TE WIND S.A.

Société Anonyme

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period from May 3, 2013 (date of incorporation)

to June 30, 2013

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

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DIRECTORS' REPORT

The Board of Directors of TE Wind S.A. ("TE Wind") presents their report and the audited consolidated interim financial statements of TE Wind S.A. for the period from May 3, 2013 (date of incorporation) to June 30, 2013.

General

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. TE Wind has its registered office at 111, avenue de la Faïencerie in Luxembourg and TE Wind is registered with the Luxembourg Trade and Companies Register under the number B177.030. 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.

The Company has been incorporated in order to acquire all the investments in mini-eolic plants, already developed by the Fund through its sub-fund True Energy during the years 2011-2012, and to apply for a listing on AIM Italia, the Alternative Capital Market of the Borsa Italiana dedicated to small and medium-sized enterprises with high growth potential.

Activity report

For the period from May 3, 2013 to June 30, 2013 the following transfers were operated from True Energy, through its wholly owned subsidiary True Holding 1 SCA, to TE Wind:

- 90% of the capital of Windmill Sardinia S.r.l., Gea Energy S.r.l., Reia Wind S.r.l. for a price of EUR 9,000 each;
- 3% of the capital of Jonica Impianti S.r.l. for a price of EUR 104,780;
- 100% of the capital of Windmill S.r.l. for a price of EUR 791,000.

All claims and debts of True Holding 1 SCA resulting from the investments referred to above were also transferred to TE Wind.

As a result of these transfers, as at June 30, 2013 TE Wind controls 4 special purpose vehicles whose object is to develop mini-eolic plants.

As at June 30, 2013, Windmill S.r.l. has already installed 25 mini-eolic plants in the South of Italy while Gea Energy S.r.l. has signed an agreement with Northern Power System Ltd for the acquisition of 30 wind turbines to be installed in Sardinia and in the South of Italy within 2013-2014. Gea Energy S.r.l. has started the process of acquisition of sites for the installations.

Financial Performance

TE Wind has been incorporated in May 2013 and due to its recent establishment, has been affected by costs related to the start-up phase. In addition, as at June 30, 2013, the 25 mini-eolic plants currently installed, have just entered in their production phase, which implied only limited revenues for the period (EUR 45,616).

DIRECTORS' REPORT (CONTINUED)

The valuation exercise performed on the plants the period, using the discounted cash flow method and involving the estimated future cash flows of the plants, has lead to a positive revaluation of EUR 323,018, net of deferred tax liabilities, which brings the total comprehensive income for the period ended June 30, 2013 to EUR 440,474.

The gearing ratio equals 77.44% and is calculated as net debt divided by total capital. The net debt is calculated as total borrowings (including payables to related parties) less cash and cash equivalents. This value lies within the target range of the gearing ratio, determined between 75% and 80%.

Investment strategy

The investment strategy is based on a minimum expected IRR of 14%, unless the investment decision is adopted with the unanimous approval of the directors attending the relevant meeting, including, in any case, the approval by one independent director at least. Therefore, TE Wind will not consider investment opportunities below this minimum expected return or not complying with these requirements.

In order to consolidate its competitive position on the market, TE Wind will continue to focus on the development of its production capacity of renewable energy through the expected installation of mini-eolic plants with a nominal power of 50/60 kW, located in Sardinia and in the South of Italy. Within the next two years, TE Wind plans to install 120 plants, located in Sardinia, Basilicata and Puglia, which will increase its power capacity by 5.4 MW to reach a total of 6.81 MW.

Concurrently TE Wind also continues to search for appropriate sites for the installation of mini-eolic plants, focusing on sites with a minimum of 4-6 m/s wind speed exposure in order to optimize the efficiency, and hence the return of the wind turbines.

Regulatory framework and risk mitigation

The Italian regulator has determined a nominal power range for "mini-eolic plants" between 1 kW and 200 kW. The choice to focus on the 50/60 kW power range is related to the simplified authorization process required for the construction of plants within this range. The process only requires an authorization from the municipality and it therefore materially limits the authorization risk and implied potential delays in the plant developments.

In order to mitigate the risks linked to the development of wind turbines, TE Wind signed outsourcing service agreements with strategic partners for most critical development stages including site research, feasibility analysis, construction permit requests and wind turbine acquisitions. TE Wind mitigates the risks linked to the plant installation by signing contracts including defining regular project milestones and requiring external opinions and certifications for the acceptance of the milestones. In order to be recognized as a partner the producer of wind turbines also needs to deliver a quality certification to TE Wind.

DIRECTORS' REPORT (CONTINUED)

Developments within the mini-eolic Market

At the world level, the installed power capacity of mini-eolic plants reaches 600 MW, with China and the USA representing 80% of the total capacity. Within Europe, with 50 MW of installed power capacity only the United Kingdom has a significant power capacity. This is mainly due to its quite attractive feed-in tariffs and its simplified authorization process leading to a maximum time for installation of 6 months. At this stage the Italian market still represents a niche with 21 MW of power capacity installed resulting however from a significant growth in mini-eolic power capacity from 1.4 MW in 2009 to 21 MW as of today.

TE Wind is currently concentrating its investments in Italy in order to benefit from the positive trend and regulatory framework but it started to consider the possibility to invest outside Italy through the partnership with important international players.

As of today TE Wind can be considered one of the major players in Italy in terms of plants installed as single group.

Corporate Governance

TE Wind aims to get its shares listed on AIM Italia in September 2013. AIM Italia does not require any entity admitted to its listing to conform to the Code of Conduct sponsored by the Committee for Corporate Governance of the Italian Stock Exchange in December 2011. However, TE Wind is aware of the importance of having a solid corporate governance. Therefore, in consideration of the current size and the nature of the company's activity, it has decided to start to implement some measures in order to prepare the adoption of the corporate governance code at a later stage. It is expected that in the near future the Shareholders will appoint two independent Directors according to the corporate governance guidelines.

Events subsequent to the end of the reporting period

On July 3, 2013, an extraordinary general meeting approved the following resolutions:

- Change of the nominal value of the shares to EUR 0.50 each and consequently an increase of the 10,000 shares currently issued with a nominal value of EUR 100 each to 2,000,000 shares with a nominal value of EUR 0.50 each;
- Creation of an authorised capital of EUR 30,000,000 represented by 60,000,000 shares with a nominal value of EUR 0.50 each.
- Shares issued during any subsequent capital increase will have similar rights as the existing shares.

The afore-mentioned resolutions were taken in view of the planned listing of TE Wind on AIM Italia.

Before the listing date, scheduled for September 2013, the Shareholders will approve the following actions:

- The increase of the subscribed capital through the conversion in capital of the debts held by the Sole shareholder as at June 30, 2013. The debts currently held amounts to EUR 1,081,750; and
- The appointment of two independent Directors within the Board of Directors.

To the sole Shareholder of
TE WIND S.A.
Société Anonyme

R.C.S. Luxembourg B 177.030

111, avenue de la Faïencerie
L-1511 LUXEMBOURG

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated interim financial statements

Following our appointment by the Board of Directors of **TE WIND S.A.** dated September 4, 2013, we have audited the accompanying consolidated interim financial statements of **TE WIND S.A.**, which comprise the consolidated interim statement of financial position as at June 30, 2013, the consolidated interim income statement and the consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the period from May 3, 2013 to June 30, 2013, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors' for the consolidated financial statements

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

Responsibility of the réviseur d'entreprises agréé

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

MAZARS

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

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

Opinion

In our opinion, the consolidated interim financial statements give a true and fair view of the consolidated interim financial position of **TE WIND S.A.** as of 30 June 2013 and of its consolidated interim financial performance and its consolidated interim cash flows for the period from May 3, 2013 to June 30, 2013 in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

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

Luxembourg, 17 September 2013

For MAZARS LUXEMBOURG, Cabinet de révision agréé
10A, rue Henri M. Schnadt
L-2530 LUXEMBOURG

Frederic MOSELE
Réviseur d'entreprises agréé

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

	Notes	As at June 30, 2013
Assets		
Non-current assets		
Intangible assets		13,444
Property, plant and equipment	9	4,813,106
Other non-current financial assets	8	1,186,530
Trade and other receivables	10	568,452
		6,581,532
Current assets		
Trade and other receivables	10	635,464
Cash and cash equivalents	11	430,121
		1,065,585
Total assets		**7,647,117**
Equity		
Equity attributable to owners of the parent		
Share capital	13	1,000,000
Other reserves	14	323,018
Retained earnings		118,681
		1,441,699
Non-controlling interests	15	**2,203**
Total equity		**1,443,902**
Liabilities		
Non-current liabilities		
Borrowings	16	2,424,692
Trade and other payables	17	2,572,474
Deferred income tax liabilities	18	122,524
		5,119,690
Current liabilities		
Borrowings	16	283,573
Trade and other payables	17	798,347
Current income tax liabilities	18	1,605
		1,083,525
Total liabilities		**6,203,215**
Total liabilities and equity		**7,647,117**

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

CONSOLIDATED INTERIM STATEMENT OF INCOME

For the period from May 3, 2013 (date of incorporation) to June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

	Notes	Period ended June 30, 2013
Revenue	19	45,616
Cost of sales		(10,120)
Gross profit		**35,496**
Depreciation and amortisation expense		(11,803)
Net investment income		**23,693**
Administrative expenses		(96,773)
Formation expenses		(16,488)
Other expenses		(14,121)
Other income		5,467
Operating loss		**(98,222)**
Finance income	21	280,076
Finance costs	20	(62,793)
Finance income, net		**217,283**
Net profit before income tax		**119,061**
Income tax expense	18	(1,605)
Profit for the period		**117,456**
Profit attributable to:		
Owners of the parent		118,681
Non-controlling interests		(1,225)

		Period ended June 30, 2013
Earnings per share (basic and diluted)	22	
Ordinary shares		11.87

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

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period from May 3, 2013 (date of incorporation) to June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

	Notes	Period ended June 30, 2013
Profit for the period		**117,456**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Gain on revaluation of property, plant and equipment	9, 14	445,542
Income tax on items that will not be reclassified	18	(122,524)
		323,018
Other comprehensive income for the period, net of tax		**323,018**
Total comprehensive income for the period, net of tax		**440,474**
Total comprehensive income, net of tax, attributable to:		
Owners of the parent		441,699
Non-controlling interests		(1,225)

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

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period from May 3, 2013 (date of incorporation) to June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT					
	Share capital	**Other reserves**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance as at date of incorporation						
Proceeds from shares issued	1,000,000	-	-	1,000,000	-	1,000,000
Non-controlling interests arising on taking control of a subsidiary	-	-	-	-	3,428	3,428
Profit/ (loss) for the period	-	-	*118,681*	*118,681*	*(1,225)*	*117,456*
Other comprehensive income for the period	-	*323,018*	-	*323,018*	-	*323,018*
Total comprehensive income	-	323,018	118,681	441,699	(1,225)	440,474
Balance as at June 30, 2013	**1,000,000**	**323,018**	**118,681**	**1,441,699**	**2,203**	**1,443,902**

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

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the period from May 3, 2013 (date of incorporation) to June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

	Period ended June 30, 2013
Cash flows from operating activities	
Profit before income tax	119,061
Adjustments for:	
Depreciation and amortisation expense	11,803
Finance income	(280,076)
Finance costs	
Interest expense on borrowings	51,389
Other finance costs	11,404
Changes in working capital	
Increase in trade and other receivables	(61,591)
Decrease in trade and other payables	(396,637)
Cash used in operations	**(544,647)**
Interest received	2
Interest paid	(51,389)
Other finance costs paid	(2,804)
Income tax paid	(1,888)
Net cash used in operating activities	**(600,726)**
Cash flows from investing activities	
Non-controlling interests arising on taking control of a subsidiary	3,428
Net cash inflow on acquisition of a subsidiary	24,806
Purchase of property, plant and equipment (including prepayments)	(568,452)
Net cash used in investing activities	**(540,218)**
Cash flows from financing activities	
Proceeds from issue of shares	1,000,000
Proceeds from borrowings	600,600
Repayment of borrowings	(30,334)
Net cash provided by financing activities	**1,570,266**
Net increase in cash and cash equivalents	**429,322**
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period [*]	**429,322**

[*] Net of bank overdrafts outstanding amounting to EUR 799 as at June 30, 2013.

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

As at June 30, 2013

(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" (public limited company) for an unlimited period.

The Company is registered under number B 177.030 with the Luxembourg Trade and Companies Register, where the articles of incorporation may be inspected.

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

The Company is a wholly owned 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's accounting year begins on the first day of January and ends on the thirty-first of December, except for the first financial year which began on May 3, 2013 (date of incorporation) and will end on December 31, 2013.

The registered office of the Company is 111, avenue de la Faïencerie, L-1511 Luxembourg, Grand Duchy of Luxembourg.

The Company and its subsidiaries are collectively referred to as the "Group".

The consolidated interim financial statements were approved by the Board of Directors and authorised for issue on September 12, 2013.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated interim financial statements are set out below.

2.1. Basis of preparation

The consolidated interim financial statements have been prepared under the historical cost convention, as modified, where applicable, by the revaluation of property, plant and equipment and the revaluation of financial assets and financial liabilities (including derivative financial instruments).

The consolidated interim 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 interim financial statements are prepared in Euro ("EUR"). The preparation of consolidated interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise its 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 interim financial statements are disclosed in Note 3.

New standards, amendments and interpretations issued but not effective for the financial year beginning on or after January 1, 2013 (including those pending EU endorsement) and not early adopted by the Group, as far as permitted

- IFRS 9, 'Financial Instruments'. On November 12, 2009, the IASB issued IFRS 9, 'Financial Instruments' as the first step in its project to replace IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets. On October 28, 2010, the IASB reissued IFRS 9, incorporating new requirements on accounting for financial liabilities, and carrying over from IAS 39 the requirements for de-recognition of financial assets and financial liabilities. On December 16, 2011, the IASB has issued an amendment to IFRS 9 that delays the effective date to annual periods beginning on or after January 1, 2015. The original effective date was for annual periods beginning on or after January 1, 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets measured at amortised cost. On completion of these various projects, IFRS 9 will be a complete replacement for IAS 39. IFRS 9, in its current form, requests financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The classification is determined at initial recognition and depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instruments. For financial liabilities, the main change is that in case where the fair value option is retained, the effect of the fair value change due to the entity's own credit risk is recorded in other comprehensive income rather than the statement of comprehensive income, unless it creates an accounting mismatch. The Directors will quantify the impact of IFRS 9 on the financial position or performance of the Group when the final standard including all phases is issued.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011), key features of which are summarised below:

- IAS 27, 'Separate Financial Statements' (revised standard). As a consequence of the new IFRS 10 and IFRS 12, the scope of IAS 27 is restricted to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements. The adoption of this revised standard is only relevant to separate financial statements. Should such financial statements be prepared, this revised standard is not expected to have any effect thereon.

- IAS 28, 'Investments in associates and joint ventures' (revised standard). As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28, 'Investment in associates and joint ventures' and describe the application of the equity method to investments in joint ventures in addition to associates. No impact resulting from the adoption of the revised standard on the financial position and performance of the Group has been identified at this stage.

- IFRS 10, 'Consolidated Financial Statements'. IFRS 10 replaces the portion of IAS 27, 'Consolidated and Separate Financial Statements' that addresses the accounting for consolidated financial statements. It also includes the issue raised in SIC 12, 'Consolidation - Special Purpose Entities'. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The new standard is not expected to have any impact on the Group's financial statements.

- IFRS 11, 'Joint Arrangements'. IFRS 11 replaces IAS 31, 'Interests in Joint Ventures' and SIC 13, 'Jointly-controlled Entities – Non-monetary Contributions by Venturers'. IFRS 11 removes the option to account for jointly controlled entities ("JCEs") using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The adoption of this standard will have no effect on the financial position or performance of the Group.

- IFRS 12, 'Disclosure of Interests in Other Entities'. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to the consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interest in subsidiaries, joint arrangements, associates or unconsolidated structured entities. A number of new disclosures are also required. The Directors expect no impact from the adoption of the standard on the financial position or performance of the Group.

In June 2012, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time adoption. These five standards together with the transition guidance become effective for annual periods beginning on or after January 1, 2013[1].

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[1] On June 1, 2012, the Accounting Regulatory Committee ("ARC") voted on a regulation that requires IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 to be applied, at the latest, as from the commencement date of a company's first financial year starting on or after January 1, 2014 with early adoption permitted.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2013 (including those pending EU endorsement) and not currently relevant to the Group

- IAS 32, 'Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities' (amendments), effective January 1, 2014

- IAS 36, 'Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets' (amendment), effective January 1, 2014, not yet endorsed by the EU

- IAS 39, 'Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting' (amendment), effective January 1, 2014, not yet endorsed by the EU

- IFRIC 21, 'Levies', effective January 1, 2014, not yet endorsed by the EU

- Investment Entities (amendments to IFRS 10, IFRS 12 and IAS 27), effective January 1, 2014, not yet endorsed by the EU.

2.2. Basis of consolidation

The consolidated interim financial statements comprise the interim financial statements of the Company and its subsidiaries as at June 30, 2013.

Subsidiaries

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.

A list of subsidiaries is included in Note 26.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

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. See Note 6 for further details.

2.3. 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.

On 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.

2.4. Formation costs

Formation costs are expensed when incurred.

2.5. Intangible assets

Externally acquired intangible assets 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

2.6. 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.

PPE 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 valuation analysis prepared by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of PPE being valued. 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".

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

Depreciation

Each part of an item of PPE with a cost that is significant in relation to the total cost of the item is depreciated separately. Significant parts of an item of PPE that have a useful life and a depreciation method that are the same as the useful life and the depreciation method of another significant part of that same item are grouped in determining the depreciation charge.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their revalued amounts to their residual values over their estimated useful lives, as follows:

- Operating wind turbines 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.

2.7. 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 costs

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.

2.8. Derivative financial instruments

The Group may use derivatives such as interest rate swaps to hedge its risks exposure to fluctuations in interest rates.

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 "finance costs" in the statement of comprehensive 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 contracts is calculated at the present value of the estimated future cash flows based on observable yield curves.

2.9. 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.

2.10. 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.

2.11. 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.

2.12. Provisions

Provisions are recognised 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 recognised as finance costs.

2.13. 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.

2.14. 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 recognised in other comprehensive income or directly in equity, in which case the tax is also recognised 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 income tax

Deferred income 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 income 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 or loss. Deferred income 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 income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income 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 income 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 income 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.

2.15. 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.

2.16. Revenue recognition

Revenue is recognised 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 recognised as it accrues using the effective interest rate method.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

Dividend income

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

2.17. 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.

2.18. 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of the asset or liability affected in future periods.

3.1. Judgements other than estimates

In the process of applying the Group's accounting policies, the Directors have made the following judgements, which have the most significant effect on the amounts recognised 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 PPE at the end of each reporting period. As the Group was newly created, the useful lives were determined based on usual range of industry practice.

Asset acquisitions versus business combinations

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

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).

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

The following table presents the Group's assets and liabilities that are measured at fair value as at June 30, 2013:

Assets	Level 1	Level 2	Level 3	Total balance as at June 30, 2013
Property, plant and equipment				
Operating wind turbines	-	-	4,813,106	**4,813,106**
Available-for-sale financial assets				
Unquoted equity investment	-	-	104,780	**104,780**

Valuation of property, plant and equipment

PPE mainly consist of wind turbines and are accounted for under the revaluation model within IAS 16. Therefore, as at June 30, 2013, 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 PPE is determined by an independent valuation expert using recognised valuation techniques. The Company appointed a recognised engineer based in the Province of Lecco, Italy to provide an independent valuation as at December 31, 2012 ("Valuation Date") of 25 wind turbines located in Italy and owned by Windmill S.r.l., a fully owned subsidiary of the Company.

The valuation has been conducted on the basis of fair value as at the Valuation Date.

The fair value has been assessed by using the discounted cash flow ("DCF") method. This method involves estimating the future expected cash flows of a PPE over a number of years (the "Projection Period") and applying a capitalisation rate to the cash flow immediately following the end of the Projection Period to estimate the terminal value at the end of this period. To those series of projected cash flows, along with the terminal value, an appropriate, market derived discount rate is applied to establish an indication of the present value of the income stream associated with the PPE.

As the valuation was effective on December 31, 2012, the value was subsequently adjusted by the Directors to the reporting date as a result of the following changes:

- A decrease of the feed-in tariffs ("FiT") from EUR 0.300/kWh to EUR 0.268/kWh for wind turbines being installed and in operation after December 31, 2012;
- A gradually monthly decrease of 3% for the plants installed in 2012 and starting their operations before April 2013, bringing the tariff from 0.300/kWh to EUR 0.265/kWh at April 2013; and
- An increase in the number of years giving right to such prices from 15 years to 20 years.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

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The key assumptions used for DCF calculations are as follows:

- Forecast period: period from 2013 to 2032;
- Production output: the wind turbines operate at a wind profile equivalent to 8,760 net hours per year and an average wind velocity of 5.1 m/s;
- Applicable regulations: the wind turbines will operate under a FiT scheme, offering a fixed purchase price up until 2032;
- Applicable FiT scheme:
    - For wind turbines in operation by December 31, 2012: EUR 0.300/ kWh;
    - For wind turbines installed in 2012 but operating in April 2013: EUR 0.265/kWh;
    - For wind turbines in operation after December 31, 2012: EUR 0.268/kWh;
- Sources of revenue: FiT revenue generated over the forecasted period;
- Costs are expected to grow at a rate of 2% p.a. from 2013 to 2032;
- A discount rate set at 9.64%; and
- No residual value taken into consideration at the end of the forecast period.

The valuation exercise led to obtain a value of EUR 4,813,106 as at June 30, 2013.

Provisions and contingencies

The assessment undertaken in recognising 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, 2013, 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 recognised 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.

Income taxes

The Group is subject to income tax in several jurisdictions and significant judgement 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 recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised 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 analyse 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.

The Group's interest rate risk principally arises from long-term borrowings (see Note 16).

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

At June 30, 2013, if interest rates on borrowings had been 50 basis points higher/ lower with all other variables held constant, post-tax profit for the period would have been 2.5% lower/ higher, mainly as a result of higher/ lower interest expense on floating rate borrowings.

Until the reporting date, the Group did not adopt any specific hedging strategy to mitigate the cash flow hedge risk. However, subsequent to the reporting date, for the purpose of reducing its exposure to interest rate fluctuations, the Group entered into a pay-floating receive-fixed interest rate swap. The swap economically hedges cash flow interest rate risk of floating rate borrowings.

Price risk

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

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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. As of June 30, 2013, receivables from GSE represent 100% of the total receivables outstanding.

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

The Group's maximum exposure to credit risk approximates the carrying amounts of its financial assets as at the reporting date, as disclosed in Note 7.

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.

The following table details 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, 2013	On demand	Less than 1 year	1 to 2 years	2 to 5 years	> 5 years	Total
Borrowings						
Principal	-	(283,573)	(333,497)	(751,263)	(1,339,932)	(2,708,265)
Interests	-	(188,773)	(165,999)	(367,108)	(329,306)	(1,051,186)
Trade and other payables	(693,567)	(104,780)	(109,206)	(3,387,999)	-	(4,295,552)
Total	**(693,567)**	**(577,126)**	**(608,702)**	**(4,506,370)**	**(1,669,238)**	**(8,055,003)**

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 minimise 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 maximising the return to shareholders through the optimisation of the debt and equity balance.

Except for "thin capitalisation" 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 monitors 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 interim statement of financial position, plus net debt.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

The gearing ratio at June 30, 2013 is a follows:

	As at June 30, 2013
Borrowings	2,708,265
Payables to related parties	2,677,254
Less: cash and short-term deposits	(430,121)
Net debt	4,955,398
Equity	1,443,902
Equity and net debt	**6,399,300**
Gearing ratio	77.44%

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

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5. 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 the period ended June 30, 2013 of approximately EUR 45,000 are derived from a single customer, being GSE. See Note 19 for further details.

6. ACQUISITION OF SUBSIDIARIES

On June 7, 2013, the Company acquired from True Holding 1 S.C.A. ("TH1"), a wholly owned subsidiary of the Fund, 100% of the equity of Windmill S.r.l., an Italian entity owning 25 mini Eolic plants located in Puglia, Italy.

The assets and liabilities recognised in the consolidated interim statement of financial position on the date of the acquisition during 2013 were as follows:

	Period ended June 30, 2013
Assets	
Intangible assets	13,500
Property, plant and equipment	4,379,311
Trade and other receivables	573,873
Cash and cash equivalents	24,806
Liabilities	
Borrowings	(2,137,200)
Current income tax liabilities	(1,888)
Trade and other payables	(1,090,204)
Total purchase consideration	**1,762,198**
Less:	
Deferred payment (*)	1,762,198
Cash and cash equivalents of subsidiary acquired	24,806
Net inflow of cash and cash equivalents on acquisition	**24,806**

(*) Representing the net present value of EUR 2,415,454 as at June 7, 2013 with a payment deferred according to the following schedule:

- June 30, 2017 EUR 791,000
- December 31, 2017 EUR 1,624,454

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

7. FINANCIAL INSTRUMENTS CLASSIFIED BY CATEGORY (IAS 39)

As at June 30, 2013	Loans and receivables (including cash and cash equivalents)	Available-for-sale financial assets	Total
Financial assets as per statement of financial position			
Non-current assets			
Other non-current financial assets	1,081,750	104,780	**1,186,530**
Trade and other receivables	568,452	-	**568,452**
Current assets			
Trade and other receivables (excluding tax receivables)	217,286	-	**217,286**
Cash and cash equivalents	430,121	-	**430,121**

As at June 30, 2013	Other financial liabilities at amortised cost	Total
Financial liabilities as per statement of financial position		
Non-current liabilities		
Borrowings	2,424,692	**2,424,692**
Trade and other payables	2,572,474	**2,572,474**
Current liabilities		
Borrowings	283,573	**283,573**
Trade and other payables (excluding tax payables)	796,313	**796,313**

The fair value of the items included under current assets and current liabilities approximate their carrying amount due to their short-term maturity. For details on borrowings, refer to Note 16.

8. OTHER NON-CURRENT FINANCIAL ASSETS

	As at June 30, 2013
Available-for-sale financial assets	
Shares held in Jonica Impianti S.r.l.	104,780
Loans and receivables	
Receivable from THI	1,081,750
Total	**1,186,530**

The Group holds 3% of the share capital of Jonica Impianti S.r.l., an Italian company main activity of which is to manufacture, to sell and to maintain wind turbines.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

9. PROPERTY, PLANT AND EQUIPMENT

	Period ended June 30, 2013
<u>Gross amount</u>	
Balance as at date of incorporation	-
Acquisitions through share deals	4,379,311
Revaluation increase	445,542
Balance as at June 30, 2013	**4,824,853**
<u>Accumulated depreciation and impairment</u>	
Balance as at date of incorporation	-
Depreciation charge for the period	(11,747)
Balance as at June 30, 2013	**(11,747)**
Carrying amount as at June 30, 2013	**4,813,106**

10. TRADE AND OTHER RECEIVABLES

	As at June 30, 2013
Non-current	
Prepayments	568,452
	568,452
Current	
Trade receivables	212,913
VAT receivables	418,178
Other	4,373
	635,464
Total	**1,203,916**

On June 12, 2013, an agreement was signed with Northern Power Systems Inc., a manufacturer of wind turbines, to construct several wind turbines. The Group made down payments classified as "prepayments" until the wind turbines concerned will be installed and satisfactorily tested.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

11. CASH AND CASH EQUIVALENTS

	As at June 30, 2013
Cash at bank and in hand	430,121
Total	**430,121**

12. NON-CASH TRANSACTIONS

During the period ended June 30, 2013, the Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated interim statement of cash flows:

Acquisition of a subsidiary subject to payment deferral (Note 6)	(2,415,454)
Acquisition of available-for-sale financial assets (Note 8) subject to deferred payment	(104,780)
Transfer of a loan from a related party financed with a debt towards another related party (see Note 23):	
- Loan from TH1	1,081,750
- Debt towards the Fund	(1,081,750)
	-

13. SHARE CAPITAL

The Company was incorporated with a capital of EUR 1,000,000 represented by 10,000 ordinary shares with a nominal value of EUR 100 each, fully paid-up in cash.

The ordinary shares carry right to receive any dividends and have one voting right per ordinary share. There are no restrictions on the voting rights of the ordinary shares.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013
(Unless otherwise stated all amounts are expressed in EUR)

14. OTHER RESERVES

The other reserves as of June 30, 2013 only consist of the revaluation reserve associated with property, plant and equipment.

	Period ended 30 June 2013
Balance at the beginning of the period	-
Increase on revaluation of property, plant and equipment	445,542
Deferred tax liabilities arising on revaluation	(122,524)
Balance at the end of the period	**323,018**

15. NON-CONTROLLING INTERESTS

	Period ended June 30, 2013
Balance at the beginning of the period	-
Non-controlling interests arising on taking control of subsidiaries	3,428
Share of loss for the period	(1,225)
Balance at the end of the period	**2,203**

16. INTEREST BEARING 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 are external loans.

Movements in interest bearing borrowings

	Period ended June 30, 2013
Balance at the beginning of the period	
Borrowings assumed through acquisition of a subsidiary	2,137,200
Proceeds from borrowings	600,600
Repayments of borrowings	(30,334)
Bank overdrafts	799
Balance at the end of the period	**2,708,265**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013
(Unless otherwise stated all amounts are expressed in EUR)

Details of interest bearing borrowings

Counterparty	Original currency	Nominal interest rate	Maturity	Principal amount outstanding as at June 30, 2013
Mediocredito Italiano S.p.A.	EUR	3-M EURIBOR + 7.50%	31-Mar-2027	873,600
Mediocredito Italiano S.p.A.	EUR	3-M EURIBOR + 6.95%	30-Sep-2026	1,443,866
Intensa Sanpaolo (*)	EUR	3-M EURIBOR + 7.50%	13-Dec-2015	390,000
Bank overdrafts				799
Total				**2,708,265**

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

Maturity analysis

	As at June 30, 2013
Borrowings maturing beyond 5 years	1,339,931
Borrowings maturing between 1 and 5 years	1,084,761
Borrowings maturing within 1 year	283,573
Total	**2,708,265**

The fair value of floating rate borrowings approximates their carrying amount.

The borrowings are subject to bank covenants at the entity level including minimum equity requirements and debt-to-equity ratios.

17. TRADE AND OTHER PAYABLES

	As at June 30, 2013
Non-current	
Payables to related parties (Note 23)	2,572,474
	2,572,474
Current	
Trade payables	678,497
Payables to related parties (Note 23)	104,780
Other tax payables	2,034
Accruals	7,388
Other	5,648
	798,347
Total	**3,370,821**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

18. TAXATION

Major components of income tax expense

	Period ended June 30, 2013
Current income tax	
Current income tax expense	1,605
Deferred income tax	
Relating to origination and reversal of temporary differences	-
Income tax expense reported in the consolidated interim statement of comprehensive income	**1,605**

Tax reconciliation

	Period ended June 30, 2013
Accounting profit before income tax	**119,061**
Tax calculated at domestic rate (*)	20,375
Tax effect of:	
Non-deductible expenses	-
Income not subject to taxation	(76,443)
Tax losses for which deferred tax assets were not recognised	49,656
Other	8,017
Tax expense at an effective tax rate of 1.35%	**1,605**

(*) The weighted average applicable tax rate was 17.11%.

Deferred tax analysis

	Period ended June 30, 2013
Deferred tax liabilities	
Opening balance	-
Recognised in other comprehensive income:	
Effect of revaluation of property, plant and equipment	(122,524)
Movements on deferred tax liabilities	**(122,524)**
Closing balance	**(122,524)**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

19. REVENUE

	Period ended June 30, 2013
Sales of electricity	45,616
Total	**45,616**

20. FINANCE COSTS

	Period ended June 30, 2013
Reversal of actuarial gains on debt	8,600
Interest expenses	51,389
Other financial expenses	2,804
Total	**62,793**

21. FINANCE INCOME

	Period ended June 30, 2013
Actuarial gains on debt	280,074
Interest income	2
Total	**280,076**

22. EARNINGS PER SHARE

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

	As at June 30, 2013
Profit or loss attributable to the owners of the parent	118,681
Weighted average number of shares in issue	10,000
Earnings per share	11.87

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company is not exposed to potential dilutive effect on the ordinary shares. The diluted earnings per share equal the basic earnings per share.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

23. 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 split by nature (excluding acquisition of subsidiaries)

	Period ended June 30, 2013
Actuarial gains recognised as part of the deferred consideration for the acquisition of a subsidiary	653,256
Actuarial gains and losses recognised in profit or loss (Notes 20 and 21)	271,475
Total	**924,731**

Acquisition of subsidiaries

During the period ended June 30, 2013, the Company acquired from a related party interests in the subsidiaries listed in Note 26 for a total consideration of EUR 818.000. See Notes 6 and 12 for further details.

Period-end balances due from/ to related parties

	As at June 30, 2013
Receivable from TH1 (Notes 8 and 12)	1,081,750
Payable to TH1 in relation to the acquisition of a subsidiary (*)	(1,770,169)
Payable to TH1 in relation to the acquisition of available-for-sale financial assets (Notes 8 and 12)	(104,780)
Payable to the Fund in relation to a debt reassignment	(802,305)
Total	**(1,595,504)**

(*) Representing the net present value of EUR 2,415,454 as at June 30, 2013 (see Note 12).

24. CONTIGENCIES AND COMMITMENTS

Contingent liabilities

As at June 30, 2013, there is no material contingent liability outstanding identified as such by the Board of Directors.

Operating lease commitments

The Company's subsidiaries have entered into long-term lease agreements for the use, or option to use, of land in connection with the operation of their wind turbines.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

Future minimum payments under these non-cancellable leases are as follows:

	As at June 30, 2013
Within 1 year	48,832
Between 1 and 5 years	152,432
5 years and more	878,857
Total	**1,080,121**

Turbine maintenance agreements

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

The 5-years commitment as of June 30, 2013 represents minimum payments of EUR 300,000.

25. SUBSEQUENT EVENTS

On July 3, 2013, an extraordinary general meeting approved the following resolutions:

- Change of the nominal value of the shares to EUR 0.50 each and consequently an increase of the 10,000 shares currently issued with a nominal value of EUR 100 each to 2,000,000 shares with a nominal value of EUR 0.50 each;
- Creation of an authorised capital of EUR 30,000,000 represented by 60,000,000 shares with a nominal value of EUR 0.50 each; and
- Shares issued during any subsequent capital increase will have similar rights as the existing shares.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

As at June 30, 2013

(Unless otherwise stated all amounts are expressed in EUR)

26. LIST OF CONSOLIDATED ENTITIES

The list of consolidated entities under the control of the Group as at June 30, 2013 is as follows:

Company name	Country of incorporation	Equity %	% of voting rights	Consolidation method
REIA Wind S.r.l. (formerly True Energy Sviluppo S.r.l.)	Italy	90.00%	90.00%	Full consolidation
Windmill Sardinia S.r.l.	Italy	90.00%	90.00%	Full consolidation
GEA Energy S.r.l.	Italy	90.00%	90.00%	Full consolidation
Windmill S.r.l.	Italy	100.00%	100.00%	Full consolidation

27. BREAK DOWN OF PROPERTY, PLANT AND EQUIPMENT BY LOCATION

Project name	Location	Type of asset	Nominal power	Number of years subject to FiT [*]
Laterza Chiancone	Laterza, Puglia, Italy	Wind turbine	50 kw	15
Paradiso	Laterza, Puglia, Italy	Wind turbine	50 kw	15
Monte Priamo	Castelluccio Valmaggiore, Puglia, Italy	Wind turbine	50 kw	15
Caserotte/ Montesanto	Troia Localita Caserotte, Puglia, Italy	Wind turbine	50 kw	15
Troia Tursi	Troia Localita Tursi, Puglia, Italy	Wind turbine	50 kw	15
Poggiorsini 188	Poggiorsini, Puglia, Italy	Wind turbine	60 kw	15
Poggiorsini 189	Poggiorsini, Puglia, Italy	Wind turbine	60 kw	15
Poggiorsini 23	Poggiorsini, Puglia, Italy	Wind turbine	60 kw	15
Poggiorsini 68	Poggiorsini, Puglia, Italy	Wind turbine	60 kw	15
Poggiorsini 496	Poggiorsini, Puglia, Italy	Wind turbine	60 kw	20
Gravina 267	Gravina in Puglia, Puglia, Italy	Wind turbine	60 kw	20
Gravina 269	Gravina in Puglia, Puglia, Italy	Wind turbine	60 kw	20
Gravina 346	Gravina in Puglia, Puglia, Italy	Wind turbine	60 kw	20
Gravina 272	Gravina in Puglia, Puglia, Italy	Wind turbine	60 kw	20
Gravina 347	Gravina in Puglia, Puglia, Italy	Wind turbine	60 kw	20
Gravina 20	Gravina in Puglia, Puglia, Italy	Wind turbine	60 kw	20
Gravina 24	Gravina in Puglia, Puglia, Italy	Wind turbine	60 kw	20
Gravina 76	Gravina in Puglia, Puglia, Italy	Wind turbine	60 kw	20
Gravina 106	Gravina in Puglia, Puglia, Italy	Wind turbine	60 kw	20
Gravina 306	Gravina in Puglia, Puglia, Italy	Wind turbine	60 kw	20
Avetrana Centonze	Avetrana Contrada Centonze, Puglia, Italy	Wind turbine	50 kw	20
Atella Liccione 1	Atella, Basilicata, Italy	Wind turbine	50 kw	20
Atella Liccione 2	Atella, Basilicata, Italy	Wind turbine	50 kw	20
San Fele	San Fele, Basilicata, Italy	Wind turbine	50 kw	20
Poggiorsini 44	Poggiorsini, Puglia, Italy	Wind turbine	60 kw	20

[*] Remaining number of years as from June 30, 2013, based on the current legislation