TE WIND S.A.

Société Anonyme

CONSOLIDATED INTERIM REPORT

Financial Statements for the six months ended June 30, 2016

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DIRECTORS' REPORT

The Board of Directors of TE Wind S.A. ("TE Wind" or the "Company") presents their report for the six months period ended June 30, 2016.

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 period from January 1st until June 30, 2016 (consolidated loss of Eur 614 thousands) 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 June 2015 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 as well as identify other players in the market with synergistic business to implement a merge process in order to increase the company size.

The Company has activated the process to transfer the registered office to Italy 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 June 2016.

DIRECTORS' REPORT

Turbines	30/06/2016	31/12/2015	30/06/2015
Installed	**89***	**89***	88
Connected	**80***	**76***	64
FIT Obtained	**73**	**67**	47

Power (kW)	30/06/2016	31/12/2015	30/06/2015
Total installed capacity	**3,430***	**3,430***	3,890
Total connected	**3,130***	**2,890***	2,180
Total FIT obtained	**2,950**	**2,590**	1,370

* 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 nominal investment costs.

Financial performance and finance activities

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

INCOME STATEMENT HIGHLIGHTS	June 30, 2016	December 31, 2015	June 30, 2015	Variation Jun 15 vs Jun 16	%
Revenues	587.005	618.408	217.531	369.474	170
EBITDA	(85.090)	(649.417)	(384.541)	299.451	(78)
EBIT	(375.965)	(1.705.350)	(598.681)	222.716	(37)
Result before taxes	(550.476)	(2.309.667)	(933.738)	383.262	(41)
Net Result	**(614.107)**	**(2.495.272)**	**(829.212)**	**1.881.165**	**(75)**

DIRECTORS' REPORT

OCI - Fair Value Revaluation of plants, net tax	(80.351)	(372.774)	(223.970)	143.619	(64)
Total Comprehensive Income	**(694.458)**	**(2.868.046)**	**(1.053.182)**	**2.173.588**	**(76)**

FINANCIAL HIGHLIGHTS	**June 30, 2016**	**December 31, 2015**	**June 30, 2015**	**Variation Jun 14 vs Jun 15**	**%**
Net Invested Capital	14.013.060	14.093.475	13.816.320	196.740	1
Non current assets	*13.857.718*	*14.114.905*	*14.028.549*	*(170.831)*	*(1)*
Current assets net of cash	*1.037.349*	*1.070.347*	*2.033.921*	*(996.572)*	*(49)*
Non current liabilities and provisions	*(183.350)*	*(208.724)*	*(510.027)*	*326.677*	*(64)*
Current liabilities	*(698.657)*	*(883.053)*	*(1.736.123)*	*1.037.466*	*(60)*
Equity	284.585	979.042	2.050.526	(1.765.942)	(86)
Net Debt	13.728.475	13.114.433	11.765.794	1.962.681	17

The financial performance of the Group at consolidation level as at June 30, 2016 against the same period of the prior year, can be described as follows:

- Revenues amount to Eur 587,005 increased by 170%
- Gross profit (Ebitda) amounts to Eur (85,090), while the Net Operating Loss (Ebit) amounts to Euro (375,965). Ebitda increased by 78% respect 2015 results, while Ebit increased by 37%, although still negative.
- Net finance costs of Eur 473,329, mainly due to interest on bonds.
- Net loss before tax of Eur 550,476 (933,738 as at June 30, 2015) and net result of the year amounts to a loss of Eur 614,107 (829,212 as at June 30, 2015), with a 41% increase if compared to the previous year period
- Tangible and Intangible Fixed Assets of Eur 11,845 million
- Cash balances at June 30, 2016 are positive and amount to Eur 2,7 million
- Cash flow shows Eur 216 thousand absorbed in operating activities and Eur 175 thousand absorbed in investments, balanced by a positive inflow of Eur 1,284 million from financing.
- Loss per share basic of Eur 0.06 and a loss per share diluted of Eur 0.04 attributable to the shareholders of the parent.

As at June 30, 2016 the net debt amounts to Eur 13,728 million with a gearing ratio of 98%.

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

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.

DIRECTORS' REPORT

On June 29, 2016 the Company, after a period of due diligence, signed a binding merge agreement with Agatos Srl an operator in the renewable energy filed in order to proceed by the end of the year to an operation of *reverse take over,* which will established a new market player listed on the AIM Market resulting by the merge of the two business.

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 July 2016 a formal communication of the new amortization plan, with a longer duration and a debt cost in line with the market.

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, in spite of the Supreme Court decision, decided to procced with the process and therefore a new petition was presented in front of the Supreme Court to discuss the incomprehensible decision taken by the Court of Cagliari. A Supreme Court hearing has been fixed for October 2016.

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 22, 2016, after months of negotiation, an agreement was reached by the parties. According to the terms of such agreement, Jonica Impianti S.r.l. raised 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.
In addition to the above mentioned compensation, on the same date, Jonica Impianti S.r.l. signed an agreement for the renting of the business unit dedicated to the Plant Maintenance with SCP Srl, a company created by owners of Jonica Turbines affected by the lack of services of Jonica. SCP Scrl is indirectly owned by TE WIND SA, through REIA WIND Srl, for a capital share of 50%. The aim of SCP Srl is to grant an efficient management service to the existing portfolio of plants owned by the shareholder of SCP Srl plus the possibility to increase the business of maintenance services.

Activity report

TE Wind focused its efforts in the first semester 2016 in order to match the strategic plan approved by the company aimed to complete the connection and the fid-in tariff obtainment of all plants, transfer the Register Company in Italy applying a cost saving mission and identify potential partner for a merge opportunity, beside the solving of the Jonica situation and the applying of an efficient investments management.

Here below an overview of the activities on plants carried on until June 2016:

DIRECTORS' REPORT

- Gea Energy S.r.l.: (15x60Kw NPS turbines for 900Kw): of 15 wind-turbines installed as at January 1, 2015, 15 have been connected to the Grid, 14 wind-turbines obtained FIT by June 2016 and the last will obtain it by the end July 2016.

- Windmill 60 S.r.l. (15x60Kw NPS turbines for 900Kw): of 14 turbines installed by December 31, 2015, 13 have been connected to the Grid and 11 of them obtained also the FIT. It is expected to obtain the two last FIT by the end of September 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. For 4 Turbines, for which the FIT was rejected for formal mistakes in request presentation made by our service provider Jonica, a new amended request will be presented in the second part of 2016.

- Reia Wind S.r.l. (14x30 JIMP turbines for 420Kw): 10 turbines have been installed, 6 of them connected to the Grid and 4 of them obtained the FIT. Connection and FIT of all of them is expected by the end of 2016. Base on the solution reached with Jonica Impianti Srl, the Company is currently evaluating the possibility to complete the project of 14 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.

Within the SCP Maintenance plan is foreseen to install a remote monitoring system to all the Windmill and Reia plants, system tested during the 2015, in order to grant continuously control and high level of availability.

Here below other key activities and transactions happened during 2016:

A selection of technical partners to replace Jonica Impianti S.r.l. was completed and contractualzed with the company SCP Srl. A new maintenance provider will be in operation within the summer 2016. The core of such service consists in integrating technical experts in maintenance activities with remote control activities.

On April 2016 Windmill 60 Srl signed a preliminary agreement with Pro Venture Srl, for the acquisition of two Nortern Power Systems already working plants located in Mandas, in the same area of the existing plants, in order to complete the portfolio of the company. The choice to proceed was the result of the lack of authorized sites and the uncertainties in the market generated by the regulator. Due Diligence process was carried out by Protos during the first semester 2016. A remain turbine owned by Windmill60 and not installed yet, it's going to be sell to Sarcos Wind Srl (our developer) at the acquisition costs. Both the deed are going to be completed together by the end of august 2016.

On March 2016 the company exercised the put option on Magenta project and in the same month a sell back notarial deed was signed to the previous owner of the company.

As previously mentioned, the company has been involved in the process to transfer the register office in Italy as well as it found a potential partner for a merge project.

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

Un out of court solution was reach by the parties in order to stop the litigation and solve through a commercial agreement the situation, as previously mentioned.

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.

As of June 2016, 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, in spite of the Supreme Court decision, decided to procced with the process and therefore a new petition was presented in front of the Supreme Court to discuss the incomprehensible decision taken by the Court of Cagliari. A Supreme Court hearing has been fixed for October 2016.

Regulatory framework and risk mitigation

"FIT"

The new regulatory framework established by the ministry of economics decree, published on June 2016 ensured for the "Minieolic" Sector a tariff in line with the last available (0,268 Euro/Kwh) till the end of July 2017, after that date a new tariff of 0,190 will be granted till the end of 2017.

"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 June 2016 the totalizer is below the expectation, granting therefore enough potential space for new installation by the end of the next year.

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)

Subsequent events

- Completed the acquisition of the two NPS plant (60 Kw each) by Windmill 60 Srl as well as the selling of the Turbine to Sarcos.
- Obtainment of all the FIT for all the connected plants of GEA and WINDMILL60 Srl
- Established and completed the process of Company Register Office transferring to Italy through the approval of all the shareholders, registration of all the deeds and signature of the final notarial deed on 19.09.2016 with effective date 3 October 2016. On that date the company, nominated TE WIND Spa will be listed on the AIM Italy, while the TE WIND SA will be definitively closed.
- Signature of a Master Agreement with Agatos to finalized the *reverse merge* by the end of 2016.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - as at JUNE 30, 2016

(unless otherwise stated all amounts are expressed in Eur)

FINANCIAL STATEMENT	Note	30/06/2016	31/12/2015	30/06/2015
Non-current Assets				
Intangible assets	8	638.719	653.927	628.947
Property, plant and equipment	9	11.206.340	11.463.411	11.577.332
Investment in subsidiaries		0	0	0
Available for sale financial assets	11	60.000	0	90.689
Other non current financial assets		0	0	0
Derivative financial instruments	12	0	0	0
Deferred income tax assets	22	74.470	138.101	411.491
Trade and other receivables	14	1.878.189	1.859.466	1.320.090
Total non-current assets		**13.857.718**	**14.114.905**	**14.028.549**
Current Assets				
Trade receivables	12	354.815	336.639	217.517
Other current assets	12	569.775	614.285	1.432.848
Available for sale fixed assets	13	99.899	110.474	0
Current financial assets	11	0	0	52.465
Current tax assets	14	12.860	8.949	383.556
Cash and cash equivalents	15	2.739.327	1.846.180	1.531.310
Total current assets		**3.776.676**	**2.916.527**	**3.617.696**
Total ASSETS		**17.634.394**	**17.031.432**	**17.646.245**
EQUITY				
Share capital	16	5.663.343	5.663.343	5.043.190
Share premium	16	2.416.477	2.416.475	2.307.072
Other reserves	17	377.038	449.353	579.850
Retained earnings		(7.391.687)	(5.022.152)	(5.053.471)
Result of the period		(595.558)	(2.369.533)	(776.934)
Equity attributable to Owners of the Parent		469.612	1.137.486	2.099.707
Non-controlling interests		(185.028)	(158.445)	(49.181)
Total Equity		**284.585**	**979.042**	**2.050.526**
Non-current Liabilities				
Borrowings	18	15.497.773	14.151.038	12.230.789
Deferred income tax liabilities	23	132.294	157.668	244.525
Derivative financial liabilities	19	31.056	31.056	245.502
Provisions for other liabilities and charges	21	20.000	20.000	20.000
Other non-current liabilities		0	0	0
Total non-current liabilities		**15.681.123**	**14.359.762**	**12.740.816**
Current Liabilities				
Borrowings	18	970.030	809.575	1.118.780
Trade payables	20	299.830	651.700	1.555.360
Tax liabilities	22	30.568	9.795	61.216
Other current liabilities	20	368.259	221.558	119.547
Total current liabilities		**1.668.687**	**1.692.628**	**2.854.903**

DIRECTORS' REPORT

Total LIABILITIES		**17.349.809**	**16.052.390**	**15.595.719**
TOTAL LIABILITIES AND EQUITY		**17.634.394**	**17.031.432**	**17.646.245**

CONSOLIDATED STATEMENT OF INCOME - as at JUNE 30, 2016

(unless otherwise stated all amounts are expressed in Eur)

STATEMENT of INCOME	Note	Period from January 1, 2016 to June 30, 2016	Period from January 1, 2015 to December 31, 2015	Period from January 1, 2015 to June 30, 2015
Revenues from sale of services		587.005	618.408	217.531
Other operating income		43.255	4.919	0
Total Revenues	24	**630.260**	**623.327**	**217.531**
Expenses for materials		(17)	(47)	(47)
Rentals	25	(47.131)	(96.419)	(42.169)
Operating expenses	25	(159.028)	(207.846)	(87.413)
Administrative expenses	26	(329.602)	(665.893)	(320.972)
Other services	26	(132.866)	(226.222)	(138.392)
Other costs	27	(46.706)	(86.317)	(15.359)
Other income	27	0	10.000	2.280
Total Operating Costs		**(715.350)**	**(1.272.744)**	**(602.072)**
Gross Operating Income (Loss) - EBITDA		**(85.090)**	**(649.417)**	**(384.541)**
Intangible assets amortization		(15.207)	(27.151)	(7.837)
Property, plant and equipment amortization		(275.668)	(394.363)	(130.247)
Allowance for doubtful debts and litigation		0	(59.000)	0
Other write-downs		0	(575.419)	(76.056)
Total Depreciation, provisions and write-downs	28	**(290.875)**	**(1.055.933)**	**(214.140)**
Net Operating Income (Loss) - EBIT		**(375.965)**	**(1.705.350)**	**(598.681)**
Finance income		16	391.027	125.462
Finance costs		(473.329)	(867.861)	(460.519)
Finance costs, net	29	**(473.313)**	**(476.834)**	**(335.057)**
Extraordinary income			94.120	0
Extraordinary costs		298.802	(221.603)	0
Extraordinary income & loss	29	**298.802**	**(127.483)**	**0**
Result before taxes		**(550.476)**	**(2.309.667)**	**(933.738)**
Income tax expense		0	(3.210)	(1.592)
Deferred taxation		(63.631)	(182.395)	106.118
Total Income Taxes	23	**(63.631)**	**(185.605)**	**104.526**
Net Profit (Loss) of the year/period		**(614.107)**	**(2.495.272)**	**(829.212)**

Result of the year/period attributable to:			
Owners of the Parent	(595.558)	(3.679.119)	(776.934)
Non-controlling interests	(18.549)	(79.285)	(52.278)
Earnings per share - basic and diluted	**(0,24)**	**(0,49)**	**(0,08)**

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

STATEMENT of INCOME	Note	Period from January 1, 2016 to June 30, 2016	Period from January 1, 2015 to December 31, 2015	Period from January 1, 2015 to June 30, 2015
Loss for the year/period		(614.107)	(2.495.272)	(829.212)
OTHER COMPREHENSIVE INCOME				
Items that will be not reclassified subsequently to profit or loss:				
Gain (Loss) on revaluation of property, plant and equipment	9	(105.725)	(545.886)	(308.925)
Income tax on items that will not be reclassified	23	25.374	173.112	84.955
Total items that will not be reclassified to profit or loss		*(80.351)*	*(372.774)*	*(223.970)*
Other comprehensive income for the year, net of tax		**(80.351)**	**(372.774)**	**(223.970)**
Total Comprehensive Profit (Loss) for the year, net of tax		**(694.458)**	**(2.868.046)**	**(1.053.182)**

Total Comprehensive result, net of tax, attributable to:			
Owners of the Parent	(667.874)	(2.894.268)	(978.507)
Non-controlling interests	(26.584)	7.921	(74.675)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

	Share capital	Share premium	Other reserves	Retained earnings	Result of the year	Total	Non-controlling interests	Total Equity
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 period				(3.679.119)	3.679.119	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		(140.692)				(140.692)		(140.692)
Other movements				-		0		0
Non-controlling interests on equity reserves						0	(37.277)	(37.277)
Profit (Loss) of the year			(335.497)		(2.369.533)	(2.705.030)	(125.739)	(2.830.769)
Other Comprehensive Income of the year						0	0	0
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**

	Share capital	Share premium	Other reserves	Retained earnings	Result of the year	Total	Non-controlling interests	Total Equity
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
Transactions with equity participants :								
Allocation of the result of previous period				(2.369.533)	2.369.533	0		0
Capital increases during the year						0		0
Equity transaction costs deducted from share premium						0		0
Other movements		2		(2)		0		0
Non-controlling interests on equity reserves						0	(8.035)	(8.035)
Profit (Loss) of the year			(72.316)		(595.558)	(667.874)	(18.549)	(686.423)
Other Comprehensive Income of the year						0	0	0
Balance as at June 30, 2016	**5.663.343**	**2.416.477**	**377.039**	**(7.391.687)**	**(595.558)**	**469.612**	**(185.028)**	**284.585**

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

CONSOLIDATED STATEMENT OF CASH FLOW - as at JUNE 30, 2016

(amount in Eur)

CASH FLOW REPORT	Period from January 1, 2016 to June 30, 2016	Period from January 1, 2015 to December 31, 2015	Period from January 1, 2015 to June 30, 2015
Operating activities			
Result before tax of the year	(550.476)	(2.309.667)	(933.738)
Property, plant and equipment amortization	275.668	394.363	130.247
Intangible asset amortization	15.208	27.151	7.836
Fixed assets write downs	1.072	575.419	76.056
Provisions	0	0	0
Fixed assets diff in FV	(2)	0	0
Finance non-cash transactions:			
Finance gains	0	(390.986)	(125.415)
Finance losses	32.603	180.886	61.768
	(225.927)	(1.522.834)	(783.246)
Changes in Working Capital			
(Increase)/ decrease in trade and other receivables (excl. prepayments)	3.700	(477.667)	(977.074)
Increase/ (decrease) in trade and other payables and accrued expenses	6.231	(223.282)	1.108.240
Working Capital Adjustments	9.931	(700.949)	131.166
Cash Flow from Operating activities	**(215.996)**	**(2.223.783)**	**(652.080)**
Investment activities			
Net inflow of cash and cash equivalents on acquisition	0	0	0
Investments in tangible assets (including prepayments)	(114.816)	(1.086.045)	(134.339)
Investments in intangible assets	0	(57.528)	0
Investments in shareholdings	(60.000)	0	(19.800)
Investments in assets available for sale	0	0	0
Disposal of fixed assets and shareholdings	0	0	0
Cash Flow from Investment activities	**(174.816)**	**(1.143.573)**	**(154.139)**
FREE CASH FLOW	**(390.812)**	**(3.367.356)**	**(806.219)**
Financing activities			
Proceed from issue of shares	0	1.824.520	1.024.525
Proceed in financial assets	0	0	(52.465)
Proceed from financial liabilities	1.413.043	2.336.297	0
Repayment of financial liabilities	(129.084)	(410.788)	(98.036)
Cash Flow from Financing activities	**1.283.959**	**3.750.030**	**874.024**
CHANGE IN CASH AND CASH EQUIVALENTS	**893.147**	**382.674**	**67.805**
Cash and cash equivalents at the beginning of the year	1.846.180	1.463.506	1.463.506
Cash and cash equivalents at the end of the year	**2.739.327**	**1.846.180**	**1.531.311**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(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".
he 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.

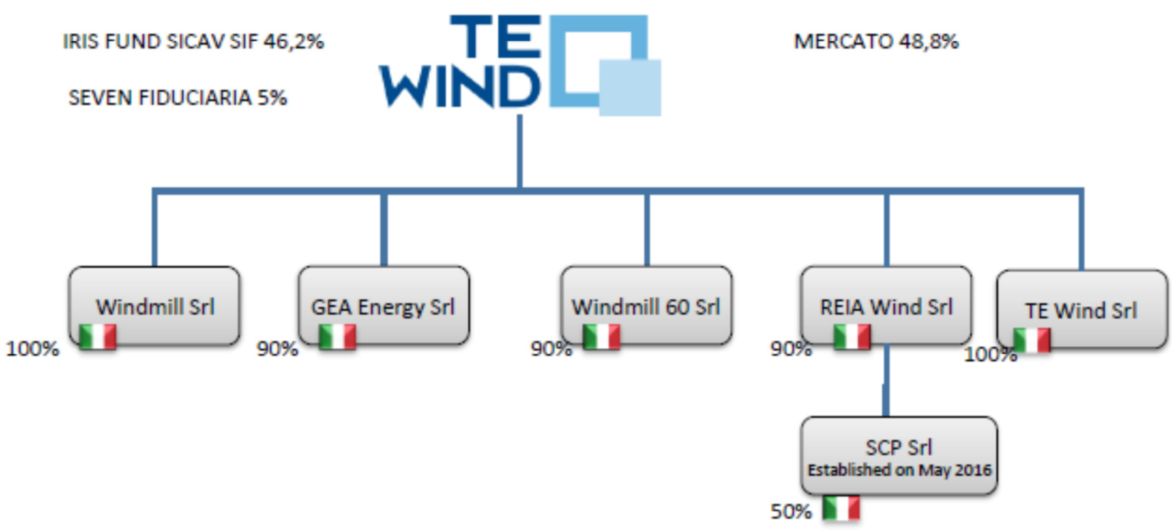
The Company is a subsidiary of IRIS Fund SICAV-SIF (the "Fund"), which was incorporated in the Grand Duchy of Luxembourg on April 18, 2007 under the form of a limited partnership by shares (société en commandite par actions), qualifying as an investment Company with variable capital (société d'investissement 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 June 30, 2016 the Company holds shares in five subsidiaries (togheter: the "Group"). As further explained in note 3.1, four only are consolidated by the Company as at June 30, 2016.

The Board of Directors of the Company has approved for issue these consolidated financial statements on June 30, 2016.

Below the organization structure of the Group as at June 30, 2016:



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 esimates are significant to the consolidated financial statements are disclosed in Note 3.

At June 30, 2016, 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

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.

- **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.

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.

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.

- **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

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, 2015 have been reclassified to align the basis schemes adopted by the Company in the consolidated financial statements for the period June 30, 2015 to June 30, 2016. The consolidated financial statements as at June 30, 2016 is aligned with these prior schemes.

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 creat any relevant impact.

2.3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at June 30, 2016.

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 variables returns from its involvment 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.

The list of consolidated entities under the control of the Group as at June 30, 2016 is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

	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
TE WIND Srl	Italy	100.00%	100.00%	Full consolidation

TE Wind S.r.l. and SCP S.r.l. are just constituted in 2016 , without doing any operations at the moment.

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.

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 equipement

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.

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

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.

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.

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.

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.

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.

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.

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

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(Unless otherwise stated all amounts are expressed in EUR)

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.

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) and in the same month a sell back notarial deed was signed with the transfer of the company to the previous owner..

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).

The following table presents the Group's assets and liabilities that are revalued (property, plant and equipment) and measured at fair value as at June 30, 2016:

FAIR VALUE HIERARCHY 2016

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(Unless otherwise stated all amounts are expressed in Euro)

	Level 1	Level 2	Level 3	Total balance as at June 30, 2016
Assets				
Property, plant and equipment				
Operating wind turbines			11.206.340	**11.206.340**
Current assets held for sale				
Non operating wind turbines			99.899	**99.899**
Available for sale financial assets				
Unquoted equity investment			0	**0**
Derivative financial instruments				
Interest rate option		0		**0**
Trade Receivables				
Trade receivables		354.815		**354.815**
Cash & Cash Equivalent				
Cash & Bank		2.739.327		**2.739.327**
Liabilities				
Trade Payables				
Trade Payables		299.830		**299.830**
Borrowings				
Convertible bonds		4.686.805		**4.686.805**
Derivative financial instruments				
Warrants		31.056		**31.056**

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				
Operating wind turbines			11,463,411	**11,463,411**
Non current assets held for sale				

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Non operating wind turbines		110,474	**110,474**
Available for sale financial assets			
Unquoted equity investment		0	**0**
Derivative financial instruments			
Interest rate option	0		**0**
Trade Receivables			
Trade receivables	336,639		**336,639**
Cash & Cash Equivalent			
Cash	1,846,180		**1,846,180**
Liabilities			
Trade Payables			
Trade Payables	651,700		**651,700**
Borrowings			
Convertible bonds	4,686,805		**4,686,805**
Derivative financial instruments			
Warrants	31,056		**31,056**

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 June 30, 2016, 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 June 30, 2016 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 11,206,340 as at June 30, 2016.

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 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 June 30, 2016, 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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Unless otherwise stated all amounts are expressed in EUR)

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.

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 June 30, 2016	On demand	Less than 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Bank loans						
Principal	(94.932)	(286.298)	(273.445)	(1.456.994)	(3.591.533)	**(5.703.201)**
Interests		(252.767)	(239.967)	(611.849)	(793.875)	**(1.898.457)**
Convertible bond issued						
Principal				(4.645.000)		**(4.645.000)**
Interests			(185.800)	(216.088)		**(401.888)**
Non-convertible bond issued						
Principal					(6.078.000)	**(6.078.000)**
Interests		(364.680)	(364.680)	(729.360)		**(1.458.720)**

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(Unless otherwise stated all amounts are expressed in EUR)

Trade payables net of receivables towards suppliers		128.037				**128.037**
Other liabilities		(398.827)				**(398.827)**
Total	**(94.932)**	**(1.174.534)**	**(1.063.891)**	**(7.659.291)**	**(10.463.407)**	**(20.456.056)**

The following table presents the same data at the reporting date at December 31, 2015:

As at December 31, 2015	**Less than 1 year**	**1 to 2 years**	**2 to 5 years**	**> 5 years**	**Total**
Bank loans					
Principal	(2,232,657)	(119,122)	(735,860)	(1, 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)**

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.

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 June 30, 2016 is as follows:

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As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

CONSOLIDATED NET DEBT REPORTING - as at JUNE 30, 2016

(unless otherwise stated all amounts are expressed in Eur)

NET DEBT	30/06/2016	31/12/2015	30/06/2015
MEDIUM/LONG TERM DEBT			
Bonds - non current portion	10.493.267	10.460.664	10.483.360
Bank loans - non current portion	5.004.506	3.690.373	1.747.429
Non current financial liabilities - related parties	0	1	0
Other non current liabilities	0	0	0
Total medium/long term debt	**15.497.773**	**14.151.038**	**12.230.789**
Non current financial assets - related parties	0	0	0
Financial assets - non current portion	0	0	0
Other non current assets	0	0	0
Total medium/long term financial receivables	**0**	**0**	**0**
Total NON CURRENT NET DEBT	**15.497.773**	**14.151.038**	**12.230.789**
SHORT TERM DEBT			
Bonds - current portion	543.280	222.472	541.514
Bank loans - current portion	426.750	587.103	577.266
Current financial liabilities - related parties	0	0	0
Other current liabilities	0	0	0
Total short term debt	**970.030**	**809.575**	**1.118.780**
Current financial assets - related parties	0	0	0
Financial assets - current portion	0	0	0
Other current assets	0	0	(52.465)
Total short term financial receivables	**0**	**0**	**(52.465)**
Total CURRENT NET DEBT	**970.030**	**809.575**	**1.066.315**
Cash and cash equivalents	(2.739.327)	(1.846.180)	(1.531.310)
Total CURRENT NET DEBT	**(1.769.297)**	**(1.036.605)**	**(464.995)**
NET DEBT	**13.728.475**	**13.114.433**	**11.765.794**

Equity	284.585	979.042	2.050.526
Equity and Net Debt	14.013.060	14.093.475	13.816.320
GEARING RATIO	97,97%	93,05%	85,16%
Debt/Equity ratio	48,2	13,4	5,7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

5. FINANCIAL PERFORMANCE OF THE SUBSIDIARIES

Main financial indicators

As at June 30, 2016 *(amounts in Eur/000)*	**GEA ENERGY**	**REIA WIND**	**WINDMILL 60**	**WINDMILL**
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	4.910	837	4.146	1.962
Other non-current assets	761	125	585	481
Current assets (excl, cash)	407	6	517	94
Cash and cash equivalents	474	2	98	33
Equity	227	(212)	(609)	(1.741)
Non-current liabilities	5.243	991	5.213	3.294
Current liabilities	1.081	192	742	1.017
Income Statement				
Revenues for sales of electricity	315	0	238	34
EBITDA	199	(28)	141	4
EBIT	74	(34)	48	(64)
Net Profit (Loss) of the ary	(103)	52	(134)	(54)
OCI, net of taxes	0	0	(80)	0
Total Comprehensive Income	(103)	52	(215)	(54)
Net Debt	5.603	1.166	5.793	4.067
Result of the period - minority interests	(10)	5	(13)	0
Accumulated minority interests	(111)	(34)	(84)	0

Disclosure on minority participations in the subsidiaries

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

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(Unless otherwise stated all amounts are expressed in EUR)

- 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 June 30, 2016 amounting to Eur 587,005 are derived from a single customer, being GSE.

7. FINANCIAL INSTRUMENTS CLASSIFIED BY CATEGORY (IAS 39)

The following table shows the classification of financial instruments as at June 30, 2016:

As at June 30, 2016	**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				
Unquoted equity investment		10.000		**10.000**
Current assets				
Trade receivables	354.815			**354.815**
Other current assets	569.775			**569.775**
Current financial assets	0			**0**
Cash and cash aquivalents	2.739.327			**2.739.327**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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The carrying values of the above assets reflect their fair value (Level 2) as at June 30, 2016.

As at June 30, 2016	**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:			
Bank loans	5.004.506		**5.004.506**
Convertible bond		4.686.805	**4.686.805**
Non-convertible bond	5.806.462		**5.806.462**
Derivative financial instrument (warrants)		31.056	**31.056**
Current liabilities			
Current financial liabilities:			
Bank loans	426.750		**426.750**
Convertible bond - interests accrued	201.580		**201.580**
Non-convertible bond - interests accrued	341.700		**341.700**
Trade payables	299.830		**299.830**
Other current liabilities	368.259		**368.259**

The carrying values of the above assets reflect their fair value (Level 2) as at June 30, 2016, except for the non-convertible bonds, carried at amortised cost (refer to Note 17).

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				
Unquoted equity investment		0		**0**
Current assets				

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

Trade receivables	336,639	**336,639**
Other current assets	614,285	**614,285**
Current financial assets	0	**0**
Cash and cash aquivalents	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:			
Bank loans	2,044,820		**2,044,820**
Convertible bond		4,686,805	**4,686,805**
Non-convertible bond	5,773,859		**5,773,859**
Derivative financial instrument (warrants)		31,056	**31,056**
Current liabilities			
Current financial liabilities:			
Bank loans	2,232,657		**2,232,657**
Bank loans - interests accrued	154,922		**154,922**
Convertible bond - interests accrued	62,612		**62,612**
Non-convertible bond - interests accrued	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).

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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

Additions	52,901
Disposals	
Revaluaton increase /(decrease)	
Reclassification to "Held for sale"	(13,233)
Balance as at December 31, 2015	**692,168**
Additions	
Disposals	
Revaluaton increase /(decrease)	
Balance as at June 30, 2016	**692,168**

<u>Accumulated depreciation and impairment</u>

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)**
Depreciation charge for the year	(15,207)
Balance as at June 30, 2016	**(53.488)**
Carrying amount as at June 30, 2016	**638.720**

9. PROPERY, PLANT AND EQUIPMENT

<u>Gross amount</u>

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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Unless otherwise stated all amounts are expressed in EUR)

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**
Acquisition through asset deals	0
Additions	125.391
Disposals	(329.652)
Revaluation increase/ (decrease)	222.858
Balance as at June 30, 2016	**12,229,908**

<u>Accumulated depreciation and impairment</u>

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)**
Depreciation charge for the year	(275,668)
Write-downs	0
Balance as at June 30, 2016	**(1,023,568)**
Carrying amount as at June 30, 2016	**11,206,340**

The plants already installed as at June 30, 2016 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 4,692,022 as at June 30, 2016 (Eur 4,792,167 as at December 31, 2015). There wasn't any write down in the period ended June 30, 2016 .
- Windmill 60 S.r.l.: total carrying value of plants was equal to Eur 3,977,926 as at June 30, 2016 (Eur 4,067,000 as at December 31, 2015). The write down recognized in other

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

comprehensive income in the year ended June 30, 2016 was equal to Eur 105,725 (Eur 242,887 in the year ended 2015),

- Reia Wind S.r.l.: total carrying value of plants was equal to Eur 760,348 as at June 30, 2016 (Eur 766,245 as at December 31, 2015). The company has divested Eur 143,859 already write down in prior period, reducing in the meantime the revaluation reserve of 142,791 in the period ended June 30, 2016 (Eur 79,337 in the year ended 2015),
- Windmill S.r.l.: total carrying value of plants was equal to Eur 1,776,043 as at June 30, 2016 (Eur 1,838,000 as at December 31, 2015). The company has divested Eur 185,793 already write down in prior period, reducing in the meantime the revaluation reserve of 185,7931 in the period ended June 30, 2016 (Eur 79,337 in the year ended 2015).

As at June 30, 2016 plants having carrying value equal to Eur 1,095,645 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 June 30, 2016	As at December 31, 2015	Variation
Shares held in Jonica Impianti Srl	0	0	0
Shares held in Magenta Srl	0	0	0
Shares held in SPC Srl	10.000		10.000
Total	**10.000**	**0**	**10.000**

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.

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).

(Unless otherwise stated all amounts are expressed in EUR)

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 June 30, 2016	**As at December 31, 2015**	**Variation**
Intangible Assets held for sale	13,233	13,233	0
Fixed Assets held for sale	86,666	97,241	(10,575)
Total	**99,899**	**110,474**	**(10,575)**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

The Net Realizable Value of Eur 99,899 is in part made up of tangible fixed assets (86,666 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 June 30, 2016	As at December 31, 2015	Variation
Non current			
VAT receivables after more than 12 months	1.878.189	1.859.466	18.723
Trade receivables	0	0	0
	1.878.189	**1.859.466**	**18.723**
Current			
Trade receivables	**354.815**	**336.639**	**18.176**
Tax assets – other	**12.860**	**8.949**	**3.911**
Advances to suppliers of wind-turbines	352.228	368.228	(16.000)
Receivable from wind-turbines suppliers	75.639	65.329	10.310
VAT receivables within 12 months	0	0	0
TVA receivable	2.306	0	2.306
Other	139.602	180.728	(41.126)
	569.775	**614.285**	**(44.510)**
Total trade and other receivable	**2.815.639**	**2.819.339**	**(3.700)**

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.

14. CASH AND CASH EQUIVALENTS

	As at June 30, 2016	As at December 31, 2015	Variation
Bank deposits	2.738.646	1.845.499	893.147
Cash in hand	681	681	0
Total	**2.739.327**	**1.846.180**	**893.147**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

15. SHARE CAPITAL

	Share capital	Share premium
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 June 30, 2016	**5,663,343**	**2,416,475**

Since December 2015 there wasn't any capital increase.

16. OTHER RESERVES

	As at June 30, 2016	As at December 31, 2015	Variation
Balance at the beginning of the year	**449,354**	**784,851**	**(335,497)**
Increase (Decrease) on revaluation of Property, Plant and Equipment	(105,725)	(545,886)	440,161
Increase (Decrease) deferred tax liabilities on revaluation Property, Plant and Equipment	25,374	173,112	(147,738)
Minority interests movement on net revaluation Property, Plant and Equipment	8,035	37,277	(29,242)
Other			
Balance at the end of the year	**377,038**	**449,354**	**(73,316)**

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 June 30, 2016	As at December 31, 2015	Variation
Non-current borrowings			
Bank loans	5.004.506	2,044,820	2.959.686
Convertible bond issued	4.686.805	4,686,805	0
Non-convertible bond issued	5.806.462	5,773,859	32.603

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

	15.497.773	**12,505,484**	**2.992.289**
Current financial borrowings			
Bank loans	426.750	2,232,657	(1.805.907)
Accrued interest on convertible and non-convertible bonds	543.280	222,472	320.808
Accrued interest on bank loans	0	154,922	(154.922)
	970.030	**2,610,051**	**(1.640.021)**
Total	**16.467.802**	**15,115,535**	**1.352.267**

The current financial borrowings increased due to the increase of the loan granted to Gea S.r.l. by Banca Popolare Emilia Romagna of Eur 1,094,547 in one line and Eur 157,000 in the other line and the reimbursement of Eur 88,805 first instalment.

Details of interest bearing liabilities at the end of the fiscal year

Counterparty	Nominal interest rate	Maturity	Principal amount outstanding as at June 30, 2016	Principal amount outstanding as at December 31, 2015
Bank Loans				
Mediocredito Italiano S.p.A.	3-m euribor + 6.95%	30-Sep-2027	1.228.500	1.292.200
Mediocredito Italiano S.p.A.	3-m euribor + 7.50%	31-Mar-2028	774.701	811.788
Intesa Sanpaolo	3-m euribor + 7.50%	31-Dec-2015	0	40.944
Banca Pop. Emilia Romagna	6-m euribor + 3.50%	31-Dec-2031	3.126.990	2.219.330
Banca Pop. Emilia Romagna	6-m euribor + 2.70%	30-Jun-2019	393.883	229.123
Capitalized Transaction Costs			(344.435)	(315.908)
Total Loans			**5.179.639**	**4.277.477**
Company Bonds				
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 Convertible Bonds			**10.723.000**	**10.723.000**
Total borrowings			**15.902.639**	**15.000.477**

(Unless otherwise stated all amounts are expressed in EUR)

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.

During the period the Mediocredito loan has been restructured, extending the original due data of one more year and financing the interests unpaid.

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. An addiction was made in April 2016 of 1.094,547

- 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 and a second tranche was issued in April 2016 of Eur 157,000

Maturity analysis

	As at June 30, 2016	**As at December 31, 2015**	**Variation**
Bank loans maturing beyond 5 years	3.591.533	1.171.838	2.419.695
Bank loans maturing between 1 and 5 years	1.458.495	872.982	585.513
Bank loans maturing within 1 year	381.230	2.232.657	(1.851.427)
Non-Convertible bonds beyond 5 years	5.806.462	5.773.859	32.603
Convertible bonds between 1 and 5 years	4.686.804	4.686.805	(1)
Interests on Bank Loans within 1 year	0	154.922	(154.922)
Interests on Convertible bonds within 1 year	201.580	62.612	138.968
Interests on Non-Convertible bond within 1 year	341.700	159.860	181.840
Total	**16.467.803**	**15.115.535**	**1.352.268**

(Unless otherwise stated all amounts are expressed in EUR)

The variance in Bank loans maturing within 1 year is duew to the new loan restructuring with Mediocredito.

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 June 30, 2016	**As at December 31, 2015**	**Variation**
Warrants	31,056	31,056	0
Total	**31,056**	**31,056**	**0**

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:

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

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

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

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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).

19. TRADE PAYABLES AND OTHER CURRENT LIABILITIES

	As at June 30, 2016	As at December 31, 2015	Variation
Trade payables			
Payables to Suppliers	239.486	507,649	(268.163)
Accruals for services	60.344	144,051	(83.707)
	299.830	**651,700**	**(351.870)**
Other current liabilities			
Directors fees	138.000	20,000	118.000
Debt towards Energy Lab for Magenta acquisition	0	0	0
Other	230.259	46,636	183.623
	368.259	**66,636**	301.623
Total	**668.089**	**718,336**	**(50.247)**

20. PROVISIONS FOR LIABILITIES AND CHARGES

	As at June 30, 2016	As at December 31, 2015	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.

21. TAX LIABILITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

	As at June 30, 2016	As at December 31, 2015	Variation
VAT Luxembourg	0	5.770	(5.770)
Income tax Luxembourg	0	0	0
Wealth tax Luxembourg	0	0	0
Withholding tax Italy	30.568	4.025	26.543
	0	0	0
Total	**30.568**	**9.795**	**20.773**

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)**

Tax reconciliation

	Period ended June 30, 2016	Period ended December 31, 2015	Variation

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(Unless otherwise stated all amounts are expressed in EUR)

Accounting profit/ (loss) before income tax, including OCI	(656.201)	(2.855.553)	2.199.352
Tax calculated at domestic rate	(191.742)	(834.393)	642.651
Tax effect of:			0
Non-deductible expenses	0	0	0
Income not subject to taxation	0	0	0
Tax losses reversed/ (utilised)	63.631	320.946	(257.315)
Tax losses for which deferred tax assets were not recognised	0	0	0
Other	166.368	526.390	(360.022)
Tax expense/ (credit) at an effective tax rate of 8,1%	**38.257**	**12.943**	**25.314**

Deferred taxes financial analysis

	Period ended June 30, 2016	Period ended December 31, 2015	Variation
Deferred tax assets			
Opening balance	**138.101**	**320.496**	**(182.395)**
Recognised directly in equity:			
Reversal due to recovery estimation	(78.861)	(320.496)	241.635
Recognised in profit or loss:			
Recovery on tax losses	0	138.101	(138.101)
Movements on deferred tax liabilities	**(78.861)**	**(182.395)**	**103.534**
Closing balance	**59.240**	**138.101**	**(78.861)**
Deferred tax liabilities			
Opening balance	**(157.668)**	**(330.780)**	**173.112**
Recognised directly in P&L:			
Reclassification PPE revaluation reserve - depreciation to retained earnings			0
Recognised in other comprehensive income:			
Movement on revaluation of property, plant and equipment	25.374	173.112	(147.738)
Movements on deferred tax liabilities	**25.374**	**173.112**	**(147.738)**
Closing balance	**(132.294)**	**(157.668)**	**25.374**

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

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(Unless otherwise stated all amounts are expressed in EUR)

23. REVENUES

	June 30, 2016	June 30, 2015	Variation
Revenues from sale of services			
Sales of electricity	587.005	217.531	369.474
Total revenues from sales	**587.005**	**217.531**	**369.474**
Other operating income	**43.255**	**0**	**43.255**
Total Revenues	**630.260**	**217.531**	**412.729**

Revenues from sales of electricity from GSE amounts to Eur 587,005, increasing by 170% in comparison to the same period of 2015 due to the connection to the network of most of the plants installed.

24. OPERATING EXPENSES

	June 30, 2016	June 30, 2015	Variation
Rentals			
Rental of plant sites	47.131	42.169	4.962
Total rentals	**47.131**	**42.169**	**4.962**
Operating services			
Maintenance	103.843	22.992	80.851
Electricity	4.771	1.078	3.693
Insurance	33.096	37.313	(4.217)
Stock services	4.050	4.050	0
Other services	13.268	21.980	(8.712)
Total operating services	**159.028**	**87.413**	**71.615**
Total	**206.159**	**129.582**	**76.577**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Unless otherwise stated all amounts are expressed in EUR)

25. ADMINISTRATIVE AND FINANCIAL SERVICES

	June 30, 2016	June 30, 2015	Variation
Administration services			
Accounting	39.756	68.218	(28.462)
Legal	50.131	35.311	14.820
Audit	48.942	17.715	31.227
Formation costs	0	0	0
Director's fees	148.000	148.000	
Other	42.773	51.728	(8.955)
Total administration services	**329.602**	**320.972**	**8.630**
Financial services			
Bank charges	3.001	2.926	75
			38.055
Consultancy for Listing and Investor relation	116.254	78.199	
Financial consultancy - other	5.634	45.000	(39.366)
Other services	7.977	12.267	(4.290)
Total financial services	**132.866**	**138.392**	**(5.526)**
Total	**462.468**	**459.364**	**3.104**

26. OTHER INCOME AND COSTS

	June 30, 2016	June 30, 2015	Variation
Other Income			
Insurance reimbursements	0	0	0
Other	0	2.280	(2.280)
Total	**0**	**2.280**	**(2.280)**
Other Costs			
Plants Municipal tax - Italy	0	0	0
Indirect taxes - Italy	(26.964)	(1.929)	(25.035)
Property tax - Lux	(15.910)	(8.219)	(7.691)
Extraordinary expenses	(3.375)	(1.431)	(1.944)
Other	(457)	(3.780)	3.323
Total	**(46.706)**	**(15.359)**	**(31.347)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Unless otherwise stated all amounts are expressed in EUR)

27. DEPRECIATION, AMORTIZATION, PROVISIONS AND WRITE-DOWNS

	June 30, 2016	June 30, 2015	Var 2016 vs 2015
Depreciation			
Surface rights	15.207	7.837	7.370
Property, plant and equipment	275.668	130.247	145.421
Other	0	0	0
Total depreciation and amortization	**290.875**	**138.084**	**152.791**
Write-downs			
Fair Value Property, plant and equipment	0	202	(202)
Damages on PPE for vandalism	0	0	0
PPE and Intangible assets write-down	0	75.854	(75.854)
Total write-downs	**0**	**76.056**	**(76.056)**
Provisions			
Legal risks	0		
Total provisions	**0**	**0**	**0**
		0	**0**
Total	**290.875**	**214.140**	**76.735**

Plants connected as at June 30, 2015 have been amortized over the useful life together with their related surface rights.

28. FINANCE INCOME AND COST

	June 30, 2016	June 30, 2015	Var 2016 vs 2015
Financial Revenues / (Expenses)			
Interest revenues on bank accounts	1	7	(6)
Interest expense on bank accounts	(392)	0	(392)
Interest expense on bank loans	(115.993)	(76.267)	(39.726)
Interest expense on corporate bonds	(320.808)	(319.046)	(1.762)
Interest expense against related parties	0	0	0
Other financial income (cost)	(3.436)	(3.438)	2
Exchange rate - net	(82)	40	(122)
Total Financial expenses	**(440.710)**	**(398.704)**	**(42.006)**
Financial Gains / (Losses)			
Related Parties debt - actualization	0	0	0
Related Parties assets - actualization	0	0	0
Non-Convertible bond - EIR amortization	(32.603)	(26.262)	(6.341)
Revaluation of interest rate options	0	0	0
Warrants - fair value valuation	0	0	0
AFS shareholding - fair value valuation	0	(35.506)	35.506

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

Total Financial losses	**(32.603)**	**63.647**	**(96.250)**
Total financial position	**(473.313)**	**(335.057)**	**(138.256)**

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).

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.

	June 30, 2016	June 30, 2015	Variation
Extraordinary Income			
Extraordinary Income	334.462	0	334.462
Loan write off	0	0	0
Insurance remboursement	0	0	0
Totale Proventi Straordinari	**334.462**	**0**	**334.462**
Extraordinary Expenses			
Extraordinary Expenses	(35.660)	0	(35.660)
Plant damages	0	0	0
Loan write off	0	0	0
Partecipation write down	0	0	0
Other devaluation	0	0	0
Totale Oneri Straordinari	**(35.660)**	**0**	**(35.660)**
Total Extraordinary Inc. and Exp.	**298.802**	**0**	**298.802**

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.

	June 30, 2016	June 30, 2015	Variation
Profit or loss attributable to the owners of the parent			
Earnings used in the calculation of basic earnings per share	(2.369.533)	(776.934)	180.836
			0
Weighted average number of ordinary shares in issue			0
Ordinary shares	10.074.609	9.233.489	841,120

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

			0
Earnings per share			
Basic and diluted	**(0,24)**	**(0,08)**	**0,02**

	As at June 30, 2016			
	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	(595.558)	139.350	0	(456.208)
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	**(0,06)**			**(0,04)**
	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 (0.06) (2015: 0.17) while the basic loss per share was Eur (0.04) (2015: 0.24).

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 June 30, 2016	As at June 30, 2015	Variation
Remuneration of Directors	(148,000)	(148,000)	0
Total	**(148,000)**	**(148,000)**	**0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

Total transactions against Directors – Year Balance

	As at June 30, 2016	As at June 30, 2015	Variation
Payable to Directors for fees	(138,000)	(114,400)	(23,600)
Payable to True Energy Advisory Srl for Director fees		(48,240)	48,240
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	**(140,850)**	**(1,269,164)**	**1,123,314**

Related parties for other services – Year balance

Entity	Revenues	Costs	Trade Receivables	Trade Payables
Keystone Srl	0	0	0	0
True Energy Advisory Srl		9,122	0	0
In-VENTO Srl		20,700	0	0
ARC Asset Management S,A,	0	8,775	0	2,925
Total	**0**	**38,597**	**0**	**2,925**

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).

Future minimum payments under these agreements are as follows:

	As at June 31,2016	As at June 30, 2015	Variation
Within 1 year	100,206	100,727	(521)
Between 2 and 5 years	410,751	408,755	1,996
5 years and more	1,428,984	1,481,082	(52,098)
Total	**1,939,941**	**1,939,941**	**(50,623)**

Turbine maintenance agreements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at June 30, 2016

(Unless otherwise stated all amounts are expressed in EUR)

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.

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.

33. SUBSEQUENT EVENTS

- Completed the acquisition of the two NPS plant (60 Kw each) by Windmill 60 Srl as well as the selling of the Turbine to Sarcos.
- Obtainment of all the FIT for all the connected plants of GEA and WINDMILL60 Srl
- Established and completed the process of Company Register Office transferring to Italy through the approval of all the shareholders, registration of all the deeds and signature of the final notarial deed on 19.09.2016 with effective date 3 October 2016. On that date the company, nominated TE WIND Spa will be listed on the AIM Italy, while the TE WIND SA will be definitively closed.
- Signature of a Master Agreement with Agatos to finalized the *reverse merge* by the end of 2016.

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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, September 28, 2016

For the Board of Directors
Angelo Lazzari
(Chairman)