



TE WIND S.A.

Société Anonyme

CONSOLIDATED ANNUAL REPORT

Financial Statements for the Year ended December 31, 2015

111, avenue de la Faïencerie
L-1511 Luxembourg
R.C.S. Luxembourg: B 177.030

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Independent auditor's report

To the Shareholders of TE Wind S.A.,
111, Avenue de la Faiencerie
L-1511 Luxembourg

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of TE Wind S.A. (hereinafter the "Company"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation and presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As indicated in note 18 of these consolidated financial statements, in October 2013, the Company issued a convertible bond. According to *IAS 32 Financial Instruments: Presentation*, at issuance date, the Company should have recorded in equity the fair value of the option element attached to the convertible bond on issuance date of the bond and not subject

to subsequent re-measurement, and measured the fair value of the bond among the non-current liabilities. The fair value of the option as at emission date was recognised neither in the period ended 31 December 2013, nor in the following periods.

Based on independent appraiser's report, at emission date the fair value of the option component of the convertible bond, which should have been recorded in equity, amounted to EUR 292,455.

As a result, as the Company has subsequently recognised the changes in fair value of the bond in the consolidated income statement corresponding to the changes in fair value of both the bond and the convertible option, the consolidated equity as at January 1, 2015 is understated by EUR 411,003 and finance income for the year ended 31 December 2015 is overstated by EUR 132,383, as in accordance with *IAS 32 Financial Instruments: Presentation* only the changes of the fair value of the bond is to be recorded in the income statement.

Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the financial position of TE Wind S.A. as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to note 9 of the consolidated financial statements, which indicates that some of the plants has been valued under the assumption that formal approval by Gestori Servizi Energetici S.p.A. will be released in the coming months. However, as at the date of approval of these consolidated financial statements, such formal approval for those plants has not been received and there is an uncertainty regarding the timing for obtaining such approval which may have an impact on the value of those plants as recorded as at 31 December 2015.

Other matter

The consolidated financial statements of Company for the year ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those annual accounts on 13 May 2015.

Report on other legal and regulatory requirements

The Directors' report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements.

Ernst & Young
Société anonyme
Cabinet de révision agréé



Bruno DI BARTOLOMEO

Luxembourg, 10 June 2016

DIRECTORS' REPORT

The Board of Directors of TE Wind S.A. ("TE Wind" or the "Company") presents their report for the twelve months period ended December 31, 2015.

GENERAL STATEMENT

TE Wind was incorporated on May 3, 2013 under Luxembourg law as a "Société Anonyme" by Iris Fund SICAV SIF (the "Fund"), its sole shareholder at that date. The main purpose of TE Wind is the acquisition of ownership interests, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever operating in the renewable energy field and particularly in the energy production from eolic sources. On October 11, 2013, the Company was successfully listed on AIM Italia, the Alternative Capital Market of the Borsa Italiana, reaching 8.1 Million Euro of collection.

The negative result of the fiscal year ending December 31, 2015 (consolidated loss for EUR 2.495 millions) is a result of the investment strategy in place, aiming to maximize the number of wind turbines effectively in operation before the end of the year 2016 when a change of the incentive scheme is expected to reduce the benefits on new plants applying for the Feed In Tariff - FIT after that date..

As compared to the December 2014 results, the increase of revenues has a direct positive effect on the net result but it is still not sufficient to cover all the fixed cost of the structure of the Company; this trend is expected to change during next year once the main part of the portfolio will be fully operating.

The Company's results confirm that the strategy in place is of a certain interest; however, in order to minimize the development risk and the regulatory uncertainty (that, since the end of 2014, are upon the EPC contractors until obtainment of the FIT Tariff) the investments have been reduced. As effect, the amounts reached, although relevant, are far below as compared to those reached by other listed foreign companies.

The Company's target for year 2016 is to reduce costs and enhance an aggregation process involving plants already existing on the market.

The Company is evaluating the opportunity to transfer the registered office to Italy, with a view to reduce the administrative costs connected to having a foreign Company listed on the Italian market. Moreover, the Company has created connections and relationships with the most important associations in the mini-wind sector, in order to seek the highest number of plant possible, with a view to purchase them, increase the portfolio create economies of scale and increase the group economic position.

The table below summarized the operating plants as at December 2015.

DIRECTORS' REPORT

Turbines	31/12/2015	30/06/2015	31/12/2014
Installed	89*	88	80
Connected	76*	64	50
FIT Obtained	67	47	34

Power (kW)	31/12/2015	30/06/2015	31/12/2014
Total installed capacity	3,430*	3,890	3,010
Total connected	2,890*	2,180	1,410
Total FIT obtained	2,590	1,370	1,020

* The values do not include the Magenta project (800 kW) (never controlled by the Company and, indeed, not consolidated, but accounted for as financial asset), excluded from the portfolio at the beginning of 2016 (refer to the Note 10 of the Company's consolidated financial statements as at December 31, 2015). Magenta was purchased at the end of 2014 and possessed 4 mini wind plants, totaling 800 kW. All the plants were installed and connected in 2015; however in 2016 the FiT was not granted by GSE. Based on the agreement executed with the seller and the Company's investment policy, the latter exercised the put option and returned the participation in Magenta, at no investment costs.

Financial performance and finance activities

A summary of relevant financial indicators are described in the following table:

INCOME STATEMENT HIGHLIGHT	December 31, 2015	December 31 2014	Variation	%
Revenues	618,408	241,905	376,503	156
EBITDA	(649,417)	(791,693)	142,276	(18)
EBIT	(1,705,350)	(2,693,612)	988,262	(37)
Result before taxes	(2,309,667)	(3,981,837)	1,672,170	(42)
Net Result	(2,495,272)	(3,758,404)	1,263,132	(34)
OCI – Fair Value Revaluation of plants, net tax	(372,774)	872,057	(1,244,831)	(143)
Total Comprehensive Income	(2,868,046)	(2,886,347)	18,301	(1)

DIRECTORS' REPORT

FINANCIAL HIGHLIGHTS	December 31, 2015	December 31, 2014	Variation	%
Net Invested Capital	14,248,397	13,856,704	391,693	2
<i>Non current assets</i>	<i>14,114,905</i>	<i>14,425,008</i>	<i>(310.103)</i>	<i>(2)</i>
<i>Current assets net of cash</i>	<i>1,070,347</i>	<i>993,623</i>	<i>76,724</i>	<i>8</i>
<i>Non current liabilities and provisions</i>	<i>(208,724)</i>	<i>(596,282)</i>	<i>387,558</i>	<i>(65)</i>
<i>Current liabilities</i>	<i>(728,131)</i>	<i>(965,645)</i>	<i>237,514</i>	<i>(25)</i>
Equity	979,042	2,163,257	(1.184.215)	(55)
Net Debt	13,269,355	11,693,447	1,575,908	13

The financial performance of the Group at consolidation level as at December 31, 2015 can be described as follows:

- Revenues amount to Eur 618,408 increased by 156%
- Gross loss (Ebitda) amounts to Eur (649,417), while the Net Operating Loss (Ebit) amounts to Euro (1,705,350). Ebitda improved by 18% respect 2014 results, while Ebit improved by 37%, although still negative.
- Net finance costs of Eur 476,834, mainly due to interest on bonds.
- Net loss before tax of Eur 2,309,667 (3,981,837 as at December 31, 2014) and net result of the year amounts to a loss of Eur 2,495,272 (3,758,404 as at December 31, 2014), with a 34% increase if compared to the previous year period
- Tangible and Intangible Fixed Assets of Eur 12,2 million
- Cash balances at December 31, 2015 are positive and amount to Eur 1,8 million
- Cash flow shows Eur 2,422 million absorbed in operating activities and Eur 1,163 million absorbed in investments, balanced by a positive inflow of Eur 3,969 million from financing (equity investment: Eur 1,684 million)
- Loss per share basic of Eur 0.24 and a loss per share diluted of Eur 0.17 attributable to the shareholders of the parent.

As at December 31, 2015 the net debt amounts to Eur 13,269 million with a gearing ratio of 93%.

The main financial operations occurred during the year can be described as follows:

On January 31, 2015 the capital increase reserved in option to minorities and third party investors at a price of Eur 1.00 has shown n. 24,000 new subscribed shares fully paid for a total amount of Eur 24,000. The shares had nominal value of Eur 0.50 and the capital increase was attributable for Eur 12,000 to capital and Eur 12,000 to share premium reserve.

DIRECTORS' REPORT

On April 1, 2015 the Board of the Company approved a capital increase for a maximum amount of Eur 1,000,525 through the issue of n. 1,291,000 new shares at a price of Eur 0.775 each. The capital increase has been carried out through the “accelerated book building” procedure reserved to qualified investors, with no publication of the information prospectus according to the current legislation (“Regolamento Emittenti”, Consob n. 11971 of 14th May 1999, art. 34-ter, par.1, lett. b). The share capital was increased by Eur 645,500 reaching at the end of the period the total amount of Eur 5,043,189.50.

Activity report

TE Wind focused its efforts in the first semester 2015 trying to achieve the full implementation of the supply / EPC contracts already in place through its subsidiaries Gea Energy S.r.l. and Windmill 60 S.r.l. with the main partners (Northern Power Systems, Sarcos, Site), and through the other subsidiaries Windmill S.r.l. and Reia Wind S.r.l. with supplier Jonica Impianti S.r.l..

A letter of intent was negotiated with Terna Plus for a QPA covering 20x60Kw NPS turbines for a timeline in operation in middle 2016. However, the project has been temporarily suspended due to regulatory uncertainty, the research of suitable locations resulting in unexpected difficulties, and the increased project costs thus negatively impacting in

Here below an overview of the activities on plants carried on until December 2015:

- Gea Energy S.r.l.: (15x60Kw NPS turbines for 900Kw): of 15 wind-turbines installed as at January 1, 2015, 14 have been connected to the Grid and the last one will be connected in the first semester of 2016. 13 wind-turbines obtained FIT by the end of 2015 and the remaining 2 will obtain it by the end of the first semester 2016.
- Windmill 60 S.r.l. (15x60Kw NPS turbines for 900Kw): of 14 turbines installed by December 31, 2015, 10 have been connected to the Grid and 6 of them obtained also the FIT. It is expected to complete the installation of the last wind-turbine and obtain the FIT by the first half of 2016.
- Windmill S.r.l. (50x25/30 JIMP turbines for 1,420Kw): it is expected that the remaining 2 turbines will be connected and receive the FIT with some delay, but in any case by no later than the end of 2016.
- Reia Wind S.r.l. (14x30 JIMP turbines for 420Kw): 6 turbines have been installed and connected to the Grid and 2 of them obtained the FIT. As at 31 December 31, 2015 additional 4 turbines have been installed; connection and FIT are expected by the end of 2016. At that date, it is expected to install and obtain the FIT for 4 additional wind-turbines.

All the plant belonging to Gea Energy S.r.l. and Windmill60 S.r.l. are remotely monitored by the companies and the wind-turbines supplier. Moreover a service for interventions on site has been adopted, thus consenting to reach a 98% availability of the wind turbines.

Here below other key activities and transactions happened during 2015:

A Court litigation was started with Jonica Impianti S.r.l. due to their breach of the contract relating to the late grid connections and FIT conventions for Windmill S.r.l. and Reia Wind S.r.l. plants and lack of necessary maintenance service.

DIRECTORS' REPORT

A selection of technical partners to replace Jonica Impianti S.r.l. started in order to have the new maintenance provider in operation by the end of 2015 as well as the maintenance activities executed. In addition and in order to obtain the expected production from the Jonica JIMP turbines, a remote monitoring system has been tested. At the end of 2015 an action plan has been implemented in order to adopt a maintenance service plan in the first semester of 2016. The core of such plan consists in integrating technical experts in maintenance activities with remote control activities.

On July 28, 2015 the Company, through its subsidiary Gea Energy S.r.l., subscribed the bank loan with the Banca Popolare dell'Emilia Romagna for a total amount of Eur 4.1 million. The loan shall be repaid by the end of year 2031 for the senior line while by year 2019 for the VAT line.

On July 30, 2015 the Company, through its subsidiary Gea Energy S.r.l., entered into a notary deed for the cancellation of surface rights related to five plants in the location sites of Macomer and Mamoiada in the Sardinia region, abandoned before installation. The carrying value of these five plants is nil as at December 31, 2015. In addition, at the end of 2015, Management initiated negotiations to sell other two plants in Mamoiada; their carrying value (97,241 and the related capitalized surface rights (EUR 13,233 have been reclassified to non-current assets held for sale in the Company's consolidated financial statements as at December 31, 2015.

On August 3, 2015 the Board of the Company approved a capital increase for a maximum amount of Eur 800,000 at a price of Eur 0.645 per share through an "accelerated book building" reserved to qualified investors. The share capital was increased by Eur 620,153 reaching the total amount of Eur 5,663,342.50.

On August 17, 2015 the Shareholders Meeting of the Company approved the establishment of the pledge on the 100% of the shares held in Gea Energy S.r.l. in favor of the bank and in accordance with the loan contract subscribed with the Banca Popolare dell'Emilia Romagna. The agreement became effective in September, the first tranche of the loan was granted in October, the second in November.

Update of the main disputes pending

As regards to the legal disputes and litigations arisen, please find below a summary of the events and activities occurred for which adequate provisions are provided when necessary:

Reia Wind S.r.l. and Windmill S.r.l. - Litigation

Both Reia Wind S.r.l. and Windmill S.r.l. started a civil proceeding against the supplier Jonica Impianti S.r.l. due to delays and breach of the relevant contracts and asked reimbursement for the damages suffered. Further details are provided in the section "Subsequent events".

GSE / Windmill S.r.l. - rejection of incentives

In October 2014 GSE sent a formal rejection decision relating to Windmill S.r.l.'s request to obtain the Feed-In Tariff related to the plants Atella-Liccione. Such decision was due to clerical mistakes in the documentation prepared and filed by Jonica Impianti S.r.l. with GSE.

DIRECTORS' REPORT

A legal action in front of the TAR Lazio (the Administrative Regional Court) was taken by the Company in order to obtain the incentives; however on 17 April, 2015 the TAR decided in favour of GSE's rejection. The TAR decision was challenged before the Consiglio di Stato (Supreme Administrative Court) but, unfortunately, it ruled against Windmill S.r.l.

This situation is not an isolated case and the GSE is currently working to open a new submission period to regularize the previous request. As soon as possible a new request for incentives will be filed with GSE.

Windmill 60 S.r.l. - seizure of the wind plant in Villanovaforru

Due to the unclear situation generated by the legislation introduced in 2014 concerning VIA authorization process, a plant located in Sardinia (Villanovaforru 9, Medio Campidano) received a seizure order issued by the competent criminal court. It has to be noted that the seizure should be maintained until the competent authorities would have detained the irregularities in the authorization process, although the Municipality never formally rejected the request for authorization.

In February 2015 the Company filed an appeal to the Supreme Court against the rejection by the criminal court. As the Supreme Court noted that the issue involves a conflict between different judicial and legislative interpretation and submitted the claim to the "Sezioni Unite". Meanwhile the Company is evaluation possible technical solutions.

Moreover, on June 12, 2015, considering the enhancement of Ministry Decree 52/2015 on VIA authorization, a request to return the plant was filed with the criminal court. The brief filed with the court pointed out that the construction was in line with the current legislation, as the above mentioned Decree has reinstated the previous authorization process existing before Legislative Decree 91/2014 that gave rise to the issue. The court was asked (i) removal of the seizure from the wind-turbine and related infrastructures due to the fact that the title for construction issued by the Municipality is still valid; or (ii) removal of the seizure from the infrastuctures.

On August 28, 2015 the Court rejected the requests, stating that the area where the plant is located is not "suitable". The decision has been challenged but the results reached were not those expected in light of a preliminary decision of the Court of Cagliari dated October 7, 2015.

While waiting to obtain the final decision from the Supreme Court, the Company asked for a removal of the base and the plant; in this respect the Court granted its consent. As at December 31, 2015 no interventions were made with a view to wait the judgement from the Supreme Court. Prudentially, the carrying value of the plant was entirely written-off in the Company's consolidated financial statements as at December 31, 2015.

DIRECTORS' REPORT

Regulatory framework and risk mitigation

“FIT”

The regulatory framework in place is ensuring a stable FIT (Feed-In-Tariff) until the end of 2016. However, it is uncertain what will happen following such date.

We note therefore that according to the new Decree, new projects completed before October 2016 will be entitled to benefit the present FIT.

“GSE Totalizer”

Article 3 of Decree 06.07.2013 introduced a maximum limit (Eur 5.8 Billions) for the total yearly GSE Renewable Energy expense (total payments less electricity actual cost).

The above maximum limit is unchanged in the new Decree. GSE website is publishing the updated forecast (GSE Totalizer) for the above expense, to compare to the limit Eur 5.8 Billions.

As of December 31, 2015, the published value of the forecast was around Eur 5.56 Billions, so very close to the limit.

All major operators and Renewable Energy Associations are however generally acknowledging that the value of 5.7 Billion is including around 900 million expenses that are go to be cancelled because of non-implementation of Maxi-Eolic Wind Projects, expiry of projects (not realized) under “*Registro June 2012*”, and adjustments for the present reduced electricity cost.

The Totalizer is therefore due to decrease.

It should also be noted that the new Decree is introducing a new calculation for the forecast of the “*GSE Totalizer*” by including new projects contribution at the expected date of project “*Completion*” (and not at the date of “*Registration*” as it is happening today)

We note therefore that the updated reputable forecasts are predicting that the GSE Totalizer will not exceed the limit before the end of 2016.

It is however a critical issue that shall be constantly monitored.

Subsequent events

In April 2016 Banca Popolare dell’Emilia Romagna granted to Gea Energy S.r.l. the third tranche of the bank loan amounting to Eur 1.2 million.

On April 7, 2016 the Board of Directors resolved upon moving the Company’s corporate office to Italy.

With regard Windmill S.r.l. financing structure, during the first months of 2016 it was reached an agreement with Mediocredito Italiano in order to review the credit lines’ amortization plan, in consideration of the initial contractual cost of debt compared to the current market condition and the lack of productivity of the plant as result of the Jonica Impianti Srl disruption in maintenance activities. It is expected by the end of June 2016 a formal communication of the new amortization plan, with a longer duration and a debt cost in line with the market.

DIRECTORS' REPORT

With regard to Windmill 60 S.r.l., the Supreme Court upheld the petition made by the Company concerning lack of motivation for the seizure of the plant “Villanovaforru 9”, thus annulling the decision of the Court of Cagliari. The lower Court will need to express a formal verdict based on the Supreme Court’s decision.

During the first months of 2016 the activities regarding the claim against Jonica Impianti S.r.l. continued, in parallel with initial discussions to find a common solution, so to ensure a prompt functioning of the plants and reducing a negative economic impact on the Company. On June 3, 2016, after months of negotiation, an agreement has been reached by the parties. According to the terms of such agreement, Jonica Impianti S.r.l. will raise credit notes totally amounting to Eur 280,692 to write-off certain invoices payable by Windmill S.r.l. and Reia Wind S.r.l. In addition, Jonica Impianti S.r.l. commits to deliver to Reia Wind S.r.l. four new turbines, for free, in compensation of the damages suffered, along with full assistance in order to manage the existing plants.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

FINANCIAL STATEMENT	Note	31/12/2015	31/12/2014
Non-current Assets			
Intangible assets	8	653,927	636,783
Property, plant and equipment	9	11,463,411	11,794,506
Available for sale financial assets	10	0	126,195
Deferred income tax assets	22	138,101	320,496
Trade and other receivables	13	1,859,466	1,547,028
Total non-current assets		14,114,905	14,425,008
Current Assets			
Trade receivables	13	336,639	111,031
Other current assets	13	614,285	876,251
Non-current assets held for sale	12	110,474	0
Current tax assets	13	8,949	6,341
Cash and cash equivalents	14	1,846,180	1,463,506
Total current assets		2,916,527	2,457,129
Total ASSETS		17,031,432	16,882,137
EQUITY			
Share capital	15	5,663,343	4,385,690
Share premium	15	2,416,475	2,010,297
Other reserves	16	449,354	784,851
Retained earnings		(5,022,152)	(1,343,033)
Result of the year		(2,369,533)	(3,679,119)
Equity attributable to Owners of the Parent		1,137,487	2,158,686
Non-controlling interests		(158,445)	4,571
Total Equity		979,042	2,163,257
Non-current Liabilities			
Borrowings	17	12,505,484	12,431,816
Deferred income tax liabilities	22	157,668	330,780
Derivative financial liabilities	18	31,056	245,502
Provisions for other liabilities and charges	20	20,000	20,000
Total non-current liabilities		12,714,208	13,028,098
Current Liabilities			
Borrowings	17	2,610,051	725,137
Trade payables	19	651,700	869,950
Tax liabilities	21	9,795	51,010
Other current liabilities	19	66,636	44,685
Total current liabilities		3,338,182	1,690,782
Total LIABILITIES		16,052,390	14,718,880
TOTAL LIABILITIES AND EQUITY		17,031,432	16,882,137

The accompanying notes form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF INCOME

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

STATEMENT of INCOME	Note	31/12/2015	31/12/2014
Revenues from sale of services		618,408	241,905
Other operating income		4,919	4,305
Total Revenues	23	623,327	246,210
Expenses for materials		(47)	(157)
Rentals	24	(96,419)	(33,402)
Operating expenses	24	(207,846)	(125,971)
Administrative expenses	25	(665,893)	(620,008)
Other services	25	(226,222)	(270,659)
Other costs	26	(86,317)	(51,673)
Other income	26	10,000	63,967
Total Operating Costs		(1,272,744)	(1,037,903)
Gross Operating Income (Loss) - EBITDA		(649,417)	(791,693)
Amortization		(27,151)	(10,317)
Depreciation		(394,363)	(231,503)
Allowance for doubtful debts and litigation		(59,000)	(20,000)
Other write-downs		(575,419)	(1,640,099)
Total Depreciation, Amortization, provisions and write-downs	27	(1,055,933)	(1,901,919)
Net Operating Income (Loss) - EBIT		(1,705,350)	(2,693,612)
Finance income		391,027	279,862
Finance costs		(867,861)	(1,568,087)
Finance costs, net	28	(476,834)	(1,288,225)
Extraordinary gain/(loss)		(127,483)	0
Total extraordinary gain/(loss)	29	(127,483)	0
Result before taxes		(2,309,667)	(3,981,837)
Income tax expense		(3,210)	(3,210)
Deferred taxation		(182,395)	226,643
Total Income Taxes	22	(185,605)	223,433
Net Profit (Loss) of the year		(2,495,272)	(3,758,404)

Result of the year attributable to:

Owners of the Parent	(2,369,533)	(3,679,119)
Non-controlling interests	(125,739)	(79,285)

Earnings per share - basic	(0.24)	(0.49)
Earnings per share - diluted	(0.17)	(0.19)

The accompanying notes form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

STATEMENT of INCOME	Note	31/12/2015	31/12/2014
Loss for the year		(2,495,272)	(3,758,404)
OTHER COMPREHENSIVE INCOME			
<i>Items that will be not reclassified subsequently to profit or loss:</i>			
Gain / (Loss) on revaluation of Property, Plant and Equipment	9	(545,886)	1,202,837
Deferred tax on items that will not be reclassified	22	173,112	(330,780)
<i>Total items that will not be reclassified to profit or loss</i>		<i>(372,774)</i>	<i>872,057</i>
Other comprehensive income for the year, net of tax		(372,774)	872,057
Total Comprehensive Profit (Loss) for the year, net of tax		(2,868,046)	(2,886,347)

Total Comprehensive result, net of tax, attributable to:

Owners of the Parent	(2,705,030)	(2,894,268)
Non-controlling interests	(163,016)	7,921

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT						Non-controlling interests	Total Equity
	Share capital	Share premium	Other reserves	Retained earnings	Result of the year	Total		
Balance as at December 31, 2013	3,566,250	1,250,241	2,244	(51,497)	(1,224,893)	3,542,345	(16,459)	3,525,886
Transactions with equity participants :								
Allocation of the result of previous year				(1,224,893)	1,224,893	0	16,459	16,459
Capital increases during the year	819,440	819,440				1,638,880		1,638,880
Equity transaction costs deducted from share premium		(59,384)				(59,384)		(59,384)
Other equity movements			(2,244)	(66,643)		(68,887)		(68,887)
Non-controlling interests on equity reserves						0	(3,350)	(3,350)
Profit (Loss) of the year					(3,679,119)	(3,679,119)	(79,285)	(3,758,404)
Other Comprehensive Income of the year			784,851			784,851	87,206	872,057
Balance as at December 31, 2014	4,385,690	2,010,297	784,851	(1,343,033)	(3,679,119)	2,158,686	4,571	2,163,257
Transactions with equity participants :								
Allocation of the result of previous year				(3,679,119)	3,679,119	0	0	0
Capital increases during the year	1,277,653	546,869				1,824,522		1,824,522
Equity transaction costs deducted from share premium		(140,691)				(140,691)		(140,691)
Other equity movements								
Non-controlling interests on equity reserves						0	(37,277)	(37,277)
Profit (Loss) of the year					(2,369,533)	(2,369,533)	(125,739)	(2,495,272)
Other Comprehensive Income of the year			(335,497)			(335,497)		(335,497)
Balance as at December 31, 2015	5,663,343	2,416,475	449,354	(5,022,152)	(2,369,533)	1,137,487	(158,445)	979,042

The accompanying notes form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

CASH FLOW REPORT	Note	31/12/2015	31/12/2014
Operating activities			
Result before tax of the year		(2,309,667)	(3,981,837)
Property, plant and equipment amortization	27	394,363	231,503
Intangible asset amortization	27	27,151	10,317
Fixed assets write downs	27	575,419	1,640,099
Provisions	27	59,000	20,000
Reversal over extraordinary (Gain) / Loss	29	127,483	0
<i>Finance non-cash transactions:</i>			
Finance gains		(390,986)	(279,776)
Finance losses		155,535	948,389
		(1,361,702)	(1,411,305)
<i>Changes in Working Capital</i>			
Working Capital Adjustments		(1,061,130)	(2,016,404)
Cash Flow from Operating activities		(2,422,832)	(3,427,709)
Investment activities			
Net inflow of cash and cash equivalents on acquisition		0	510
Investments in Tangible assets (including prepayments)		(1,086,045)	(4,959,938)
Investments in Intangible assets		(57,528)	(375,782)
Investments in Available for sale financial assets	10	(19,800)	0
Cash flow from Investing activities		(1,163,373)	(5,335,210)
FREE CASH FLOW		(3,586,205)	(8,762,919)
Financing activities			
Proceed from issue of shares, net of issuance costs		1,683,831	305,176
Proceed from financial liabilities		2,448,453	5,156,740
Repayment of financial liabilities		(163,405)	(571,242)
Cash Flow from Financing activities		3,968,879	4,890,674
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		382,674	(3,872,245)
Cash and cash equivalents at the beginning of the year		1,463,506	5,335,751
Cash and cash equivalents at the end of the year	14	1,846,180	1,463,506

The accompanying notes form an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

1. GENERAL INFORMATION

TE Wind S.A. (hereafter the “Company”) was incorporated on May 3, 2013, and is organised under the laws of the Grand Duchy of Luxembourg as a “société anonyme”.

The main purpose of the Company is to acquire and hold ownership interests and participations in Luxembourg or foreign companies, the object and purpose of which is to acquire, hold, manage, develop and dispose of renewable energy investments. In addition, the Company may borrow in any form and issue bonds. The Company may also lend funds or give guarantees to its subsidiaries and other companies.

The Company is a subsidiary of IRIS Fund SICAV-SIF (the “Fund”), which was incorporated in the Grand Duchy of Luxembourg on April 18, 2007 under the form of a limited partnership by shares (société en commandite par actions), qualifying as an investment Company with variable capital (société d’investissement à capital variable) under the law of February 13, 2007 on Specialised Investment Funds (“SIF”), as amended, and managed by IRIS Specialized Asset Management S.à r.l., a Luxembourg private limited Company (société à responsabilité limitée) in its capacity as the general partner of the Fund.

The Company has issued shares, warrants and convertible and non convertible bonds which are dealt in the Alternative Investment Market (AIM), Italy.

As at December 31, 2015 the Company holds shares in five subsidiaries (together: the “Group”). As further explained in note 3.1, four only are consolidated by the Company as at December 31, 2015 (December 31, 2014: four).

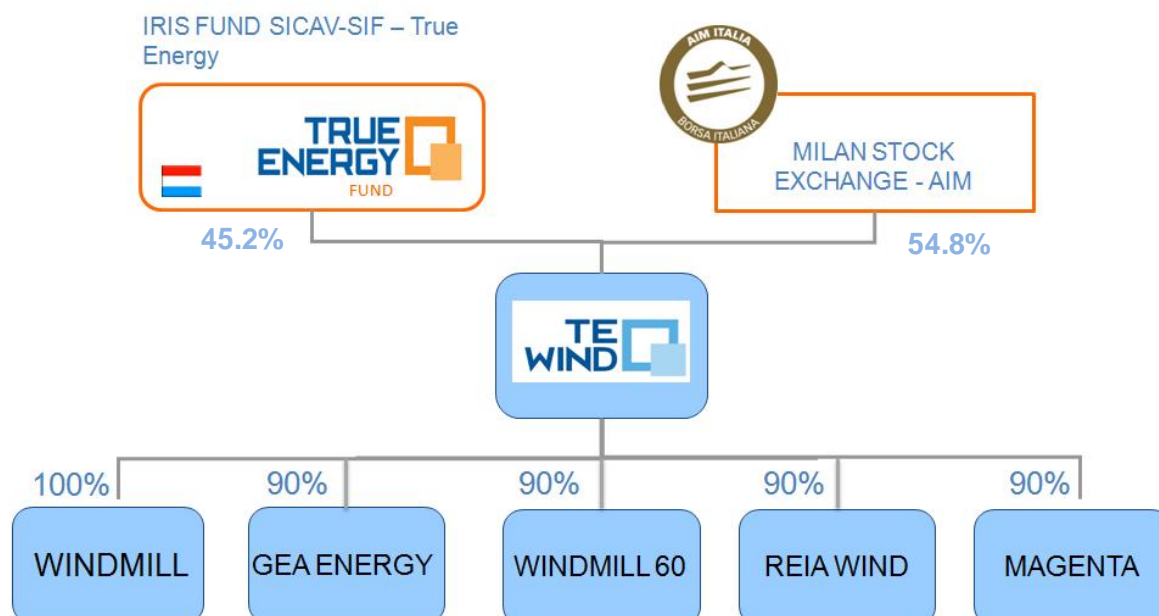
The Board of Directors of the Company has approved for issue these consolidated financial statements on June 10, 2016.

Below the organization structure of the Group as at December 31, 2015:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of property, plant and equipment, available for sale financial assets, and financial assets and financial liabilities (including derivative financial instruments) at fair value through profit and loss.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and interpretations adopted by the International Accounting Standards Board (“IASB”) as adopted by the European Union (“EU”). The consolidated financial statements are prepared in Euro (“EUR”). The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

At December 31, 2015, the Standards adopted by the European Union and used by the Company for the preparation of these financial statements present no differences with the standards as published by the IASB. The Standards, as adopted by the European Union, are available on the website http://ec.europa.eu/finance/accounting/ias/index_en.htm

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

Standards and amendments issued but not yet effective and relevant for the Group

The standards and interpretations that are issued, but not yet effective in 2015, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle

With the exception of the improvement relating to IFRS 2 *Share-based Payment* applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Group has applied these improvements for the first time in these consolidated financial statements. They include:

- IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. In addition, the Group had not granted any awards during the second half of 2014 and 2015. Thus, these amendments did not impact the Group's consolidated financial statements or accounting policies.

- IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IAS 39. This is consistent with the Group's current accounting policy and, thus, this amendment did not impact the Group's accounting policy.

- IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

- **IAS 24 Related Party Disclosures**

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment has no material impact on the Group's financial reporting as transactions between the Group and its management company (fully consolidated since December 2014) have already been disclosed within the related parties notes historically.

Annual Improvements 2011-2013 Cycle

These improvements are effective from 1 July 2014 and the Group has applied these amendments for the first time in these consolidated financial statements. They include:

- **IFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3;
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

The Group is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

- **IFRS 13 Fair Value Measurement**

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Group does not apply the portfolio exception in IFRS 13.

- **IAS 40 Investment Property**

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. The amendment is not relevant for the Group, since it does not have any investment property.

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method.

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments must be applied prospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include:

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

- **IFRS 7 Financial Instruments: Disclosures**

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

- **IAS 19 Employee Benefits**

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

- **IAS 34 Interim Financial Reporting**

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.

These amendments are not expected to have any impact on the Group.

- **Amendments to IAS 1 Disclosure Initiative**

The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception***

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10.

The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2. Classification and comparability

The consolidated financial statements as of December 31, 2014 have been reclassified to align the basis schemes adopted by the Company in the consolidated financial statements for fiscal year ended on December 31, 2015.

Reclassification of the financial position does not create any relevant impact.

As far as the consolidated statement of financial position is concerned, a classification based on the nature other than the cost of goods sold consents to highlight Ebit and Ebit intermediate margins.

As far as the consolidated statement of income is concerned, reclassification does not create any relevant impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

2.3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at December 31, 2015.

Consolidated Entities

Subsidiaries are all entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Accordingly, income and expenses of subsidiaries acquired or disposed of during the reporting period are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

The list of consolidated entities under the control of the Group as at December 31, 2015 is as follows:

	Country of incorporation	Equity %	% of voting rights	Consolidation method
Windmill S.r.l.	Italy	100.00%	100.00%	Full consolidation
Gea Energy S.r.l.	Italy	90.00%	90.00%	Full consolidation
Reia Wind S.r.l.	Italy	90.00%	90.00%	Full consolidation
Windmill 60 S.r.l.	Italy	90.00%	90.00%	Full consolidation

Asset acquisitions versus business combinations

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. The Group may invest in subsidiaries that hold property, plant and equipment, but do not constitute a business. These transactions are therefore treated as asset acquisitions rather than business combinations. For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. Such transaction or events do not give rise to goodwill.

2.4. Foreign currency

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

In consolidation, the results of overseas operations are translated into EUR at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

Exchange differences recognised profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

2.5. Formation costs

Formation costs are expensed when incurred.

2.6. Intangible assets

Externally acquired intangible assets are costs incurred by the Group to use the land where plants are built (surface rights); these are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

The intangibles recognised by the Group and their useful economic lives are as follows:

- Surface rights 20 years

2.7. Property, plant and equipment*Recognition and subsequent measurement*

The cost of an item of property, plant and equipment ("PPE") is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. In particular, wind turbines which are installed under a turnkey agreement are only recognised after installation and satisfactory testing performed by the supplier.

Property, Plant and Equipment are stated in the consolidated statement of financial position at their revalued amount, being the fair value at the date of revaluation, less subsequent accumulated depreciation and subsequent accumulated impairment losses, in accordance with the revaluation model under IAS 16.

Revaluations are carried out at least once a year by the Group based on discounted cash flows ("DCF") method performed by an independent expert. See Note 3.2 for further details.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and other depreciable assets are credited to other comprehensive income and shown as other reserves in the shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the consolidated statement of comprehensive income.

Each period, the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated statement of comprehensive income and depreciation based on the asset's original cost is transferred from "Other reserves" to "Retained earnings".

Depreciation

Depreciation is calculated using the straight-line method to allocate their revalued amounts to their residual values over their estimated useful lives (the basis is the incentive tariff period), as follows:

- Operating wind turbines 15-20 years

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.8. Non-derivative financial instruments

Classification

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition.

The Group only holds financial assets classified as "loans and receivables" and "available-for-sale financial assets".

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They include "trade and other receivables" and "cash and cash equivalents".

Available-for-sale financial assets are non-derivative that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months at the end of the reporting period. Available-for-sale financial assets include equity investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate.

The Group's financial liabilities consist of trade and other payables and borrowings. They are classified as other liabilities in accordance with IAS 39.

Initial measurement

When financial assets are recognised initially, they are measured at fair value, except for investments not classified as financial assets at fair value through profit or loss, which are measured at fair value plus directly attributable transaction costs.

Initial recognition of financial liabilities is at fair value less directly attributable transaction costs.

Subsequent measurement

The loans and receivables are measured subsequently at amortised cost, using the effective interest rate ("EIR") method, less provisions for impairment. Discounting is omitted for short-term loans and receivables.

Available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss.

The other financial liabilities including the interest bearing borrowings are measured subsequently at amortised cost using the EIR method.

The EIR method is a method of calculating the amortised cost of a financial instrument and of allocating the interest income or interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial instrument.

Impairment

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that such a loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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For the loans and receivables category, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(b) Assets classified as "available-for-sale"

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the asset is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss are not reversed through the consolidated statement of comprehensive income.

Derecognition

Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire or when the Group transfers substantially all risks and rewards of ownership.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency, or bankrupt of the Company or the counterparty.

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2.9. Derivative financial instruments

The Group may use derivatives such as interest rate swaps or options to hedge its risks exposure to fluctuations in interest rates and has issued warrants and convertible bonds.

Such derivatives are initially recognised at fair value on the date at which a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are presented as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

The change in the fair value of the derivatives is shown under "financial result" in the consolidated statement of income.

The Group has deliberately chosen not to apply hedge accounting if conditions for its application are met.

The fair value of interest rate swap or option contracts is calculated at the present value of the estimated future cash flows based on observable yield curves. The warrants and of the convertible bonds are valued based on the last quoted price available in an active market or, if inactive market, according to a different financial method performed by an independent expert.

2.10. Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.11. Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

2.12. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

2.13. Provisions

Provisions are recognized when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

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Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as finance costs.

2.14. Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.15. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.16. Taxation

The tax expense for the period comprises current and deferred income tax. Tax is charged or credited to profit or loss, except when it relates to items recognized in other comprehensive income or directly in equity, in which case the tax is also recognized in other comprehensive income or in equity, respectively.

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Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17. Operating leases – Group as a lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term.

2.18. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

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Sale of electricity

Revenue from the sale of electricity is recorded when the power is delivered to the grid. The Group's power stations are eligible for payments under feed-in tariff ("FIT") government programs designed to promote the supply of renewable energy. Revenue is determined based on a fixed amount per MWh delivered, as set by law.

Interest income

Interest income is recognized as it accrues using the effective interest rate method.

Dividend income

Dividend income is recognized when the right to receive payment is established.

2.19. Dividends

Dividend distributions to the shareholders of the Company are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved.

2.20. Events after reporting period

Events after reporting period that provide additional information about a position of the Group at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Events after the reporting period that are non-adjusting events are disclosed in the notes when deemed material.

2.21. Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale and the property must be actively marketed for sale and such sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

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Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment of complexity or areas where assumptions and estimates are significant to the consolidated annual report are disclosed in the following paragraphs.

3.1. Judgements other than estimates

In the process of applying the Group's accounting policies, the Directors have made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Going concern

The Directors have made an assessment of the Company's ability to continue as a going concern and, are satisfied that the Company has the resources to continue in business for the foreseeable future. Therefore, the consolidated financial statements were prepared on a going concern basis.

Useful life of property, plant and equipment

The objective of the Group is to review the estimated useful lives of Property, Plant and Equipment at the end of each reporting period. The management deems that the FIT duration can equal the reasonable life of the plants.

Asset acquisitions versus business combinations

Management considers that at acquisition, Windmill S.r.l. constituted a group of assets, rather than a business combination as defined in IFRS 3, 'Business combination', mainly because the acquisition is viewed from an investor's perspective as a purchase of assets and because the key technical functions have been outsourced to third parties.

Non-consolidation of Magenta S.r.l.

On 30 December 2014, the Company acquired through a third party transaction 90% of the shares issued by Magenta Srl, an Italy-based operating entity, for a consideration of Eur 19,800 from Energy Lab S.r.l.

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Additionally the Company has the right to buy the remaining shares not currently held for a consideration of Eur 2,200, or to sell back the current ownership to previous seller for a consideration of Eur 19,800 if conditions stated in the SPA are not met within agreed timeline.

In accordance with IFRS 10:7, an investor controls an investee if and only if the investor has all of the following elements:

- power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns)
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect the amount of the investor's returns.

The put option was exercised in March 2016 (refer to Note 10).

As per the Share Purchase Agreement of Magenta S.r.l., the Board of Magenta S.r.l. is only composed by its current CEO – from Energy Lab S.r.l. – who will automatically resign from its position once all requirements stated in the SPA (i.e. bridge loan granted, FIT successfully negotiated, constructions completed, etc) are met. Only at that time, the Company will control Magenta S.r.l. because board members will be elected by the shareholders.

As at December 31, 2015, neither the conditions for FIT obtainment nor for granting the bridge loan have been met. As effect, the Company neither controls nor has significant influence in Magenta S.r.l. at year end. Therefore, that operating entity is not consolidated in the Group financial statements as at December 31, 2015 and is classified as available-for-sale financial asset, with nil value (December 31, 2014 Eur 19,800).

3.2. Estimates and assumptions

Fair value estimation

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. Under IFRS, those assets and liabilities are analysed by using a fair value hierarchy that reflects the significance of inputs.

The fair value hierarchy has the followings levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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The following table presents the Group's assets and liabilities that are revalued (property, plant and equipment) and measured at fair value as at December 31, 2015:

	Level 1	Level 2	Level 3	Total balance as at December 31, 2015
Assets				
Property, plant and equipment				
<i>Operating wind turbines</i>			11,463,411	11,463,411
Non current assets held for sale				
<i>Non operating wind turbines</i>			110,474	110,474
Available for sale financial assets				
<i>Unquoted equity investment</i>			0	0
Derivative financial instruments				
<i>Interest rate option</i>		0		0
Trade Receivables				
<i>Trade receivables</i>		336,639		336,639
Cash & Cash Equivalent				
<i>Cash</i>		1,846,180		1,846,180
Liabilities				
Trade Payables				
<i>Trade Payables</i>		651,700		651,700
Borrowings				
<i>Convertible bonds</i>		4,686,805		4,686,805
Derivative financial instruments				
<i>Warrants</i>		31,056		31,056

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The following table presents the Group's assets and liabilities that are revalued (property, plant and equipment) and measured at fair value as at December 31, 2014:

	Level 1	Level 2	Level 3	Total balance as at December 31, 2014
Assets				
Property, plant and equipment				
<i>Operating wind turbines</i>			11,794,506	11,794,506
Non current assets held for sale				
<i>Non operating wind turbines</i>			0	0
Available for sale financial assets				
<i>Unquoted equity investment</i>			126,195	126,195
Derivative financial instruments				
<i>Interest rate option</i>				0
Trade Receivables				
<i>Trade receivables</i>		111,031		111,031
Cash & Cash Equivalent				
<i>Cash</i>		1,463,506		1,463,506
Liabilities				
Trade Payables				
<i>Trade Payables</i>		869,950		869,950
Borrowings				
<i>Convertible bonds</i>		4,863,315		4,863,315
Derivative financial instruments				
<i>Warrants</i>		245,502		245,502

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Valuation of property, plant and equipment

Property, Plant and Equipment mainly consist of wind turbines; they are accounted for under the revaluation model within IAS 16 if the wind turbines are installed and is forecast that in a short period they are connected to the network by the national energy operator (usually by 90 days after installation of the plant). Therefore, as at December 31, 2015, these assets are carried at a revalued amount, being its fair value at the date of revaluation less subsequent depreciation and impairment.

The fair value of fully operating plants has been assessed by an independent expert as at December 31, 2015 using the discounted cash flow (“DCF”) method. The management deems that the fair value still reflects the current plant value, with no significant variation.

The fair value of plants under development has been assessed at their replacement value. In particular, as regards Gea Energy S.r.l., 5 plants have been rejected before installation; those have been assessed at their recovery value and have been subjected to partial impairment.

The valuation exercise based on DCF model plus the replacement value of plants under development led to a total value of EUR 11,463,411 as at December 31, 2015.

Certain plants have been reclassified among the non-current assets held for sale; refer to Note 12.

Valuation of available-for-sale financial assets

Jonica Impianti Srl has shown in the last statutory reporting as at December 31, 2015 a significant loss with a great impact on the equity due to a reduction of their business and the entity reduced employees with use of social welfare and had to face legal actions from creditors. For this reason the Management of the Company considers significant and prolonged the reduction of fair value of the shares held in Jonica Impianti 4 and the participation has been impaired and assessed with a write-down of Eur 106,395 considered reliable.

Provisions and contingencies

The assessment undertaken in recognizing provisions and contingencies have been made in accordance with IAS 37. The evaluation of the likelihood of the contingent events has required best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

As of December 31, 2015, no provision for decommissioning costs (i.e. costs of dismantling and removing the wind turbines and restoring the site on which they are located) was recognized as the Group entered into agreements by which only the decommissioning costs in excess of the estimated scrap value of the wind turbines will be billed to the Group and the management considers this billing immaterial.

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For Windmill 60 S.r.l. the event of a seizure of a wind turbine occurred in 2014 and a provision for legal risk has been assessed as a future outflow is probable to cover legal and technical expenses to make the plant working after release of seizure.

Income taxes

The Group is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain.

As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities.

The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

4. FINANCIAL RISK MANAGEMENT

The objective of the Group is to seek current income and capital appreciation through renewable energy investments.

The Group is exposed to a variety of financial risks, including market risk, credit risk, liquidity risk and other risks associated with investments in renewable energy.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

4.1. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The market risk arises from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity securities classified as "available-for-sale".

Foreign exchange risk

Foreign exchange risk arises in respect of monetary financial assets and liabilities that are not in the functional currency of the respective group entities.

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At the reporting date, the Group's investments are located in the Euro zone hence limiting the exposure to currency risk.

Interest rate risk

Interest rate risk arises from the Group's exposure, due to its financial obligations, to adverse movements in interest rates. This risk is not considered for the debts instruments represented by the bonds for which the interest rate is fix.

The Group's interest rate risk principally arises from long-term borrowings (see Note 17).

Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

At December 31, 2015, if interest rates on borrowings had been 50 basis points higher/ lower with all other variables held constant, post-tax profit for the year would have been 2% lower/ higher, mainly as a result of higher/ lower interest expense on floating rate borrowings.

Price risk

The Group is exposed to equity securities price risk because of the investment held by the Group in Jonica Impianti S.r.l. and classified in the consolidated statement of financial position as available-for-sale. Due to the amount at stake, the risk is deemed very limited.

4.2. Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from cash and cash equivalents and trade and other receivables (including prepayments).

As far as banks and financial institutions are concerned, the Group minimizes credit risk by dealing exclusively with high credit rating counterparties.

In respect of trade and other receivables, the Group's exposure to credit risk is limited as the Group primarily deals with Gestore Servizi Energetici ("GSE"), a state-owned company which promotes and supports renewable energy sources in Italy.

Credit quality and acceptance of other customers are assessed based on their financial position, credit history and other factors.

4.3. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting financial obligations due to shortage of funds. The Group regularly monitors current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term, implementing liquidity strategy in order to grand the meeting of financial obligations.

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The following table details the nominal value of the remaining contractual maturities at the reporting date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest dates the Group can be required to pay:

As at December 31, 2015	Less than 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Bank loans				(1,	
Principal	(2,232,657)	(119,122)	(735,860)	171,838)	(4,277,477)
Interests	(358,975)	(334,484)	(509,542)	(169,378)	(1,372,379)
Convertible bond issued					
Principal		(4,645,000)			(4,645,000)
Interests	(278,700)	(494,788)			(773,488)
Non-convertible bond issued					
Principal			(6,078,000)		(6,078,000)
Interests	(364,680)	(729,360)	(570,499)		(1,664,539)
Trade payables	(651,700)				(651,700)
Other liabilities	(76,431)				(76,431)
Total	(3,963,143)	(6,322,754)	(7,911,901)	(1,341,216)	(19,539,014)

The following table presents the same data at the reporting date at December 31, 2014:

As at December 31, 2014	Less than 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Bank loans					
Principal	(459,035)	(203,748)	(611,245)	(1,034,309)	(2,308,337)
Interests	(188,524)	(125,339)	(288,593)	(194,781)	(797,237)
Convertible bond issued					
Principal			(4,645,000)		(4,645,000)
Interests	(278,700)	(279,464)	(494,788)		(1,052,952)
Non-convertible bond issued					
Principal				(6,078,000)	(6,078,000)
Interests	(364,680)	(365,679)	(1,094,040)	(364,680)	(2,189,079)
Trade payables	(869,950)				(869,950)
Other liabilities	(95,695)				(95,695)
Total	(2,256,584)	(974,230)	(7,133,666)	(7,671,770)	(18,036,250)

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(Unless otherwise stated all amounts are expressed in EUR)

4.4. Risks associated with investments in renewable energy

The Group is exposed to risks other than those in respect of financial instruments, such as commodity price risk.

The main risks the Group is exposed to in that respect include:

- Availability of renewable resources;
- Risks deriving from domestic and international policies in support of renewable energy;
- Volatility of market prices of electricity and changes in subsidised pricing schemes (i.e. feed-in tariff);
- Equipment performance/ failure and risks associated with changes in technology;
- Capital intensive business/ financial risks;
- Business model/ entrepreneurial risks;
- Concentration of investments in some geographical areas or categories of assets;
- Legal and regulatory framework in Italy;
- Impact of environmental laws, regulations and administrative rulings; and
- Operational risks associated with the acquisition and management of investments.

The Group's main measures to minimize potential adverse effects of such a risk on the Group's financial performance include the following:

- Use of asset managers and experts with extensive experience in the energy sector;
- Evaluation of the investment opportunities in accordance with the investment objectives of the Group;
- Substantial due diligence investigation prior to acquisition or contracting with a third party supplier;
- Evaluation of prospective investments through on-site visits of the property, review of environmental assessments and appraisal reports and retention of local consultants and advisors;
- Plant acquisitions from the market leader with certified curve of power and contractual guarantee on productivity;
- Long-term maintenance arrangements with penalty conditions in connection with loss of production;
- Insurance to cover the damage for unforeseeable natural causes and related loss of production; and
- Diversification of locations within Italy and search for sites in Europe for future developments.

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As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)***4.5. Capital management**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

Except for “thin capitalization” rules imposed by tax authorities and loan covenants, the Group is not subject to any externally imposed capital requirements.

The Board of Directors regularly follows up on compliance with the rules and covenants referred to above and monitor capital using a gearing ratio. The Group targets a gearing ratio between 75% and 80%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including payables from related parties) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt.

The net debt and gearing ratio as at December 31, 2015 is as follows:

NET DEBT	31/12/2015	31/12/2014
MEDIUM/LONG TERM DEBT		
Bonds - non current portion	10,460,664	10,582,513
Bank loans - non current portion	2,044,820	1,849,303
Total medium/long term debt	12,505,484	12,431,816
Total NON CURRENT DEBT, NET OF TRANSACTION COSTS	12,505,484	12,431,816
SHORT TERM DEBT		
Bonds - accrued interests	222,472	222,469
Bank loans - current portion	2,232,657	459,034
Bank loans - accrued interests	154,922	43,634
Total short term debt	2,610,051	725,137
Total CURRENT DEBT, NET OF TRANSACTION COSTS	2,610,051	725,137
Cash and cash equivalents	(1,846,180)	(1,463,506)
Total CURRENT NET DEBT	763,871	(738,369)
NET DEBT	13,269,355	11,693,447

Equity	979,042	2,163,257
Equity and Net Debt	14,248,397	13,856,704
GEARING RATIO	93,13%	84,39%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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*(Unless otherwise stated all amounts are expressed in EUR)***5. FINANCIAL PERFORMANCE OF THE SUBSIDIARIES***Main financial indicators*

As at December 31,2015	GEA ENERGY	REIA WIND	WINDMILL 60	WINDMILL
<i>(amounts in Eur/000)</i>				
Company name	Gea Energy S.r.l.	Reia Wind S.r.l.	Windmill 60 S.r.l.	Windmill S.r.l.
Registered office	Milan - C,so Vittorio Emanuele II 30			
Participation - minority	10%	10%	10%	0%
Voting rights - minority	10%	10%	10%	0%
Financial position				
Fixed Assets	5.016	834	4.239	2.029
Other non-current assets	748	147	556	546
Current assets (excl, cash)	324	14	503	109
Cash and cash equivalents	57	16	11	14
Equity	105	(325)	(515)	(2.264)
Non-current liabilities	5.187	1.042	5.258	1.943
Current liabilities	964	294	567	3.020
Income Statement				
Revenues for sales of electricity	287	14	128	190
EBITDA	105	(39)	1	34
EBIT	(87)	(131)	(78)	(658)
Net Profit (Loss) of the ary	(609)	(166)	(482)	(927)
OCI, net of taxes	(202)	0	(171)	0
Total Comprehensive Income	(811)	(166)	(654)	(927)
Net Debt	5.844	1.165	5.717	4.503
Result of the year - minority interests	(61)	(17)	(48)	0
Accumulated minority interests	(100)	(39)	(70)	0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

Disclosure on minority participations in the subsidiaries

As a disclosure related to legal rights for minorities and limitations in disposal assets and liabilities:

- Voting rights of minorities are equal to share rights
- No pre-approvals from minorities are requested to dispose of assets or liabilities of the subsidiary
- No protection rights to minorities that could limit the Company management and control are existing
- No limitations in the distribution of dividends or other equity reserves
- For Windmill S.r.l. there are rights in favour of the financing banks on commercial receivable from GSE, being the collections accrued to on an escrow account and then reversed to the subsidiary account by the 15th of the following month

A finance risk related to the recovery of equity and financial loans is existing. In particular the participation value held in the Windmill S.r.l. entity is exposed to a possible risk of non recoverability. For more information refer to Note 17.

6. SEGMENT INFORMATION

As the Group operates in one geographical sector being Italy and in one industry sector being the wind energy industry, no break-down of revenues by products and by geographical sector are disclosed.

In terms of concentration, revenues for sales of energy for the year ended as at December 31, 2015 amounting to Eur 593,182 are derived from a single customer, being GSE.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)***7. FINANCIAL INSTRUMENTS CLASSIFIED BY CATEGORY (IAS 39)**

The following table shows the classification of financial instruments as at December 31, 2015:

As at December 31, 2015	Loans and receivables	Available -for-sale	Financial assets at fair value through profit and loss	Total
Financial assets as per statement of financial position				
Non-current assets				
Available For Sale financial instruments				
<i>Unquoted equity investment</i>		0		0
Current assets				
Trade receivables	336,639			336,639
Other current assets	614,285			614,285
Current financial assets	0			0
Cash and cash equivalents	1,846,180			1,846,180

The carrying values of the above assets reflect their fair value (Level 2) as at December 31, 2015.

As at December 31, 2015	Other financial liabilities at amortised cost	Financial liabilities at fair value through profit and loss	Total
Financial liabilities as per statement of financial position			
Non-current liabilities			
Non-current financial liabilities:			
<i>Bank loans</i>	2,044,820		2,044,820
<i>Convertible bond</i>		4,686,805	4,686,805
<i>Non-convertible bond</i>	5,773,859		5,773,859
Derivative financial instrument (warrants)		31,056	31,056
Current liabilities			
Current financial liabilities:			
<i>Bank loans</i>	2,232,657		2,232,657
<i>Bank loans - interests accrued</i>	154,922		154,922
<i>Convertible bond - interests accrued</i>	62,612		62,612
<i>Non-convertible bond - interests accrued</i>	159,860		159,860
Trade payables	651,700		651,700
Other current liabilities	66,636		66,636

The carrying values of the above assets reflect their fair value (Level 2) as at December 31, 2015, except for the non-convertible bonds, carried at amortised cost (refer to Note 17).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

The following table shows the classification of financial instruments as at December 31, 2014:

As at December 31, 2014	Loans and receivables	Available-for-sale	Financial assets at fair value through profit and loss	Total
Financial assets as per statement of financial position				
Non-current assets				
Available For Sale financial instruments				
<i>Unquoted equity investment</i>		126,195		126,195
Current assets				
Trade receivables	111,031			111,031
Other current assets (excl tax receivables)	876,251			876,251
Cash and cash equivalents	1,463,506			1,463,506
As at December 31, 2014	Other financial liabilities at amortised cost		Financial liabilities at fair value through profit and loss	Total
Financial liabilities as per statement of financial position				
Non-current liabilities				
Non-current financial liabilities:				
<i>Bank loans</i>	1,849,303			1,849,303
<i>Convertible bond</i>			4,863,315	4,863,315
<i>Non-convertible bond</i>	5,719,198			5,719,198
Derivative financial instrument (warrants)			245,502	245,502
Current liabilities				
Current financial liabilities:				
<i>Bank loans</i>	459,034			459,034
<i>Bank loans - interests accrued</i>	43,634			43,634
<i>Convertible bond - interests accrued</i>	62,612			62,612
<i>Non-convertible bond - interests accrued</i>	159,857			159,857
Trade payables	869,950			869,950
Other current liabilities (excl. tax payables)	44,685			44,685

The carrying values of the above assets reflect their fair value (Level 2) as at December 31, 2014, except for the non-convertible bonds, carried at amortised cost (refer to Note 17).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)***8. INTANGIBLE ASSETS****Gross amount**

Balance as at December 31, 2013	285,686
Additions	375,782
Acquisition through share deals	0
Disposals	0
Revaluation increase/ (decrease)	(6,000)
Other	(2,968)
Balance as at December 31, 2014	652,500
Additions	52,901
Acquisition through share deals	0
Disposals	
Revaluation increase /(decrease)	
Reclassification to "Held for sale"	(13,233)
Balance as at December 31, 2015	692,168

Accumulated depreciation and impairment

Balance as at December 31, 2013	(8,368)
Depreciation charge for the year	(10,317)
Other	2,968
Balance as at December 31, 2014	(15,717)
Depreciation charge for the year	(22,524)
Balance as at December 31, 2015	(38,241)
Carrying amount as at December 31, 2015	653,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)***9. PROPERTY, PLANT AND EQUIPMENT****Gross amount**

Balance as at December 31, 2013	7,571,248
Acquisition through asset deals	0
Additions	5,083,754
Revaluation increase/ (decrease)	(373,824)
Write-down	(133,135)
Balance as at December 31, 2014	12,148,043
Acquisition through asset deals	0
Additions	1,281,814
Disposals	0
Revaluation increase/ (decrease)	(1,121,305)
Reclassification to "Held for sale"	(97,241)
Balance as at December 31, 2015	12,211,311

Accumulated depreciation and impairment

Balance as at December 31, 2013	(124,180)
Depreciation charge for the year	(231,503)
Write-downs	0
Reclassification	2,146
Balance as at December 31, 2014	(353,537)
Depreciation charge for the year	(394,363)
Write-downs	0
Balance as at December 31, 2015	(747,900)
Carrying amount as at December 31, 2015	11,463,411

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

The plants already installed as at December 31, 2015 have been revalued through DCF method which estimation was committed to an independent Expert. The outcome of the revaluation can be summarized as follows:

- Gea Energy S.r.l.: total carrying value of plants was equal to Eur 4,889,407 as at December 31, 2015 (Eur 5,090,460 as at December 31, 2014), inclusive of plants whose carrying value amounted to Eur 97,241 has been reclassified to non-current assets held for sale. The write down recognized in other comprehensive income in the year ended December 31, 2015 was equal to Eur 302,999 (Eur 821,212 in the year ended 2014),
- Windmill 60 S.r.l.: total carrying value of plants was equal to Eur 4,067,000 as at December 31, 2015 (Eur 3,357,346 as at December 31, 2014). The write down recognized in other comprehensive income in the year ended December 31, 2015 was equal to Eur 242,887 (Eur 381,625 in the year ended 2014),
- Reia Wind S.r.l.: total carrying value of plants was equal to Eur 766,245 as at December 31, 2015 (Eur 856,700 as at December 31, 2014). The write down recognized in the year ended December 31, 2015 was equal to Eur 79,337 (Eur 96,789 in the year ended 2014),
- Windmill S.r.l.: total carrying value of plants was equal to Eur 1,838,000 as at December 31, 2015 (Eur 2,490,000 as at December 31, 2014). The write down recognized in the year ended December 31, 2015 was equal to Eur 496,082 (Eur 1,479,871 in the year ended 2014).

As at December 31, 2015 plants having carrying value equal to Eur 2,082,878 had not yet received formal approval by GSE. Nonetheless, these plants were valued under the assumption that approval will be obtained in the coming months. Management is confident that approval will be obtained in the coming months.

10. AVAILABLE FOR SALE FINANCIAL ASSETS

	As at December 31, 2015	As at December 31, 2014	Variation
Shares held in Jonica Impianti Srl	0	106,395	(106,395)
Shares held in Magenta Srl	0	19,800	(19,800)
Total	0	126,195	(126,195)

The Group holds 3% of the share capital of Jonica Impianti S.r.l., an Italian entity whose main activity is the manufacturing, selling and maintenance of wind turbines.

The financial statements of Jonica Impianti S.r.l. as at December 31, 2015 showed further significant losses with impact on its equity, due to a reduction in its activities. For this reason the Directors of the Company deemed that the fair value reduction was significant and, as a consequence, have decided to subject the participation to whole impairment, with a reduction of Eur 106,395.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Unless otherwise stated all amounts are expressed in EUR)

On December 30, 2014 the Company acquired the 90% of shares in Magenta Srl from Energy Lab Srl, an entity operating in the wind turbine sector and listed in the AIM section of the Milan stock exchange, for a consideration of Eur 19,800 paid in January 2015. As described in note 3.1 the Company does not control the entity. The Share Purchase Agreement also defined put and call options for each part to acquire or resell definitely the entity if specified events occur within a defined date (e.g. positive due diligence, obtaining the incentive tariff from GSE, bank loans granted, etc) and the entity will be finally purchased if the economic conditions will be at the Company's expected return (IRR).

As at December 31, 2015 the main conditions precedent (obtaining the incentive tariff from GSE and bank loans) did not occurred. On February 15, 2016 the Directors of the Company decided to exercise the put option, thus reselling the participation to the original seller and bearing the costs for the due diligence activities, as originally agreed by the parties. As at the end of this fiscal year the value of the participation in Magenta S.r.l. has been reduced to zero and provisions for costs related to the termination of the relationship with Energy Lab S.r.l. have been made.

11. DERIVATIVE FINANCIAL ASSETS

The interest rate option contracted by the Company in 2013 and having a nil mark-to-market value as at December 31, 2014, expired on December 17, 2015, i.e. at maturity date.

The Share Purchase Agreement of Magenta Srl (refer to Note 3.1) contains put and call options whose main features can be summarized as follows:

- Bank loans option: both the Company and the seller Energy Lab have the option to resell or acquire back the entity if the bank financing is not granted
- Incentive tariff : the Company has the option to sell back if incentive tariff is not granted
- Purchase option: the Company has the option to acquire the remaining 10% share by December 2016.

As further explained in Note 10, the put option was exercised on March 18, 2016.

12. NON-CURRENT ASSETS HELD FOR SALE

	As at December 31, 2015	As at December 31, 2014	Variation
Intangible Assets held for sale	13,233	0	13,233
Fixed Assets held for sale	97,241	0	97,241
Total	110,474	0	110,474

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

At the end of 2015 Management initiated negotiations to sell two plants (belonging to Gea Energy S.r.l.); the negotiations are still ongoing as at the date of approval of the Company's consolidated financial statements. The prospective buyer is willing to buy these plants and to take over from Gea Energy S.r.l. the surface rights related to the use of the land where the plants are currently located.

Management is confident to successfully finalise the disposal in the coming months. In accordance with IFRS 5, plants and related surface rights have been reclassified to non-current assets held for sale. The aggregate carrying value of these assets as at December 31, 2015 represents the lower of their carrying value before reclassification and fair value less costs to sell.

The Net Realizable Value of Eur 110,474 is in part made up of tangible fixed assets (97,241 Eur) and in part of surface rights (13,233 Eur),

The management considers highly likely the recovery at least of such net realizable value, making a claim to the contractor and at the same time they believe, very likely, their sale within the year end.

13. TRADE AND OTHER RECEIVABLES

	As at December 31, 2015	As at December 31, 2014	Variation
Non current			
VAT receivables after more than 12 months	1,859,466	1,547,028	312,438
Trade receivables	0	0	0
	1,859,466	1,547,028	312,438
Current			
Trade receivables	336,639	111,031	225,608
Tax assets – other	8,949	6,341	2,608
Advances to suppliers of wind-turbines	368,228	563,997	(195,769)
Receivables from suppliers of wind-turbines	65,329	154,209	(88,880)
Other	180,728	158,045	22,683
Other current assets	614,285	876,251	(261,966)
Total trade and other receivable	2,819,339	2,540,651	278,688

Other assets are mainly composed of prepayments for wind-turbines supplied by Northern Power System. The decrease in the year is due to receipt and installation of some of the prepaid wind-turbines.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)**Trade Receivables analysis*

As at December, the ageing analysis of trade receivables is, as follows:

Year	Total	Neither past due nor impaired	Past due but not impaired					
			< 30 days	30 - 60 days	31 - 60 days	61 - 90 days	91 - 120 days	over 120 days
2015	336,639	260,300	58,493	6,740	0	11,106	0	0
2014	111,031	64,458	35,547	9,211	0	0	0	1,815

As at December 31, 2015 trade receivables are net of an allowance for doubtful debts amounting to Eur 59,665 (2014: Eur 665), mainly due to discrepancies between the Company's counters and Enel's counters of quantity of energy produced.

14. CASH AND CASH EQUIVALENTS

	<u>As at December 31, 2015</u>	<u>As at December 31, 2014</u>	<u>Variation</u>
Bank deposits	1,845,499	1,461,625	383,874
Cash in hand	681	1,881	(1,200)
Total	1,846,180	1,463,506	382,674

15. SHARE CAPITAL

	<u>Share capital</u>	<u>Share premium</u>
Balance as at December 31, 2014	4,385,690	2,010,297
Capital increase – cash (January 2015)	12,000	12,000
Capital increase – cash (April 2015)	645,500	355,025
Capital increase – cash (September 2015)	620,153	179,844
Equity transaction costs		(140,691)
Balance as at December 31, 2015	5,663,343	2,416,475

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

The movements are related to the capital increase occurred in January and April as follows:

On January 31, 2015 the capital increase reserved in option to minorities and third party investors at a price of Eur 1.00 has shown n. 24,000 new subscribed shares fully paid for a total amount of Eur 24,000. The shares had nominal value of Eur 0.50 and the capital increase was attributable for Eur 12,000 to capital and Eur 12,000 to share premium reserve.

On April 1, 2015 the Board of the Company approved a capital increase for a maximum amount of Eur 1,000,525 through the issue of n. 1,291,000 new shares at a price of Eur 0.775 each. The capital increase has been carried out through the “accelerated book building” procedure reserved to qualified investors, with no publication of the information prospectus according to the current legislation (“Regolamento Emittenti”, Consob n. 11971 of 14th May 1999, art. 34-ter, par.1, lett. b). The share capital was increased by Eur 645,500 reaching at the end of the period the total amount of Eur 5,043,189.50

On August 3, 2015 the Board of the Company approved a capital increase for a maximum amount of Eur 800,000 at a price of Eur 0.645 each. The capital increase has been carried out through the “accelerated book building” procedure reserved to qualified investors, with no publication of the information prospectus according to the current legislation (“Regolamento Emittenti”, Consob n. 11971 of 14th May 1999, art. 34-ter, par.1, lett. b). Eur 799,997 were subscribed, with issuance of 1,240,306 of new shares, of Eur 0.50 par value and Eur 1.45 as share premium. Therefore, the share capital increase amounted to Eur 620,153, reaching the amount of Eur 5,663,342.50.

16. OTHER RESERVES

	As at December 31, 2015	As at December 31, 2014	Variation
Balance at the beginning of the year	784,851	2,244	782,607
Increase (Decrease) on revaluation of Property, Plant and Equipment	(545,886)	1,202,837	(1,748,723)
Increase (Decrease) deferred tax liabilities on revaluation Property, Plant and Equipment	173,112	(330,780)	503,892
Minority interests movement on net revaluation Property, Plant and Equipment	37,277	(87,206)	124,483
Other	0	(2,244)	2,244
Balance at the end of the year	449,354	784,851	(335,497)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)***17. BORROWINGS**

The policy of the Group is to finance its investment activities from a combination of equity and debt sources. The main forms of debt financing utilised by the Group as at December 31, 2015 are the following:

Movements in interest bearing financial liabilities

	As at December 31, 2015	As at December 31, 2014	Variation
Non-current borrowings			
Bank loans	2,044,820	1,849,303	195,517
Convertible bond issued	4,686,805	4,863,315	(176,510)
Non-convertible bond issued	5,773,859	5,719,198	54,661
	12,505,484	12,431,816	73,668
Current financial borrowings			
Bank loans	2,232,657	459,034	1,773,623
Accrued interest on convertible and non-convertible bonds	222,472	222,469	3
Accrued interest on bank loans	154,922	43,634	111,288
	2,610,051	725,137	1,884,914
Total	15,115,535	13,156,953	1,958,582

The current financial borrowings increased due to the bank loan granted to Gea S.r.l. by Banca Popolare Emilia Romagna. The fair value of convertible bonds shows a variation of Eur 176,510 to reflect their value at the end of the relevant year. Accrued interest on bonds amount to Eur 643,383; during the year no interest payments have been made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)**Details of interest bearing liabilities at the end of the fiscal year*

Counterparty	Nominal interest rate	Maturity	Principal amount outstanding as at December 31, 2015	Principal amount outstanding as at December 31, 2014
Bank loans				
Mediocredito Italiano S.p.A. (86698)	3-M EURIBOR + 6.95%	30-Sep-2026	1,292,200	1,292,200
Mediocredito Italiano S.p.A. (87296)	3-M EURIBOR + 7.50%	31-Mar-2027	811,788	811,788
Intesa Sanpaolo (*)	3-M EURIBOR + 7.50%	31-Dec-2015	40,944	204,349
Banca Pop. Emilia Romagna	6-M EURIBOR + 3.50%	31-Dec-2031	2,219,330	0
Banca Pop. Emilia Romagna	6-M EURIBOR + 2.70%	30-Jun-2019	229,123	0
Capitalised Transaction Costs			(315,908)	0
Total Loans			4,277,477	2,308,337
Bond				
Convertible bond (**)	6%	11-Oct-2018	4,645,000	4,645,000
Non-convertible bond (***)	6%	25-Jul-2020	6,078,000	6,078,000
Total Bond			10,723,000	10,723,000
Total borrowings			15,000,477	13,031,337

(*) Subject to an interest rate cap agreement limiting the increase of the variable portion of the interest rate to 1%

(**) The fair value of the convertible bond is Eur 4,686,805 as at December 31, 2015 (2014: 4,863,315)

(***) The carrying amount of the non-convertible bond, at amortised cost, is equal to 5,773,859 as at December 31, 2015 (2014: 5,719,198). The fair value of the non-convertible bond (Level 2) was equal to Eur 5,948,624 as at December 31, 2015 (2014: 6,005,787)

The bank loans are granted by Mediocredito Italiano (hereinafter “Mediocredito”) to the subsidiary Windmill S.r.l. (the “Borrower”) and are subject to covenants at Borrower level, including requirements for minimum capital contributed by the Borrower’s shareholder during the loan life. Details as follow:

- Loan Mediocredito 86698: the terms of the loan require that the Borrower receives from his sole shareholder at least Eur 702,000 either as capital contribution or loan;
- Loan Mediocredito 87296: the terms of the loan require that the Borrower maintains a Debt/Equity ratio below 2.33 (“Debt” refers to external loans and “Equity” to capital contribution and loan by the Borrower’s shareholder).

As at December 31, 2015 the covenants have been satisfied. The mortgage deeds require that the Company has to keep the minimum level of the original provision (i.e. shareholder loan financing) as an additional guarantee of the bank loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Unless otherwise stated all amounts are expressed in EUR)

As at December 31, 2015, installments payable by Windmill S.r.l. to Mediocredito, amounting to Eur 254,685.50, were not repaid. A request of restructuring of the loans was addressed to the bank during the third quarter 2014 and in the first semester of 2015 the Company provided all the requested documents to the expert nominated by the bank in order to have a clear overview of the plants portfolio status and evidence of the actions put in place by the Company to manage the plants. At the beginning of August 2015 and after the completion of the analysis by the expert a meeting was held with the bank in order to discuss the feasibility of a new amortization plan. Management has prudentially reclassified the entire loan granted by Mediocredito among the current liabilities; however, in 2016, the lender has confirmed its intention to revise the original amortization plan. A formal execution of the revised terms of the loan agreement is expected by the end of September 2016.

The loan granted by Intesa Sanpaolo S.p.A. to Windmill S.r.l., and amounting to Eur 40,944 at December 31, 2015, was repaid in March 2016.

Banca Popolare dell'Emilia Romagna granted two bank loans to Gea Energy S.r.l.:

- Loan backed by mortgage and encumbrance on 17 plants located in a completed wind plant in Sardinia. The loan amounted to Eur 3,500,000, 6 months Euribor + 3.5%. On October 12, 2015 the first tranche, amounting to Eur 1,056,908, was issued by the bank, while the second arrived at the beginning of December and amounted to Eur 1,162,422, totaling Eur 2,219,330.
- Loan backed by assignment of VAT credit for a total amount of Euro 600,000, 6 months Euribor + 2.7%. The first installment, amounting to Eur 229,122, was granted on December 3, 2015.

Maturity analysis

	As at December 31, 2015	As at December 31, 2014	Variation
Bank loans maturing beyond 5 years	1,171,838	1,034,309	137,529
Bank loans maturing between 1 and 5 years	872,982	814,994	57,988
Bank loans maturing within 1 year	2,232,657	459,034	1,773,623
Non-Convertible between 1 and 5 years	5,773,859	4,863,315	910,544
Convertible bonds between 1 and 5 years	4,686,805	62,612	4,624,193
Interests on Bank Loans within 1 year	154,922	43,634	111,288
Interests on Convertible bonds within 1 year	62,612	5,719,198	(5,656,586)
Interests on Non-Convertible bond within 1 year	159,860	159,857	3
Total	15,115,535	13,156,953	1,958,582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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*(Unless otherwise stated all amounts are expressed in EUR)**Convertible bonds*

Convertible bonds can be converted into shares at their deadline; so their characteristics can be summarized as a loan and an option, granted to the holders of the convertible bonds, to convert such a loan into an equivalent amount of shares.

In line with prior fiscal periods, the Company has decided to measure the fair value of the entire instrument, without splitting it into liability component (the bond) and equity component (the option).

If the “split accounting” method had been adopted, assuming that the option value at issuance date was equal to Eur 6.70, total equity as at December 31, 2015 would have increased by Eur 227,673; in addition, the unrealized gain on measurement of fair value of the instrument in the year ended December 31, 2015 would have decrease by Eur 132,383.

18. DERIVATIVE FINANCIAL LIABILITIES

	As at December 31, 2015	As at December 31, 2014	Variation
Warrants	31,056	245,502	(214,446)
Total	31,056	245,502	(214,446)

On October 7, 2013, the Company issued a total of 1,484,500 warrants on the basis of 2 warrants for 1 existing share. In addition, 150,000 warrants have been allocated to the Directors of the Company, for a total of 1,634,500 warrants.

The main features of those warrants as at December 31, 2015 are the followings:

- Strike Price: Eur 1.568
- Conversion period from October 11, 2013 to October 11, 2018
- Exercise price: Eur 0.5 per shares
- Conversion ratio : the warrant offer the possibility to subscribe ordinary shares at the Subscription Price of Eur 0.50 (the nominal value of the shares) following the below formula:

$$\frac{\text{Monthly Average Price} - \text{Strike Price}}{\text{Monthly Average Price} - \text{Subscription Price}}$$

with a maximum of Eur 2.5 for the Monthly Average Price.

Warrants that will be unexercised within the conversion period become invalid.

The fair value of the option (Eur 0.019 each; 2014: 0.1502 each) calculated by an independent expert as at December 31, 2015 has been assessed by the Management of the Company that is aligned to the stock market value of the derivative at the end of this reporting period.

The warrants are listed on the Alternative Investment Market (AIM) Italy (ISIN code LU0975261412).

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*(Unless otherwise stated all amounts are expressed in EUR)***19. TRADE PAYABLES AND OTHER CURRENT LIABILITIES**

	As at December 31, 2015	As at December 31, 2014	Variation
Trade payables			
Payables to Suppliers	507,649	524,078	(16,429)
Accruals for services	144,051	345,872	(201,821)
	651,700	869,950	(218,250)
Other current liabilities			
Directors fees	20,000	20,000	0
Debt towards Energy Lab for Magenta acquisition	0	19,800	(19,800)
Other	46,636	4,885	41,751
	66,636	44,685	21,951
Total	718,336	914,635	(196,299)

20. PROVISIONS FOR LIABILITIES AND CHARGES

	As at December 31, 2015	As at December 31, 2014	Variation
Provision for risk	20,000	20,000	0
Total	20,000	20,000	0

The provision is related to Windmill 60 S.r.l. for the precautionary seizure of a wind turbine in the plant “Villanovaforru 9”, in Sardinia, due to an unclear situation generated by the legislation introduced in 2014 concerning the authorization process. The amount accrued as provision represents the forecast future cash out for legal and technical expenses to recover the site.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)***21. TAX LIABILITIES**

	As at December 31, 2015	As at December 31, 2014	Variation
VAT Luxembourg	5,770	11,598	(5,828)
Income tax Luxembourg	0	6,420	(6,420)
Wealth tax Luxembourg	0	15,330	(15,330)
Withholding tax Italy	4,025	17,662	(13,637)
Total	9,795	51,010	(41,215)

22. TAXATION*Breakdown of income tax expense*

	As at December 31, 2015	As at December 31, 2014
Statement of Comprehensive Income		
Current income tax		
Current income tax expense	(3,210)	(3,210)
Deferred income tax		
Deferred tax income	0	226,643
Deferred tax expense	(182,395)	0
Income tax expense reported in the consolidated statement of comprehensive income	(185,605)	223,433
Statement of Other Comprehensive Income		
Deferred income tax		
Deferred tax income	173,112	0
Deferred tax expense	0	(330,780)
Income tax expense reported in the consolidated statement of other comprehensive income	173,112	(330,780)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)**Tax reconciliation*

	As at December 31, 2015	As at December 31, 2014	Variation
Accounting profit/ (loss) before income tax, including OCI	(2,855,553)	(2,779,000)	(76,553)
Tax calculated at domestic rate	(834,393)	(812,024)	(22,369)
<i>Tax effect of:</i>			
Tax losses reversed / (utilised)	320,496	109,602	210,894
Tax losses - unrecognised deferred tax assets	0	494,655	(494,655)
Other	526,390	315,114	211,276
Tax expense/ (credit) at an effective tax rate of 8,1%	12,493	107,347	(94,854)

Deferred taxes financial analysis

	As at December 31, 2015	As at December 31, 2014	Variation
Deferred tax assets			
Opening balance	320,496	203,454	117,042
Recognised directly in equity:			
Reversal due to recovery estimation	(320,496)	(109,601)	(210,895)
Recognised in profit or loss:			
Recovery on tax losses	0	226,643	(226,643)
Deferred tax income impact on Plants Impairment	138,101	0	138,101
Movements on deferred tax assets	(182,395)	117,042	(299,437)
Closing balance	138,101	320,496	(182,395)
Deferred tax liabilities			
Opening balance	(330,780)	(91,548)	(239,232)
Recognised directly in P&L:			
Reclassification Plants revaluation reserve - depreciation to retained earnings	0	91,548	(91,548)
Recognised in other comprehensive income:			
Impairment of Plants	173,112	(330,780)	503,892
Movements on deferred tax liabilities	173,112	(239,232)	412,344
Closing balance	(157,668)	(330,780)	173,112

For prudence purpose, the deferred tax assets previously recognized on available and unused tax losses have been wholly written-off.

Deferred tax is determined using tax rates of 24% which is the rate expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)***23. REVENUES**

	As at December 31, 2015	As at December 31, 2014	Variation
Revenues from sale of services			
Sales of electricity	618,408	241,905	376,503
Total revenues from sales	618,408	241,905	376,503
Other operating income	4,919	4,305	614
Total Revenues	623,327	246,210	377,117

Revenues from sales of electricity from GSE amounts to Eur 593,182, increasing by 145% in comparison to 2014 due to the connection to the network of most of the plants installed.

24. OPERATING EXPENSES

	As at December 31, 2015	As at December 31, 2014	Variation
Rentals			
Rental of plant sites	96,419	33,402	63,017
Total rentals	96,419	33,402	63,017
Operating services			
Maintenance	40,130	37,500	2,630
Electricity	4,839	(1,034)	5,873
Insurance	72,242	44,151	28,091
Stock services	7,427	40,950	(33,523)
Other services	83,208	4,404	78,804
Total operating services	207,846	125,971	81,875
Total	304,265	159,373	144,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)***25. ADMINISTRATIVE AND FINANCIAL SERVICES**

	As at December 31, 2015	As at December 31, 2014	Variatio n
Administration services			
Accounting	115,315	96,720	18,595
Legal	87,402	123,425	(36,023)
Audit	69,850	92,919	(23,069)
Directors fees	296,000	216,000	80,000
Other	97,326	90,944	6,382
Total administration services	665,893	620,008	45,885
Financial services			
Bank charges	5,952	12,038	(6,086)
Consultancy for Listing and Investor relation	184,210	158,188	26,022
Other financial consulting	14,211	74,958	(60,747)
Other services	21,849	25,475	(3,626)
Total financial services	226,222	270,659	(44,437)
Total	892,115	890,667	1,448

26. OTHER INCOME AND COSTS

	As at December 31, 2015	As at December 31, 2014	Variation
Other income			
Insurance reimbursement	10,000	57,438	(47,438)
Other	0	6,529	(6,529)
Total	10,000	63,967	(53,967)
Other Costs			
Plants Municipal tax - Italy	(16,963)	(2,844)	(14,119)
Indirect taxes - Italy	(7,379)	(2,515)	(4,864)
Property tax - Luxembourg	(16,575)	(15,330)	(1,245)
Extraordinary expenses	(18,811)	(10,015)	(8,796)
Other	(26,589)	(20,969)	(5,620)
Total	(86,317)	(51,673)	(34,644)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)***27. DEPRECIATION, AMORTIZATION, PROVISIONS AND WRITE-DOWNS**

	As at December 31, 2015	As at December 31, 2014	Variation
Depreciation and Amortization			
Surface rights	22,524	10,317	12,207
Property, plant and equipment	394,363	231,503	162,860
Other	4,627	0	4,627
Total depreciation and amortization	421,514	241,820	179,694
Write-downs			
Fair Value Property, plant and equipment	575,419	1,576,661	(1,001,242)
Write-down on Property, plant and equipment for vandalism	0	57,438	(57,438)
Tangible asset write downs	0	6,000	(6,000)
Total write-downs	575,419	1,640,099	(1,064,680)
Allowance for doubtful debts and litigation	59,000	20,000	39,000
Total	1,055,933	1,901,919	(845,986)

Plants connected as at December 31, 2015 have been amortized over the useful life together with their related surface rights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)***28. FINANCE INCOME AND COST**

	As at December 31, 2015	As at December 31, 2014	Variation
Financial Revenues / (Expenses)			
Interest revenues on bank accounts	30	86	(56)
Interest expense on bank accounts	(4)	(121)	117
Interest expense on bank loans	(165,595)	(161,460)	(4,135)
Interest expense on corporate bonds	(643,383)	(397,650)	(245,733)
Interest expense against related parties	0	(67,466)	67,466
Other financial income (cost)	(4,037)	(517)	(3,520)
Exchange rate – net	(140)	0	(140)
Total Financial Revenues / (Expenses)	(813,129)	(627,128)	(186,001)
Financial Gains / (Losses)			
Related Parties debt - actualization	0	(673,102)	673,102
Related Parties assets - actualization	0	67,781	(67,781)
Convertible bonds - fair value valuation	176,510	(244,505)	421,015
Non-Convertible bond - EIR amortization	(54,661)	(23,215)	(31,446)
Interest rate options	0	(51)	51
Warrants - fair value valuation	214,446	211,995	2,451
AFS shareholding - fair value valuation	0	0	0
Total Financial Gains / (Losses)	336,295	(661,097)	997,392
Total financial position	(476,834)	(1,288,225)	811,391

Interest expense is mostly represented by the accrued interests on the non-convertible and convertible bonds. Convertible bonds and warrants have been evaluated at fair value (see note 17 and 18) showing for a gain of Eur 176,510 and 214,446, respectively.

29. EXTRAORDINARY GAINS AND LOSSES

Among the extraordinary losses it has been included the write-down of the participation in Magenta S.r.l. and Jonica Impianti S.r.l. as well as the related receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)***30. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the profit or loss for the year attributable to the owners of the parent by the weighted average number of ordinary shares in issue during the period.

	As at December 31, 2015	As at December 31, 2014	Variation
Profit or loss attributable to the owners of the parent			
Earnings used in the calculation of basic earnings per share	(2,369,533)	(3,679,119)	1,309,586
Weighted average number of ordinary shares in issue			
Ordinary shares	10,074,609	7,446,155	2,628,454
Earnings per share			
Basic and diluted	(0.24)	(0.49)	0.25

	As at December 31, 2015			
	Shares	Convertible Bond	Warrant	Total possible shares
Profit or loss attributable to the owners of the parent				
Earnings used in the calculation of basic earnings per share	(2,369,533)	197,264	0	(2,172,269)
Weighted average number of ordinary shares in issue				
Ordinary shares	10,074,609	2,879,900	14,596	12,969,105
Earnings per share				
Basic and diluted	(0.24)			(0.17)
	Earnings per share basic			Earnings per share diluted

The Company is exposed to potential dilutive effect on the ordinary shares due to the presence of Convertible Bond and Warrant. The diluted loss per share at the end of the year was Eur (0.17) (2014: 0.19) while the basic loss per share was Eur (0.24) (2014: 0.49).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

*(Unless otherwise stated all amounts are expressed in EUR)***31. TRANSACTIONS WITH RELATED PARTIES**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related party transactions and period-end balances consist of the following:

Total transactions with Iris Fund and Directors

	As at December 31, 2015	As at December 31, 2014	Variation
Remuneration of Directors	296,000	216,000	80,000
Total	296,000	216,000	80,000

Total transactions against Iris Fund and Directors – Year Balance

	As at December 31, 2015	As at December 31, 2014	Variation
Payable to Directors for fees	(20,000)	(20,000)	0
Payable to True Energy Advisory Srl for Director fees	(45,750)	(36,540)	(9,120)
Payable to Iris Fund in relation to bond subscription		(1,083,994)	1,083,994
Warrants granted to the Directors	(2,850)	(22,530)	19,680
Total	(68,600)	(1,163,064)	1,094,464

Related parties for other services – Year balance

Entity	Revenues	Costs	Trade Receivables	Trade Payables
Keystone Srl	0	153,000	0	0
True Energy Advisory Srl		700		4,574
In-VENTO Srl		91,350		0
ARC Asset Management S.A.	0	8,775	0	2,925
Total	0	253,825	0	7,499

32. GUARANTEES AND COMMITMENTS*Operating lease commitments (rentals)*

The Company's subsidiaries have entered into long-term agreements for the use, or option to use, of land in connection with the operation of their wind turbines. The amount paid upfront by the Company's subsidiaries is presented as Intangible assets (refer to Note 8).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

Future minimum payments under these agreements are as follows:

	As at December 31, 2015	As at December 31, 2014	Variation
Within 1 year	100,206	102,207	(2,001)
Between 2 and 5 years	410,751	418,958	(8,207)
5 years and more	1,428,984	1,590,303	(161,319)
Total	1,939,941	2,111,468	(171,527)

Turbine maintenance agreements

The Group has entered into wind turbine maintenance service agreements covering the turbines in operation on various sites. The contracts provide for maintenance and require annual minimum payments over a period of 5 years since the commissioning of the wind turbines, with an option to extend the maintenance program at agreed upon conditions.

The 5-years commitment as of December 31, 2015 represents minimum payments of Eur 510,956.

Collateral pledged

As regards the Bank loans granted by Mediocredito Italiano to Windmill S.r.l. subsidiary, the following pledges have been established as guarantees:

- legal mortgage on the surface rights of the plants: Eur 4,777,500;
- pre-emption on plants and equipment: Eur 2,866,500.

Besides, the insurance policy on plants has been pledged in favour of the bank, and the bank has a right on the receivables from GSE (applicable to Windmill S.r.l. only).

As regards the bank loan granted by Banca Popolare dell'Emilia Romagna to Gea Energy S.r.l. amounting to Eur 3.5 million and with maturity date year 2031 (senior loan) and Eur 600,000 (VAT loan), the following has been established as guarantee:

- Mortgage on plants and machineries: Euro 8,200,000
- Pre-emption on VAT Credit and pledge on bank accounts;
- Pledge by TEW on 100% of Gea Energy S.r.l. share capital, in favor of Banca Popolare dell'Emilia Romagna.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

(Unless otherwise stated all amounts are expressed in EUR)

33. SUBSEQUENT EVENTS

In April 2016 Banca Popolare dell'Emilia Romagna granted to Gea Energy S.r.l. the third tranche of the bank loan amounting to Eur 1.2 million.

On April 7, 2016 the Board of Directors resolved upon moving the Company's corporate office to Italy.

With regard to Windmill 60 S.r.l., the Supreme Court upheld the petition made by the Company concerning lack of motivation for the seizure of the plant "Villanovaforru 9", thus annulling the decision of the Court of Cagliari. The lower Court will need to express a formal verdict based on the Supreme Court's decision.

During the first months of 2016 the activities regarding the claim against Jonica Impianti S.r.l. continued, in parallel with initial discussions to find a common solution, so to ensure a prompt functioning of the plants and reducing a negative economic impact on the Company. On June 3, 2016, after months of negotiation, an agreement has been reached by the parties. According to the terms of such agreement, Jonica Impianti S.r.l. will raise credit notes totally amounting to Eur 280,692 to write-off certain invoices payable by Windmill S.r.l. and Reia Wind S.r.l. In addition, Jonica Impianti S.r.l. commits to deliver to Reia Wind S.r.l. four new turbines, for free, in compensation of the damages suffered, along with full assistance in order to manage the existing plants.

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

This Report of Board of Directors to Shareholders on Operations of the consolidated financial statements gives details required by International Financial Reporting Standard (IFRS) Principles about the nature of the business activity, subsequent events, relations with subsidiary companies and parent companies and other information eventually required.

This financial statements give a true and fair view of the financial position and result of operations, and is consistent with the accounting records.

Luxembourg, June 10, 2016

For the Board of Directors
Angelo Lazzari
(Chairman)