unify email inbox with other communications streams, such as social media feeds;

- eCommerce enablement, offering secure and encrypted payment tools, shopping carts, payment processing related services, mobile payments and of eCommerce to expand the SMBs online management;
- Professional services, among which dedicated engineering and web design to help customers create their ideal presence complete with some of the more eCommerce, productivity and marketing products.

MOST OF THE ABOVE-MENTIONED ARE NO MORE SUPPLIED TROUGH “”, BUT TROUGH ONES, RESULTING IN THE SO-CALLED CLOUD COMPUTING MARKET WHICH CAN BE DIVIDED INTO THREE PRIMARY SERVICE MODELS:

- Software as a service (SaaS), meaning the software is owned, delivered and managed remotely by one or more providers. The provider delivers software with a one-to-many model where contracted customers are charged on a pay-for-use basis or on a one;
- Infrastructure as a service (IaaS), is a standardized, highly automated offering, where more computer resources, complemented by storage and network capabilities are owned and hosted by a service provider and offered to customers on-demand. Customers are able to this infrastructure, using a web-based graphical user interface that serves as an IT operations management console for the overall environment;
- Platform as a service (PaaS), usually depicted in all-cloud diagrams between the SaaS layer above and the IaaS layer below, is a broad collection of application infrastructure (middleware) services (including application platform, integration, business process management and database services).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: GOODWILL

The item "goodwill" is equal to 5.436.376 EUR, with a decrease of 26.576 EUR compared to the same value recorded in the consolidated as at 31.12.2017. The decrease refers to the part of goodwill with a defined useful life by specific evaluations, in particular it's related to the fair value of DHH Italia srl and DHH Switzerland SA's customer list with an estimated residual life of 7 years.

As mentioned in the section related to the accounting principles, goodwill is not amortized, but subject to impairment test and written-off for impairment losses. The DHH Group yearly verifies the recoverability of goodwill and the other assets with an indefinite useful life by specific evaluations (impairment test) on each cash generating unit (Cash Generating Units or "CGU"). Impairment test has been executed according with latest economic and financial forecasts for future financial years. The recoverability of the assets recorded in each CGU is verified by comparing the net book value attributed to the single CGU with the recoverable value that is determined as usage value (recoverable amount). Such value is represented by the current value of the future cash flows which may result from the continuous use of the CGU.

NOTE 2: TANGIBLE ASSETS

Tangible assets are equal to 336.819 EUR. The details of movement in tangible assets during the financial the first half-year 2018 are provided below:

NOTE 2: TANGIBLE ASSETS	COMPUTERS ELECTRONIC EQUIPMENT	VEHICLES	OTHER ASSETS	TOTAL
VALUE AT 1.1.2018	767.064	14.059	101.131	882.254
Investments	62.511	-	7.538	70.048
Impairments and other movements	(23.541)	-	-	(23.541)
COST AT 30.06.2018	806.033	14.059	108.669	928.761
ACCUMULATED DEPRECIATION AT 1.1.2018	471.604	14.059	45.870	531.532
Depreciation 2018	40.655	-	17.185	57.840
Impairments and other movements	3.000	-	(430)	2.570
ACCUMULATED DEPRECIATION AT 30.06.2018	515.259	14.059	62.624	591.942
NET BOOK VALUE				
At 1.1.2018	295.460	-	55.262	350.722
At 30.06.2018	290.775	-	46.045	336.819

NOTE 3: INTANGIBLE ASSETS

Intangible assets are equal to 411.022 EUR as at 30 June 2018. The details of movement in intangible assets during the first half-year 2018 are provided below:

NOTE 3: INTANGIBLE ASSETS	SOFTWARE LICENSES	INTERNALLY DEVELOPED SOFTWARE	OTHER ASSETS	TOTAL
VALUE AT 1.1.2018	70.400	422.915	23.336	516.650
Investments	9.417	-	13.067	22.483
Impairments and other movements	(34)	-	-	(34)
COST AT 30.06.2018	79.782	422.915	36.403	539.100
ACCUMULATED DEPRECIATION AT 1.1.2018	28.323	46.459	5.741	80.523
Depreciation 2018	8.348	35.365	3.843	47.555
Impairments and other movements	-	-	-	-
ACCUMULATED DEPRECIATION AT 30.06.2018	36.670	81.824	9.584	128.078
NET BOOK VALUE				
At 1.1.2018	42.077	376.456	17.595	436.128
At 30.06.2018	43.112	341.091	26.818	411.022

NOTE 4: NON-CURRENT FINANCIAL ASSETS

Such item, equal to 6.261 EUR as at 30 June 2018 was referred to guarantee deposits.

NOTE 5: DEFERRED TAX ASSETS

Deferred tax assets are equal 13.474 EUR and records only advanced taxes calculated based on:

- the temporary differences arising between assets and losses recorded for the purpose of drawing up of this balance sheet according with international accounting standards and corresponding values relevant for tax purposes;
- the deductible temporary differences relating to directors' fees, posted on an accrual basis but not paid at the date of 30.06.2018.

NOTE 6: TRADE RECEIVABLES

Trade receivables are equal to 357.515 EUR as at 30.06.2018 with a decrease of 83.232 EUR compared to the same item recorded on 31.12.2017.

The distribution of receivables by geographical area is as follow:

TRADE RECEIVABLES	30.06.2018	31.12.2017
Italy	225.308	267.641
EU countries	85.311	92.628
Other countries	57.307	96.659
TOTAL GROSS TRADE RECEIVABLES	367.926	456.928
Provision for bad debt	(10.411)	(16.181)
TOTAL NET TRADE RECEIVABLES	357.515	440.747

NOTE 7: OTHER CURRENT ASSETS

Other current assets are equal to 45.397 EUR, with a decrease of 26.682 EUR compared to 31.12.2017.

NOTE 8: TAX RECEIVABLES

Tax receivables are equal to 157.081 EUR as at 30 June 2018 with a decrease of 15.994 EUR compared to 2017 and are composed as follows:

TAX RECEIVABLES	30.06.2018	31.12.2017
VAT	150.015	134.626
Other tax receivables	7.065	38.449
TOTAL	157.080	173.075

NOTE 9: CASH AND CASH EQUIVALENTS

The total amount of this item is equal to 2.731.875 EUR, with an increase of 117.364 EUR compared to 31.12.2017. The balance, expressed in Euro, represents cash equivalents and existence of ready cash and value on closure of the financial periods.

NOTE 10: PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income are equal to 498.607 EUR as at 30 June 2018, with an increase of 74.091 EUR compared to 31.12.2017. Such item is mainly linked to costs for wholesale services incurred in the financial period, but attributable to subsequent financial periods.

NOTE 11: NET EQUITY

SHARE CAPITAL

On 30 June 2018 fully paid-up share capital is divided in 1.420.000 ordinary shares without nominal value and with an accounting parity of Euro 0,10 each.

RESERVES

Reserves is equal to 6.694.476 EUR. In particular, the amount is divided into:

- Share Premium Reserves 6.679.644 EUR
- Bonus Share Reserve 8.400 EUR
- Legal Reserves 1.738 EUR
- OCI Reserves 4.694 EUR

	VALUE AS AT 31.12.2017	OTHER VARIATIONS INCREASE	OTHER VARIATIONS DECREASE	VALUE AS AT 30.06.2018
Share premium reserves	6.679.644			6.679.644
Bonus share	8.400			8.400
Legal Reserve		1.738		1.738
OCI Reserve	(357)		5.051	4.694
TOTAL	6.687.687		5.051	6.694.476

NOTE 12 NON-CURRENT FINANCIAL LIABILITIES

Non-current liabilities to banks and other lenders are equal to 8.151 EUR. Comparing to 2017, there is a decrease of 779 EUR.

NOTE 13 SEVERANCE RESERVES

This item records TFR related to employees of the companies of Group, pursuant to art. 2120 of the Civil Code. On 30 June 2018 the amount of this item is equal to 12.974 EUR and is solely linked to employee recruited by Italian subsidiary Tophost Srl and Slovenian subsidiary DHH.si. Due to not relevance of the amount entity IAS19 principle has not adopted.

NOTE 14 PROVISIONS FOR RISKS AND FUTURE LIABILITIES

This item is equal to zero with a decrease of 10.255 EUR associated to DHH Swz.

NOTE 15 LIABILITIES FOR DEFERRED TAXES

This item is equal to 21.307 EUR and records the tax effect arising from the elimination of shareholding for the purpose of the consolidation by integral method and the temporary differences arising between assets and losses recorded for the purpose of drawing up this balance sheet according with international accounting standards and corresponding values relevant for tax purposes.

NOTE 16 TRADE PAYABLES

On 30.06.2018 trade payables are equal to 344.809 EUR, with a decrease of 95.801 EUR compared to the same item recorded on 31.12.2017. The distribution of payables by geographical area is as follow:

TRADE PAYABLES	30.06.2018	31.12.2017
Italy	210.744	283.517
EU Countries	84.678	97.628
Other countries	49.387	59.465
TOTAL PAYABLES	344.809	440.610

NOTE 17 OTHER CURRENT LIABILITIES

Other current liabilities are equal to 264.298 EUR on 30.06.2018, with a decrease of 55.145 EUR compared to 2017. The decrease is mainly due to the payment of the client list of Studio4Web.

NOTE 18 CURRENT FINANCIAL LIABILITIES

Current liabilities to bank and other lenders are equal to 39.376 EUR on 30.06.2018, with a decrease of 84.858 EUR compared to 2017. This decrease is mainly due to the bank account overdraft of DHH Switzerland.

NOTE 19 TAX PAYABLES

Tax payables are equal to 98.309 EUR on 30.06.2018, with a decrease of 23.415 EUR compared to 31.12.2017 and its composition is as follows:

TAX PAYABLES	30.06.2018	31.12.2017
VAT	69.006	93.282
Income tax	18.534	8.230
Withheld	10.769	20.212
TOTAL TAX PAYABLES	98.309	121.724

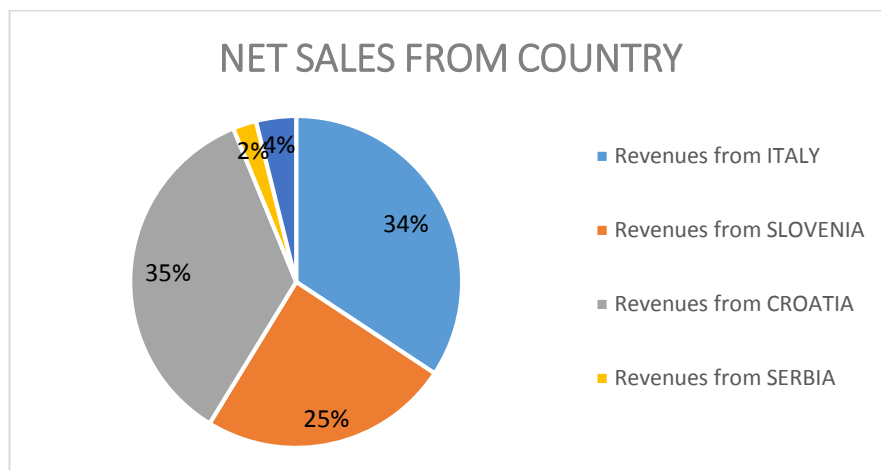
NOTE 20 ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income are equal to 1.765.006 EUR at 30 June 2018, with an increase of 167.817 EUR mainly linked to advanced revenues for hosting service but partially attributable to the period after 31 December 2017.

NOTE 21 NET SALES

On 30 June 2018 revenues from sales and services of the Group are equal to 2.960.453 EUR, with an increase of 571.586 EUR compared to 30.06.2017. This amount increases for a good business performance.

On 30 June 2018 the revenues by geographical area is the following:



NOTE 22 OTHER REVENUES

Other revenues are equal to 14.396 EUR as at 30.06.2018 with a decrease of 26.716 EUR compared to 30.06.2017.

NOTE 23 INTERNAL PROJECTS

There aren't internal projects as at 30.06.2018

Last year, they were capitalized costs of internal projects accomplished in-house; projects are related to the development of an IT system project in Slovenia (amount 108.083 EUR), the development of a cPanel based shared hosting platform in Croatia (amount 130.077 EUR) and the development of a billing processes and provisioning of services in Switzerland (amount 79.916 EUR).

NOTE 24 MATERIAL COSTS

Costs for materials and consumables are equal to 17.454 EUR on 30 June 2018 with a decrease of 2.419 EUR compared to 30.06.2017 and they are related to hardware and other materials.

NOTE 25 SERVICE COSTS AND USE OF THIRD PARTY ASSETS

Service costs are equal to 1.723.863 EUR on 30 June 2018, with an increase of 247.639 EUR compared to 30.06.2017 and are composed as follows:

SERVICE COSTS	30.06.2018	30.06.2017
Datcenter Service	229.075	146.421
Wholesale Costs	1.057.412	969.335
Commercial and marketing expenses	33.914	21.180
Professional services	400.986	333.767
Other costs for services	2.476	5.521
TOTAL	1.723.863	1.476.224

NOTE 26 PERSONNEL COSTS

Personnel cost is equal to 857.912 EUR on 30 June 2018, with an increase of 99.560 EUR compared to 2016 consolidated and is divided among the Group as follows:

PERSONNEL COSTS	30.06.2018	30.06.2017
DHH S.p.A.	-	-
TOPHOST S.r.l.	45.296	46.514
DHH.SI d.o.o.	310.065	291.763
DHH d.o.o.	292.872	250.622
DHH SRB d.o.o.	20.690	14.094
INFONET d.o.o. (now DHH d.o.o.)	1.455	21.238
HOSTING IT j.d.o.o. (now DHH d.o.o.)	-	-
DHH SWITZERLAND S.A.	182.931	134.120
DHH ITALIA S.r.l.	4.603	-
SYSTEM BEE d.o.o.		
TOTAL	857.912	758.352

The increase of Group's overall cost is, on one hand, related to reviewing contracts by increasing in salaries. For the First half year the average number of employees was:

NUMBER OF EMPLOYEES BY CATEGORY	MANAGERS	EMPLOYEES
DHH S.p.A.		
TOPHOST S.r.l.		2
DHH.SI d.o.o.	2	21
DHH d.o.o.	2	28
DHH SRB d.o.o.	2	4
INFONET d.o.o. (now DHH d.o.o.)	1	1
HOSTING IT j.d.o.o. (now DHH d.o.o.)	1	
DHH SWITZERLAND SA	1	7
DHH ITALIA Srl		1
SYSTEM BEE d.o.o.		
TOTAL	9	64

NOTE 27 OTHER EXPENSES

Other expenses are equal to 98.089 EUR on 30 June 2018, with an increase of 9.253 EUR compared to 30.06.2017 and such expenses are structural costs.

NOTE 28 AMORTIZATIONS AND IMPAIRMENTS

Amortizations and depreciations are equal to 126.650 EUR on 30 June 2018, with an increase of 63.736 EUR compared to 30.06.2017. Part of this amortizations is relating to the customer list of DHH Italia srl and DHH Switzerland SA with an estimated life of 7 years and of the internal projects accomplished in-house.

The value of amortizations and depreciations is provided below:

AMORTIZATIONS AND IMPAIRMENTS	30.06.2018	30.06.2017
Depreciations	54.333	53.779
Amortizations	72.027	8.262
Impairment	290	873
Total	126.650	62.914

NOTE 29 FINANCIAL INCOME (EXPENSES)

On 30 June 2018 net financial expenses are equal to 10.468 EUR, with a decrease of 23.026 EUR compared to 30.06.2017.

The details of financial income and expenses are provided in the table below:

FINANCIAL INCOME	30.06.2018	30.06.2017
Bank interests income	2	9
Interests on loans		244
Other interests	4.066	3.061
TOTAL	4.068	3.315
FINANCIAL EXPENSES	30.06.2018	30.06.2017
Bank interests expenses	808	15.885
Other financial expenses	13.728	20.924
TOTAL	14.536	36.809

NOTE 30 TOTAL CURRENT AND DEFERRED INCOME TAXES

As at 30 June 2018 total current and deferred income taxes of the Group are equal to 37.599 EUR.

NOTE 31 EARNINGS PER SHARE

BASE

The earnings/(losses) per share are calculated as the ratio between the Group's profit multiplied by the weighted average number of outstanding shares, net of any own shares.

DILUTED

The diluted earnings/(losses) per share are calculated as the ratio between the Group's profit multiplied by the weighted average number of outstanding shares, net of any own shares. For the purposes of calculating the diluted earnings per share, the weighted average of outstanding shares is adjusted assuming the conversion of all the potential shares having a dilutive effect, particularly warrants.

CATEGORY	AMOUNT AS AT 30.06.2018	AMOUNT AS AT 30.06.2017
Consolidated net income attributable to the Group's shareholders	106.783	98.429
Number of ordinary shares	1.420.000	1.420.000
Average weighted number of outstanding shares	1.420.000	1.420.000
BASE EARNINGS PER SHARE - EPS (EARNING PER SHARE)	0,075	0,069
Average weighted number of outstanding warrants	1.420.000	1.420.000
Average weighted number of outstanding shares plus warrants	2.059.795	2.059.795
DILUTED EPS	0,052	0,035



DOMINION HOSTING HOLDING S.P.A.

PARENT COMPANY INTERIM FINANCIAL STATEMENTS AS AT 30 JUNE 2018

Financial Statements prepared in accordance with IAS/IFRS principles

- All amounts are in Euro -

FINANCIAL STATEMENTS

Here below the Separate Interim Financial Statements of the Parent Company Dominion Hosting Holding S.p.A. as at 30 June 2018

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

ASSETS (ALL AMOUNTS ARE IN EURO)	NOTES	30.06.2018	OF WHICH RELATED PARTIES	31.12.2017
Investments	1	5.318.750		5.313.720
Intangible assets	2	5.750		6.376
Non-current financial assets	3	571.402		566.390
Deferred tax assets	4	6.505		6.580
NON-CURRENT ASSETS		5.902.406		5.893.067
Trade receivables	5	267.135		195.608
Other current financial assets	6	4.203		11.721
Short-term other assets	7	174		-
Tax receivables	8	143.110		134.650
Cash and cash equivalents	9	1.096.001		1.439.021
Prepaid expenses and accrued income	10	27.855		18.162
CURRENT ASSETS		1.538.478		1.799.163
TOTAL ASSETS		7.440.884		7.692.230

LIABILITIES AND NET EQUITY (ALL AMOUNTS ARE IN EURO)	NOTES	30.06.2018	OF WHICH RELATED PARTIES	31.12.2017
Share Capital		142.000		142.000
Reserves		6.689.782		6.688.044
Retained profit / (loss)		8.143		
Net result		8.790		9.881
NET EQUITY	11	6.848.716		6.839.925
Non-current financial liabilities		-		-
Severance reserves		-		-
Other non current liabilities	12	505.114		505.114
Liabilities for deferred taxes		-		-
NON-CURRENT LIABILITIES		505.114		505.114
Trade payables	13	57.357	17.526	59.837

Other current liabilities	14	20.352	11.166	22.920
Current financial liabilities	15	3.384		256.825
Tax payables	16	5.842		7.543
Accrued liabilities and deferred income		119		65
CURRENT LIABILITIES		87.055		347.191
TOTAL LIABILITIES		592.169		852.305
TOTAL LIABILITIES AND NET EQUITY		7.440.884	28.692	7.692.230

STATEMENT OF COMPREHENSIVE INCOME AS AT 30 JUNE 2018

PROFIT AND LOSS STATEMENT (ALL AMOUNTS ARE IN EURO)	NOTES	30.06.2018	OF WHICH RELATED PARTIES	30.06.2017
Revenues	17	209.416		165.209
Other revenues		3		-
TOTAL REVENUE		290.419		165.209
Service costs and use of third party assets	18	(194.706)	(75.460)	(163.527)
Personnel costs		-	-	-
Other operating costs	19	(2.475)		(1.205)
TOTAL OPERATING COSTS		(197.181)		164.732
OPERATING RESULT – EBITDA*		8.492		477
Amortizations and impairment	20	(752)		(465)
EBIT**		7.669		13
Financial income (expenses)	21	723		1.545
EARNINGS BEFORE TAXES		12.453		1.558
Total current and deferred income taxes	22	(3.418)		(686)
NET PROFIT (LOSS)		8.790		872
OF WHICH:				
attributable to equity holders of the Parent company		8.790		872
Attributable to minority interests		-		-
EARNINGS PER SHARE	23	0,006		0,00
DILUTED EARNINGS PER SHARE	23	0,004		0,00

OVERALL PROFIT AND LOSS STATEMENT OF DHH	30.06.2018	30.06.2017
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(ALL AMOUNTS ARE IN EURO)

NET PROFIT (LOSS) (A)	8.790	872
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Components which should be classified in the Profit and loss statement

Components which should not be classified in the Profit and loss statement

TOTAL OTHER PROFIT (LOSS) NET TO FISCAL EFFECT (B)	-	-
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TOTAL NET OVERALL PROFIT (LOSS) (A+B)	8.790	872
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(*)EBITDA indicates earnings before interest, taxes, depreciation and amortization or fixed assets and write-down of receivables. Therefore EBITDA represents the operating margin before choices in amortisation policy and assessing trade receivables. EBITA, as defined above, represents the index used by the Company's directors to monitor and assess business trends. EBITDA is not identified as an accounting measure under national accounting standard, it should not be considered as an alternative measure to evaluate the results of the Company. Because the composition of EBITDA is not regulated by the main reference accounting, the criteria used by the Company may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

(**) EBIT indicates earnings before interest and taxes. Therefore EBIT represents the year's results before third party and treasury share dividend distribution. EBIT, as defined above, represents the index used by the directors of the Company to monitor and assess business trends. EBIT is not identified as an accounting measure under national accounting standard, consequently it should not be considered as an alternative measure to evaluate the results of the Company. Because the composition of EBIT is not regulated by the main reference accounting, the criteria used by the Company may not be identical to those used by other companies and therefore cannot be used for comparative purposes.

STATEMENT OF CASH FLOW AS AT 30 JUNE 2018

CASH FLOW STATEMENT (ALL AMOUNTS ARE IN EURO)	30.06.2018	30.06.2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit for period	8.790	872
Income taxes	3.418	686
Interest payables/ (receivables)	(723)	(1.545)
(Capital losses)/gains from sales assets	-	-
1. EARNING BEFORE INCOME TAX, INTEREST, DIVIDENDS AND CAPITAL GAIN/LOSSES	11.486	13
Adjustments for non-cash items that are not accounted		
In net working capital change:	752	465
- Allocation to provisions	-	-
- Amortization and depreciation of assets	752	465
- Permanent loss write-downs	-	-
- Other adjustments on non-monetary items	-	-
2. CASH FLOW BEFORE NWC CHANGES	12.238	477
Changes in NWC:	(96.548)	(55.540)
- Decrease (increase) in inventories	-	-
- Decrease (increase) in customer receivables	(71.527)	(88.526)
- Increase (decrease) in supplier payables	(2.480)	31.881
- Decrease (increase) in prepaid expenses and accrued income	(9.693)	14.272
- Increase (decrease) in accrued expenses and deferred income	54	2.262
- Other changes to the NWC	(12.903)	(15.430)
3. CASH FLOW AFTER NWC CHANGES	(84.310)	(55.063)
Other changes:	(2.620)	1.545
- Interest collected/ (paid)	723	1.545
- (Income tax paid)	(3.343)	-
- Dividends received	-	-
- (Use of provisions)	-	-
CASH FLOW FROM OPERATING ACTIVITIES [A]	(86.930)	(53.518)
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Investments) in tangible assets	-	-
(Investments) in intangible assets	(126)	(3.100)

(Investments) in financial assets	(10.041)	(860.404)
(Investments) in non-capitalized financial assets	7.518	(2.439)
CASH FLOW FROM INVESTING ACTIVITIES [B]	(2.648)	(865.943)
C. CASH FLOW FROM FINANCING ACTIVITIES [C]		
Third party resources	-	-
Increase (decrease) current payables to bank	(253.441)	167
New loans	-	-
Loan repayments	-	-
Own resources	-	-
Paid capital increase	-	-
Treasury share sale (purchase)	-	-
(Dividends paid)	-	-
CASH FLOW FROM FINANCING ACTIVITIES [C]	(253.441)	167
INCREASE (DECREASE) IN LIQUIDITY [A]+[B]+[C]	(343.440)	(919.293)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1.439.021	3.149.732
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1.096.001	2.230.439

NET FINANCIAL POSITION AS AT 30 JUNE 2018

NET FINANCIAL POSITION OF DHH (ALL AMOUNTS ARE IN EURO)		30.06.2018	31.12.2017
A. Cash		-	-
B. Cash equivalents		(1.096.001)	(1.439.021)
C. Securities held for trading		-	-
D. LIQUIDITY (A)+(B)+(C)		(1.096.001)	(1.439.021)
E. Current financial receivables		(4.203)	(11.721)
F. Short-term bank liabilities		-	-
G. Current part of non-current borrowing		3.384	6.825
H. Other current financial liabilities		-	250.000
I. CURRENT FINANCIAL DEBT (F)+(G)+(H)		3.384	256.825
J. NET CURRENT FINANCIAL DEBT (I)+(E)+(D)		(1.096.820)	(1.193.917)
K. Non-current bank liabilities		-	-
L. Bond issued		-	-
M. Other non-current liabilities		505.114	505.114
N. NON-CURRENT FINANCIAL DEBT (K)+(L)+(M)		505.114	505.114
O. NET FINANCIAL DEBT (J)+(N)		(591.706)	(688.803)

INTERIM STATEMENT OF CHANGES IN NET EQUITY

	VALUE AS AT 01.01.2017	OTHER VARIATIONS - INCREASE	OTHER VARIATIONS - DECREASE	FINANCIAL RESULT	VALUE AS AT 31.12.2017
Share Capital	142.000				142.000
Share premium reserves	6.691.519	(11.875)			6.679.644
Bonus share	8.400				8.400
Net profit (loss)	(11.875)	11.875		9.881	9.881
TOTAL	6.830.044	-		9.881	6.839.925

	VALUE AS AT 01.01.2018	OTHER VARIATIONS - INCREASE	OTHER VARIATIONS - DECREASE	FINANCIAL RESULT	VALUE AS AT 30.06.2018
Share Capital	142.000				142.000
Share premium reserves	6.679.644				6.679.644
Bonus Share	8.400				8.400
Legal Reserves		1.738			1.738
Retained profit / (loss)		8.143			8.143
Net profit (loss)	9.881	(9.881)		8.790	8.790
Total	6.839.925	-	-	8.790	6.848.715

EVALUATION CRITERIA

The main criteria for drawing up the interim financial statements are the same used for the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 INVESTMENTS

This item amounts to 5.318.750 EUR, with an increase of 5.030 EUR as compared to the value as at 31.12.2017, because of the inclusion of a new company: System Bee d.o.o. It - established by the spin-off of DHH d.o.o. in May 2018 - engaged in the business of web hosting and IT solutions. System Bee is aiming to solve the issue of management in big and complicated web clusters and clouds.

SHAREHOLDINGS IN SUBSIDIARIES	VALUES IN EURO
TOPHOST S.r.l.	1.232.929
DHH. SI d.o.o. (previously KLARO d.o.o.)	1.852.904
DHH SWITZERLAND SA (previously Bee Bee Web SA)	545.442
DHH ITALIA S.r.l.	12.224
DHH SRB d.o.o. (previously Plus Hosting d.o.o.)	1.346
DHH d.o.o. (previously Plus HR d.o.o.)	1.668.874
SYSTEM BEE d.o.o.	5.030
TOTAL	5.318.750

The shareholdings in subsidiaries are valued at cost. By applying this method, they are subjected to impairment testing following the IAS 36 rules if, and only if, there is an objective evidence of the shareholding's value loss due to one or more events occurred after its initial subscription that impact on the subsidiary's future cash flows and on the dividends that the same subsidiary may distribute. Such objective evidence exists in case of a persistent negative performance of the subsidiary. In these cases, the write-down is equal to the difference between the shareholding's carrying value and its recoverable amount, which is normally determined on the basis of the value in use quantified by discounting future cash flows and the fair value net of selling costs, whichever is the higher. The impairment test has been carried out considering the most recent economic-financial forecasts for future financial years, as resulting from the budget data developed by the Group's Management, and making projections of such data.

The evaluations made revealed no need for a write-down of the carrying amounts of the investments.

NOTE 2 INTANGIBLE FIXED ASSETS

Intangible fixed assets is equal to 5.750 EUR as at 30.06.2018. The increase is related to DHH SpA trademark. The following table provides a breakdown of movements regarding intangible fixed assets occurred in the 2018 financial year:

INTANGIBLE ASSETS	
VALUE AT 01.01.2018	7.508
Investments	126
Disinvestments and other movements	-
COST AT 30.06.2018	7.634
ACCUMULATED AMORTIZATION AT 01.01.2018	1.132
Amortization H1-2018	752
Disinvestments and other movements	-
ACCUMULATED AMORTIZATION AT 30.06.2018	1.884
NET BOOK VALUE	
At January 1, 2018	6.376
At June 30, 2018	5.750

NOTE 3 NON-CURRENT FINANCIAL ASSETS

This item is equal to 571.402 EUR as at June 30, 2018 and it is made up as follows:

MEDIUM-LONG TERM LOANS	AMOUNT
Loan in favour of DHH.SI d.o.o. - Slovenia	6.402
Loan in favour of DHH d.o.o. – Croatia	315.000
Loan in favour of DHH Italia - Italy	250.000
TOTAL	571.402

About the financial loan in favour of DHH.si, the amount 6.402 EUR refers only to the interest accrued in year 2016 and 2017 but hasn't been paid yet.

NOTE 4 DEFERRED-TAX ASSETS

Deferred-tax assets are equal to 6.505 EUR and they are referred exclusively to deferred taxes calculated with regard to temporary differences between the value of assets and liabilities used for the drafting of the financial statements according to international accounting principles and the respective values relevant for tax purposes. The management has been assessed the recoverability of that amount in next years according with the business plan of the entity.

NOTE 5 TRADE RECEIVABLES

Trade receivables are equal to 267.135 EUR as at 30.06.2018, with an increase of 71.527 EUR compared to 31.12.2017. The increase is in most part referred to the amount of cost sharing. The table below includes the breakdown by geographic region of trade receivables:

GEOGRAPHY RECEIVABLES	30.06.2018	31.12.2017
Italy	63.976	49.361
EU countries	178.903	131.564
Non-EU countries	24.255	14.683
TOTAL GROSS TRADE RECEIVABLES	267.135	195.608

NOTE 6 CURRENT FINANCIAL ASSETS

Current financial assets amount to 4.203 EUR as at 30.06.2018. They are made up solely of the interests accrued during the financial year and payable in the subsequent financial year, over the loans granted in favour of DHH d.o.o. Croatia and DHH Italia Srl.

NOTE 7 OTHER CURRENT ASSETS

Other current assets are equal to 76 EUR and they are related to INAIL receivables.

NOTE 8 TAX RECEIVABLES

Tax receivables are equal to 143.110 EUR as at June 30, 2018, with an increase of 8.460 EUR as compared to 2017, and are made up as follows:

CATEGORY	30.06.2018	31.12.2017
VAT	143.107	134.647
Deductions on active interests	3	3
TOTAL	143.110	134.650

The increase is mainly attributable to the VAT receivable accrued during the financial year.

NOTE 9 CASH AND CASH EQUIVALENTS

This item is equal to 1.096.001 EUR, with a decrease of 343.019 EUR as compared to 2017, and it is made up exclusively of cash equivalents available as at 30.06.2018 on bank deposits in the name of the company.

The decrease occurred during the financial year is essentially attributable to repayment of the loan to the company Tophost srl and, for the remainder, to pay trade payables.

NOTE 10 PREPAID AND ACCRUED EXPENSES

Prepaid and accrued expenses are equal to 27.855 EUR as at 30.06.2018 with an increase of 9.693 EUR as compared to 2017.

NOTE 11 NET EQUITY

The Net equity as at June 30, 2018 is made up as follows:

SHARE CAPITAL

The share capital is fully paid and – as at June 30, 2018 – is made up of 1.420.000 ordinary shares without nominal value, with an accounting par value of Euro 0,10 each.

RESERVES

Reserves is equal to 6.689.782 EUR. In particular, the amount is divided in:

- Share Premium Reserves 6.679.644 EUR
- Bonus Share Reserve 8.400 EUR
- Legal Reserves 1.738 EUR

In particular, the changes can be summarized as follows:

	VALUE AS AT 01.01.2018	OTHER VARIATIONS - INCREASE	OTHER VARIATIONS - DECREASE	FINANCIAL RESULT	VALUE AS AT 30.06.2018
Share Capital	142.000				142.000
Share premium reserves	6.679.644				6.679.644
Bonus share	8.400				8.400
Legal Reserves		1.738			1.738
Retained earnings (accumulated losses)		8.143			8.143
Net profit (loss)	9.881	(9.881)		8.790	8.790
TOTAL	6.839.925	-		8.790	6.848.715

NOTE 12 OTHER NOT-CURRENT LIABILITIES

The item is equal to 505.114 EUR and it is related to the purchase of DHH d.o.o. from DHH.si d.o.o. by the way of group reorganization occurred in the last period.

NOTE 13 TRADE PAYABLES

Trade payables are equal to 57.357 EUR as at 30.06.2018, with a decrease of 2.480 EUR as compared to 31.12.2017. The table below includes the breakdown by geographic region of trade payables:

TRADE PAYABLES	30.06.2018	31.12.2017
Italy	48.902	43.496
EU countries	-	6.924
Non-EU countries	8.455	9.417
TOTAL PAYABLES	57.357	59.837

NOTE 14 OTHER CURRENT LIABILITIES

Other current liabilities are equal to 20.352 EUR as at 30.06.2018, with a decrease of 2.568 EUR. This item records the payables towards directors and auditors for the remunerations accrued by them and not cleared during the financial year and other current liabilities as payroll and social security contributions.

NOTE 15 CURRENT FINANCIAL LIABILITIES

Current financial payables are equal to 3.384 EUR. The decrease occurred during the financial year is essentially attributable to repayment the loan to the company Tophost srl, the amount is related to loan's interests.

NOTE 16 TAX PAYABLES

Tax payables are equal to 5.842 EUR as at 30.06.2018. Such item records payable towards the tax authorities for withholding taxes made and corporate income tax as at 30 June 2018.

NOTE 17 REVENUES

Revenues deriving from sell and performance are equal to 209.416 EUR as at 30 June 2018, with an increase of 44.207 EUR compared to 30 June 2017. The increase is functional to the recharge of costs for services rendered by the parent company to subsidiaries.

NOTE 18 SERVICE COSTS AND USE OF THIRD PARTY ASSETS

Service costs are equal to 194.706 EUR as at 30 June 2018, with an increase of 31.179 EUR compared to 2017 and they are made up as follows:

SERVICE COSTS	30.06.2018	30.06.2017
Wholesale costs	13.472	11.878
Commercial and marketing expenses	2.870	2.856
Professional services	178.364	148.793
TOTAL	194.706	163.527

NOTE 19 OTHER OPERATING COSTS

Other operating costs are equal to 2.475 EUR as at 30 June 2018, with an increase of 1.270 EUR compared to 30 June 2017.

NOTE 20 AMORTIZATIONS AND IMPAIRMENT

Amortizations and impairment are equal to 752 EUR as at 30 June 2018, with an increase of 287 EUR compared to 30 June 2017, and only records the amortization rate for the period relating to software and DHH SpA trademark.

NOTE 21 FINANCIAL INCOMES (EXPENSES)

On 30 June 2018 net financial incomes are equal to 4.203 EUR. Financial income and expense are accrued on the loan agreement between direct company and indirect company.

The financial incomes (expenses) are specified below:

FINANCIAL INCOMES	30.06.2018	30.06.2017
Bank and postal interest income	0	0
Loans' interest income	4.203	4.929
TOTAL	4.203	4.929
FINANCIAL EXPENSES	30.06.2018	30.06.2017
Loans interests expenses	3.384	3.384
Other financial expenses	95	-
TOTAL	3.480	3.384

NOTE 22 INCOME TAXES

Income taxes are equal to 3.418 EUR and records advanced taxes calculated in connection with the temporary differences arising between the values of the assets and liabilities recorded for the purpose of drawing up the financial statements according to international accounting principles and corresponding tax value reported in the tax returns.

NOTE 23 EARNINGS PER SHARE

The number of share for calculation are the same described in the note 35 of Consolidated Interim Financial Statements.

RECONCILIATION BETWEEN NET EQUITY AND THE RESULTS FOR THE PERIOD

A statement of reconciliation between the individual financial statements drawn up according to national accounting principles and financial statements drawn up according to IAS principles for the purpose of consolidation is illustrated below:

	SHARE CAPITAL	RESERVES	YEAR'S RESULTS	TOTAL OF NET EQUITY
NET EQUITY ITALIAN GAAP	142.000	6.718.763	4.751	6.865.514
Removal of intangible assets		(27.417)	5.313	(22.104)
Advanced taxes IAS		6.580	(1.275)	5.305
NET EQUITY IAS	142.000	6.697.926	8.790	6.848.715

COMPENSATION OF THE STATUTORY AUDITOR AND AUDITOR FIRM

The compensation paid for the auditor firm is equal to 7.500 EUR for auditing activities and 600 EUR for other activities. The compensation for statutory auditor is equal to 8.122 EUR.

RELATED PARTIES' TRANSACTIONS

	RELATED PARTIES	RECEIVABLES	PAYABLES	COSTS	REVENUES
1	Seeweb s.r.l.		7.906	13.020	
2	Antonio Domenico Baldassarra		1.000	1.000	
3	Giandomenico Sica		10.620	47.800	
4	Uros Čimžar		1.000	1.000	
5	Matija Jekovec		8.166	12.640	
	TOTAL		28.692	75.460	

Costs and payables relating Board of Directors (Mr. Sica, Mr. Baldassarra, Mr. Čimžar and Mr. Jekovec) are of Euro 500,00 for each Board meeting in which each director will take part in 2018.

Costs and payables relating to counterparts Mr. Sica, relate to the contract signed with Grafoventures by Giandomenico Sica are related for professional strategic services.

Milan, 26 September 2018

The Chairman of the Board of Directors

Giandomenico Sica
