FALCK RENEWABLES SpA

Half-year Financial Report at 30 June 2015

Board of Directors' Meeting

Milan, 4 August 2015

FALCK RENEWABLES SpA
Share capital Euro 291,413,891 fully paid
Direction and coordination by Falck SpA
Registered and fiscal address
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Milan Companies Register 03457730962
VAT and tax code 03457730962

Half-year Financial Report at 30 June 2015

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1 Company officers

Board of directors

Enrico Falck (*)	Chairman
Guido Corbetta (*)	Deputy chairman
Piero Manzoni (*)	Chief Executive Officer
Elisabetta Caldera (**)	Director
Emilio Cremona (**)	Director
Federico Falck (*)	Director
Elisabetta Falck	Director
Filippo Marchi	Director
Libero Milone (**)	Director
Barbara Poggiali (**)	Director
Bernardo Rucellai (**)	Director

(*) Members of the Executive Committee

(**) Independent members

Board of statutory auditors

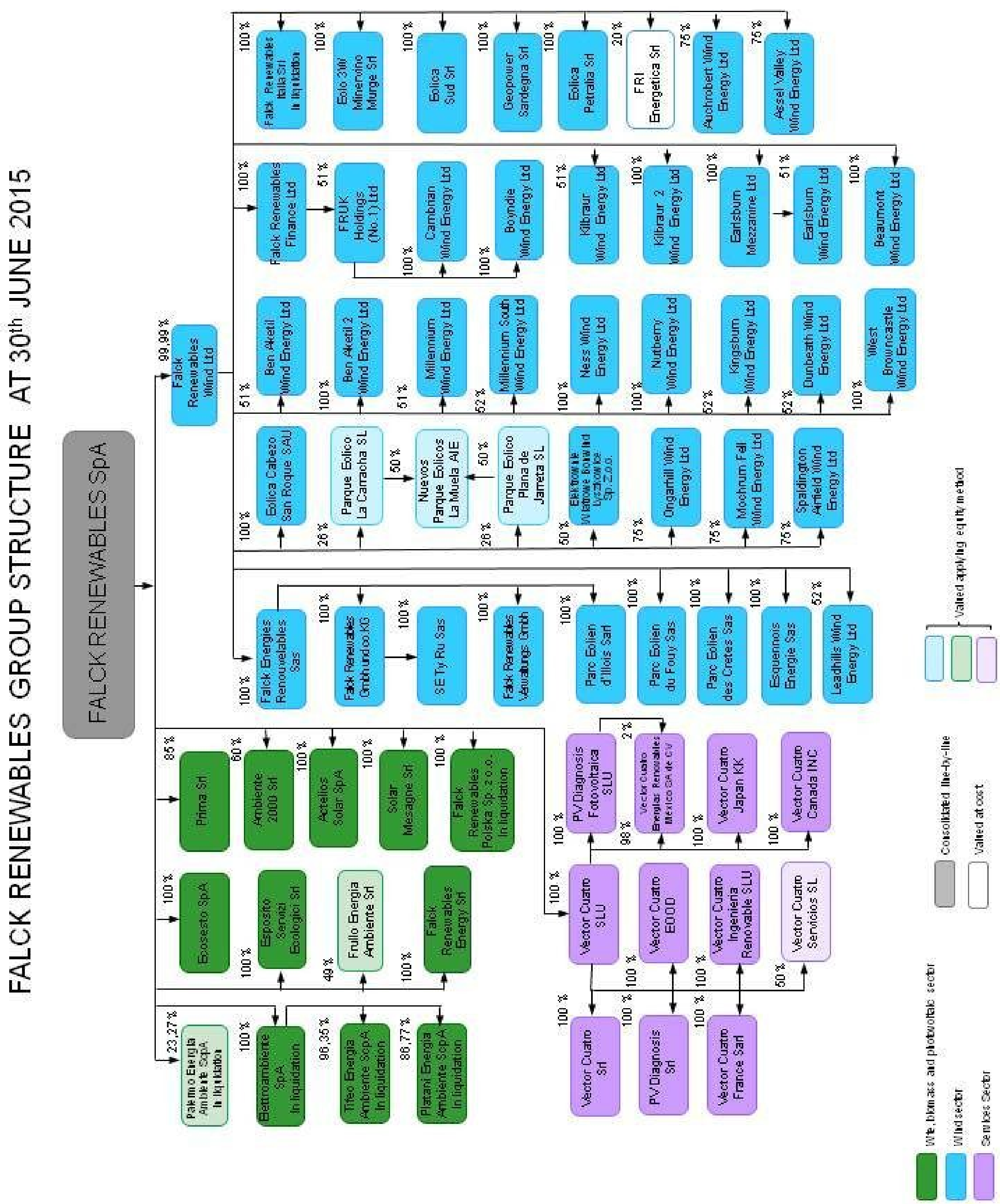
Massimo Scarpelli	Chairman
Giovanna Conca	Statutory auditor
Alberto Giussani	Statutory auditor
Mara Caverni	Substitute statutory auditor
Gianluca Pezzati	Substitute statutory auditor

Independent auditors

Reconta Ernst & Young SpA

Company powers vested in the directors are illustrated on page 44.

2 Group structure



3 Financial highlights

(Euro thousands)

	30.6.2015	30.6.2014	2014
Revenue	147,234	127,183	248,325
Gross profit	62,047	54,730	98,205
Ebitda (1)	85,126	72,063	135,292
Operating profit	46,020	39,662	70,702
Profit for the period	14,789	5,683	8,912
Profit for the period attributable to Falck Renewables SpA equity holders	8,740	2,715	3,300
Earnings per share (Euro) (2)	0.030	0.009	0.011
No. of shares (average for the period) in thousands	290,954	290,954	290,954
No. of shares (at the period-end) in thousands	290,954	290,954	290,954
- Net financial position (asset)	(108,913)	(161,370)	(113,820)
- Non-recourse financing	665,172	692,576	673,866
Total net financial position net of derivatives	556,259	531,206	560,046
- Interest rate derivative financial instruments	65,261	66,637	77,788
- Foreign exchange derivative financial instruments	1,874	91	295
Total net financial position including derivatives	623,394	597,934	638,129
Total equity	520,593	505,387	499,708
Equity attributable to Falck Renewables SpA equity holders	480,949	475,416	468,593
Equity holders earnings per share (Euro)	1.653	1.631	1.611
Caoital expenditure	15,788	21,649	57,791
Gross profit/revenue	42.1%	43.0%	39.5%
Ebitda/revenue	57.8%	56.7%	54.5%
Operating profit/revenue	31.3%	31.2%	28.5%
Profit for the period/total equity	2.8%	1.1%	1.8%
Net financial position/total equity	1.20	1.18	1.28
Total number of group employees (no.)	301	205	297

(1) Ebitda = Ebitda is measured by the Falck Renewables group as profif for the period before investment income/(costs), net finance income/(costs), amortisation and depreciation, impairment, write-downs and charges to risk provisions and income tax expense. This indicator was calculated applying best practice taking into account the new group financing contracts.

(2) Calculated using the average shares outstanding during the period.

The information at 31 December 2014 has been restated to reflect the adjustments arising following application of IFRS 3 - Business combinations- following acquisition of the Vector Cuatro group.

4. Interim directors’ report

4 Interim directors' report

This half-year financial report at 30 June 2015 has been prepared pursuant to article 154 ter of Legislative Decree 58/1998 and in conformance with International Financial Reporting Standards adopted by the European Union under regulation 1606/2002/EC of the European Parliament and Council dated 19 July 2002, in particular IAS 34 – Interim Financial Reporting, and the provisions issued to implement article 9 of Legislative Decree 38/2005.

The Falck Renewables group has prepared the half-year financial report in accordance with IAS 34 and has opted to present condensed disclosure notes to the half-year financial report at 30 June 2015.

4.1 Falck Renewables group operating and financial review

4.1.1 Falck Renewables group profile

Falck Renewables SpA is an Italian limited company with registered offices in Corso Venezia 16, Milan.

The Falck Renewables group's current structure is the outcome of the Consolidation Project that took place in the fourth quarter of 2010, whereby all of the renewable energy businesses of Falck SpA were transferred to Falck Renewables SpA, more specifically:

(i) the wind sector business of Falck Renewables Wind Ltd formerly Falck Renewables Plc (previously controlled by Falck SpA through Falck Energy SpA) and its subsidiaries; and

(ii) the WtE, biomass and photovoltaic businesses of Falck Renewables SpA (already controlled by Actelios SpA prior to conclusion of the Consolidation Project) and its subsidiaries.

These activities were extended in September 2014 to include the business of the Vector Cuatro group that was acquired in line with the group strategy to develop the services sector.

At 30 June 2015, Falck Renewables SpA ("the Company" or "Falck Renewables") and its subsidiaries ("the Falck Renewables Group" or "the Group") largely operate in Italy, the United Kingdom, Spain and France and following acquisition of the Vector Cuatro SLU group, the Group now has operations in Japan, Canada, Mexico and Bulgaria.

The Falck Renewables Group operates in the production of electricity from renewable sources through wind farms, WtE, biomass and photovoltaic plants and the provision of renewable energy plant management services. Specialising in the renewable energy sector has allowed the Falck Renewables Group to develop skills and acquire know-how in the operation and maintenance (O&M) of proprietary and third party-owned renewable energy power plants.

The Falck Renewables Group principally operates in the following two sectors:

- the wind sector, revenue from which derives mainly from the sale of Green Certificates, ROCs and electricity generated by the Group's wind farms;
- the WtE, biomass and photovoltaic sector, where revenue principally arises on the sale of Green Certificates and electrical and thermal energy, waste transfer for use in WtE plants, waste treatment and the operation and maintenance of third party renewable energy power plants.
- the services sector comprising the Spanish group Vector Cuatro, which was acquired on 15 September 2014 and consolidated from October 2014. This sector provides renewable energy plant management services on an international scale. It also offers engineering and consulting services to develop projects for electricity generation employing mainly solar and wind energy.

4.1.2 Regulatory framework

The European Union endorsed the Kyoto Protocol and has developed a specific energy strategy aimed at facilitating renewable energy use.
Directive 2009/28/EC set targets for the development of renewable sources for each member state and requires that each state develops its own National Renewable Energy Action Plan.
Italy announced its National Renewable Energy Action Plan on 30 June 2010, pledging that by 2020 17% of gross domestic consumption, including 6.38% of energy consumption in the transport sector, 28.97% of electricity and 15.83% of heating and cooling, will be met through renewable energy.
Directive 2009/28/EC was endorsed by Legislative Decree 28/2011 of 6 March 2011 (the Romani Decree) and its implementation was finalised in the decrees issued on 6 July 2012 that consolidated the sector's regulatory framework. The V energy account relating to photovoltaic energy incentives was published at the same time as the decrees implementing Legislative Decree 28/2011.
The new regulatory framework in Italy highlights a significant reduction in incentives for plants that come on stream from 2013 onwards while guaranteeing stable and longstanding incentive mechanisms for plants that commenced operations prior to 31 December 2012. With regard to Italy and the Group's photovoltaic power plants, the principal development relates to the introduction of Law 116/2014 revising the photovoltaic incentive scheme.
The 2015 Stability Law (Law 190 of 23/12/2014) introduced numerous changes to VAT rules including the Reverse Charge mechanism to the supply of gas and electricity to a taxable dealer, including sales of Green Certificates. This mechanism means that the Group issues invoices with applying VAT and limits any offset to VAT receivables and payables.
Moreover, the Italian Constitutional Court declared in ruling 10 of 11 February 2015 that the Robin Hood Tax was constitutionally illegitimate with effect from tax periods commencing 2015.

New renewables' incentives mechanisms and amendments to existing ones have also been passed in the other countries in which the Falck Renewables Group operates.
There was no significant impact on the power plants based in France while the UK government recently announced the measure to remove the exemption from the Climate Change Levy that represented, through levy exemption certificates (LECs), additional income for renewable producers. The renewables' incentives system in Spain underwent revision and was applicable retroactively to existing operating plants. As detailed further below, the revision of the system of incentives that commenced in 2013 officially came into force in June 2014 with effect from the second half of 2013. Spain currently accounts for approximately 2% of Group production.

❖ ***Italy: Regulation of the wind, WtE, biomass and photovoltaic sectors***

The regulations on incentives for the production of electricity from renewable sources comprises several mechanisms with different applications based on (i) the date the plant commenced operations, (ii) the type of renewable resource used, and (iii) the plant's capacity.
The principal incentives are as follows:

a) CIP 6/92;
b) Green Certificates introduced by the Bersani Decree and currently in transition phase subsequently to be replaced by the feed-in tariff regime;
c) The energy account governing photovoltaic plants;
d) The energy account for solar thermodynamic plants.

a) CIP 6/92

This incentive system offers a direct incentive to producers of renewable and similar types of energy, and is still effective for a number of operating plants, whereby under specific agreements (CIP 6 Conventions), lasting between 12 to 15 years, the producers sold energy generated to ENEL (now the GSE) at a fixed price without participating in the feed-in tariff market mechanism. In particular, CIP 6/92 fixed the selling prices under which ENEL purchased electricity, in accordance with the "avoided costs" criteria (of investment, operation and combustibles) applying to ENEL's production capacity under the previous monopoly regime. The first 8 years of this mechanism included a further incentive in respect of the higher cost of generating renewable energy compared to that of fossil fuels. This incremental incentive is no longer applicable to the Group's plants operating under the CIP 6 regime that in 2014 only received the avoided cost portion. With regard to the Trezzo sull'Adda plant, the avoided cost element was attributed to the entire installed capacity until August 2014 following which it will be applied to only 3MW of installed capacity up until August 2017, while with regard to the Granarolo dell'Emilia plant, owned by Frullo Energia Ambiente Srl in which the Group has a 49% interest consolidated applying the equity method, the incentive expires in December 2018. The Ministry of Economic Development issues a decree (MD) annually that governs settlement of these incentives on an account/adjustment basis.

The MD published in issue 280 of the Official Gazette of the Italian Republic dated 30 November 2012, extended to plants that operate under CIP 6 (selected initiatives as defined by Law 481/95), the application – commencing 1 January 2010 – of specific standard decreasing consumption levels based on the date of the plant's first connection for the purpose of identifying the combustible element of the avoided cost calculation to be applied to production.

The introduction of this amendment – further aggravated by its retrospective application to 2010 – forced the Group to challenge the MD before the Lazio Regional Administrative Court requesting its annulment. The Group companies involved prudently set up a specific risk provision comprising the adjustments relating to the period preceding the MD becoming law (1 December 2012), reserving the right to defend their claims in the relevant jurisdictions.

Subsequent to this amendment, Legislative Decree 69/2013 (the so called "Decreto del Fare" that became Law 98 on 8 August 2013) was published on 21 June 2013 resulting in a further substantial change in the method of calculating the avoided cost of fuel component (CEC) commencing 1 January 2013. Until 2012 the CEC was calculated using a mix of fossil fuels that represented (from 1992) the production mix of the national electricity provider (ENEL). Following a proposal put forward by the AEEGSI (Italian Regulatory Authority for Electricity, Gas and Water), the Legislative Decree replaced this method with the wholesale spot market price of natural gas on the Natural Gas Market. This replacement gradually came into force over the 4 quarters of 2013 with full implementation from 2014.

b) Green certificates (CV) replaced by Feed-in Tariffs

From 2001, the Bersani Decree has required entities importing or producing more than 100 GWh per year from conventional sources to feed into the grid (in the following year) not less than 2% of energy produced by renewable sources. This percentage was amended by the Romani Decree (28/2011) that introduced a minimum quota of 0% for 2015.

The above-mentioned emission quotas may be met through the production of renewable energy or alternatively the purchase of GCs from other renewable energy producers.

The GCs are annual certificates of renewable production that producers receive (for 15 year periods) based on production levels (in MWh) multiplied by a variable coefficient based on the type of renewable source as follows:

- wind plants with a capacity of more than 200 KW: 1;
- offshore wind farms: 1.5;
- biodegradable waste and biomass plants not sourced from agricultural short supply lines: 1.3;
- agricultural biomass plants sourced from short chain supplies or supply chain contracts approved by law: 1.8.

The GC market operates on a supply/demand basis (minimum quota/GC).

Following intense growth in renewables production, from 2007 GC supplies widely exceeded demand resulting in a collapse in the value of GCs that required government intervention (MD 18/12/2008) whereby the GSE undertook to buy in all excess GCs for the period 2008-2010 at a fixed historic price (3 year moving average).

The Romani Decree (Legislative Decree 28/2011) paved the way – with a transition period from 2011-2015 – for the abolition of the GC market replacing it with a feed-in tariff scheme recognised by the GSE through the "contract for difference" mechanism compared to electricity prices.
The above mechanism applies to plants in service at 31 December 2012, with an exemption and reduction up to 30 April 2013.
This decrease will not apply to the Group's plants.
Legislative Decree 28/2011 envisages a price for GCs (in Euro/MWh) equal to 78% of the difference between 180 and the annual average market price of electricity published by the Regulatory Authority for Electricity and Gas. From 2016, the Implementing Decree (ID) of the Romani Decree (published on 6 July 2012) establishes application of the same formula in calculating the feed-in tariff. This formula is currently applied to all of the Group's Italian wind farms. This formula will also be applied to the Ecosesto SpA biomass plant up to 31 December 2015 and commencing 1 January 2016 the average annual electricity price determined by the AEEGSI will be replaced by a fixed tariff of Euro 77 per MWh.

With regard to new plants (that commenced operations after 31 December 2012), the above ID states that access to these incentives will take place through entry to registers for plants up to defined capacity thresholds analysed by energy source and by registering for reverse auctions where plants exceed the specified capacity thresholds. In each case annual incentive caps apply for the three year period 2013-2015 differentiated by source.

The threshold for enrolment to registers and auctions is 5MW in respect of wind farms and biomass plants. The incentives are awarded monthly for a 20 year period in the form of a feed-in tariff calculated applying the contract for differences mechanism (the GSE pays the producer the difference – where positive – between the feed-in tariff and the energy price recorded for the month of production).

In order to limit the annual renewables incentive burden on prices and electricity tariffs, Law 4/2014 (so called "Destinazione Italia" Decree) offers renewable electricity plant owners that benefit from Green Certificates, Overall Feed-in Tariffs or Premium Tariffs, the option of choosing one of the following:

a) Continue with the current incentive scheme for the remaining period. In this event, any work carried out on these plants will be excluded from any kind of incentive scheme for 10 years following expiry of the current incentive scheme, including purchase and resale arrangements applying electricity prices or tariffs;
b) Revision of the current incentive over the plant's useful life (the reduction in GCs on the Group's plant portfolio is on average 35%). In this case the producer will have access to a reduced incentive, the degree of which will depend on the type of plant as defined by the decree of the Ministry of Economic Development in conjunction with the Ministry for the Environment and Protection of Land and Sea (and the opinion of the Regulatory Authority for Electricity, Gas and Water) and is applicable for an extended incentive period equal to the remaining incentive period under the current scheme plus 7 years. The percentage of incentive reduction is applied:

    1) in respect of plants awarded green certificates, to the multiplication coefficient awarded to green certificates' plants under annex 2 of Law 244 of 24 December 2007;
    2) in relation to overall tariff plants, to the value of the awarded tariff net of the electricity selling price for the prior year determined by the Authority for Electricity and Gas under article 13, paragraph 3 of Law 387 of 29 December 2003;
    3) to the premium tariff for those plants granted a premium tariff.

The Group opted for alternative a).

c) Energy account

The energy account is the incentive for photovoltaic plants and was originally introduced by Ministerial Decrees (MD) 28/07/05 and 06/02/06 (First Energy Account), which were subsequently amended by MD 19 February 2007 (Second Energy Account).

With regard to plants that commenced operations between 1 January 2008 and 31 December 2010 the MD provides tariff-based incentives for the energy produced that vary based on the characteristics of the plants (integrated, partially integrated or non-integrated) and their nominal capacity (1 - 3 kW; 3 - 20 kW; over 20 kW). This incentive is provided by the GSE for a period of up to 20 years.
Under Legislative Decree 129 of 13 August 2010, the incentive tariffs under the energy account governed by MD of 19 February 2007 continue to apply to photovoltaic systems including those that commenced operations after 31 December 2010, provided that (i) by 31 December 2010 the photovoltaic system had been installed and the relevant authorities notified of the completion of work, and (ii) the facilities came into operation by 30 June 2011.

MD 06/08/10 (Third Energy Account) applies to plants that entered into service after 1 January 2011 with the exception of those governed by Law 129/2010. This decree also set a national cumulative target of 8GW of capacity to be installed by 2020 with a cap on capacity eligible for incentives of 3 GW for solar photovoltaic plants, 300 MW for innovative integrated plants and 200 MW for concentrating solar plants. The MD of 06/08/10 removed the distinction of plants installed on existing buildings thus analysing them by those installed on buildings and other plants.

MD 12/05/2011 (Fourth Energy Account) established that the provisions of MD 06/08/2010 be applied to plants that entered into service by 31 May 2011. From this date up to 31 December 2016, the Fourth Energy Account sets decreasing six-monthly incentive tariffs to reach the 2016 target of 23 GW of installed capacity while fixing a total cumulative annual expenditure of between Euro 6 to 7 billion. From the first half of 2013, the incentive tariffs will be replaced by a comprehensive tariff for energy sold to the grid.

MD 05/07/2012 (Fifth Energy Account), redefines incentive tariffs commencing 27/08/2012 and sets the annual expenditure limit at Euro 6.7 billion. A comprehensive tariff applies for plants with an installed capacity of less than 1 MW while for plants with greater capacities the tariff represents a premium paid in respect of energy generated. The incentive tariffs are decreasing in value for the first five semesters following which they will be reduced by 15% every six months. Access to the incentives is by entry to specific registers except for plants with less than 12 kW of installed capacity, plants with a capacity of between 12 and 24 kW that accept a reduction in the incentive and those with a capacity of up to 50 kW built to replace plants containing Eternit.

All of the Group's photovoltaic plants fall within the scope of the First and Second Energy Accounts.

As mentioned above in the Regulatory framework introductory paragraph, Law 116/2014 was introduced and establishes that commencing January 2015 the incentive tariff for energy generated by plants with a nominal peak capacity exceeding 200 kW (essentially all of the Falck Renewables Group's plants), is to be revised by the operator based on the following options that must have been notified to the GSE by 30 November 2014:

a) the incentive period is extended to 24 years commencing from the date the plant came on stream and is then recalculated applying the percentage reductions illustrated in the decree;
b) retain the original 20 year incentive period however, the tariff is recalculated based on an initial period whereby the incentive is lower than the current equivalent and a subsequent period with the incentive restated to the original amount (in order to generate a saving of at least Euro 600 million per annum in the period 2015-2019 compared to the amount that would be paid under the current tariff scheme). The reduction percentages will be determined by decree of the Minister of Economic Development and vary between 15% and 25% for the Group;
c) retain the current 20 year incentive period, the tariff is reduced for the remaining incentive period by a percentage of the incentive awarded at the time the existing legislation came into force as follows:
    1) 6% for plants between 200 kW and 500 kW;
    2) 7% for plants between 500 kW and 900 kW;
    3) 8% for plants with nominal capacity in excess of 900 kW.

The GSE will automatically apply option c) in the event that plant operators failed to inform their preferred alternative by 30 September 2014.
As the Group did not notify its choice, option c) will be applied automatically to the photovoltaic plants.

Following an appeal filed by a number of operators, the Regional Administrative Court questioned the constitutional legitimacy of Law 116/2014 in respect of the ruling that led to the above amendment to the incentive tariff regime, referring to the Italian Constitutional Court the possible violation of the principle of reasonableness and legitimate expectation and principle of independent management pursuant to articles 3 and 41 of the Italian Constitution.

With regard to the first energy account, in the GSE communication Protocol GSE/ P20150026806 of 7/04/2015, Actelios Solar SpA was notified of the process to redefine the incentive tariff and recover sums received following the exclusion from the 2005 ISTAT revaluation of the above incentive tariff subsequent to implementation of the ruling of Plenary Meeting 9 of the Italian Council of State on 4 May 2012, that declared the amendments made to MD 28 July 2005 by MD 6 February 2006 to be legitimate, annulling the rulings of the Court of First Instance, and which subsequently formed section VI of the Council of State in decision 3990 of 30 July 2013. The company raised objections against this notification requesting GSE for a positive outcome to the process, not proceeding with the recovery of sums received in relation to the ISTAT revaluations from 2007. The Company is currently assessing which actions to undertake both pending the final ruling and once it has been passed.

In the GSE communication Protocol GSE/P20150017055 of 11/03/2015, Ecosesto SpA was notified of the process to redefine the incentive tariff and recover sums received following the exclusion from the 2005 ISTAT revaluation of the above incentive tariff subsequent to implementation of the ruling of Plenary Meeting 9 of the Italian Council of State on 4 May 2012, that declared the amendments made to MD 28 July 2005 by MD 6 February 2006 to be legitimate, annulling the rulings of the Court of First Instance, and which subsequently formed section VI of the Council of State in decision 3990 of 30 July 2013. The company raised objections against this notification requesting GSE for a positive outcome to the process, not proceeding with the recovery of sums received in relation to the ISTAT revaluations from 2007. The Company is currently assessing which actions to undertake both pending the final ruling and once it has been passed.

Furthermore, the GSE published "Technical guidance document - rules for maintaining the right to energy account incentives (DTR)", which outlines how changes made to plants should be notified to the GSE.
This DTR was suspended by the GSE itself following the collective appeal filed by AssoRinnovabili against the DTR.

d) Feed-in tariff for solar thermodynamic plants

Ministerial Decree 6/7/2012 (Article 28) implementing Directive 2009/EC/28, extends MD 11/4/2008 "governing the criteria and procedures to promote the production of electricity from solar energy by way of thermodynamic cycles", which otherwise would have expired in 2013.
In addition to the time extension that grants the right to receive incentives to plants that commence activities by 31 December 2015, the financial incentives and access terms were reviewed and improved, thus creating new interest for producers.
Ecosesto SpA, a wholly owned subsidiary of Falck Renewables SpA, has constructed a plant that meets these criteria, integrating it into the existing wood-fuelled biomass thermodynamic plant in Rende (CS). The plant was completed in December 2013 and the GSE incentive of Euro 320 per MWh has been confirmed.

Other major events affecting the regulatory framework governing renewable electricity production

Cancellation of Italian Regulatory Authority for Electricity and Gas AEEGSI (formerly AEEG) Resolution 281/2012 and reinstatement of imbalances
This resolution introduced for non-programmable sources the transfer of imbalance costs on the difference between electricity hours actually fed into the grid and scheduled injection plans. The resolution came into force on 1 January 2013. For those plants that inject electricity to the grid under purchase and resale agreements with the GSE, production schedules are prepared and imbalance costs are calculated and transferred by GSE to the producers based on conditions defined by the latter and approved by the AEEGSI in Resolution 493/2012. Numerous appeals were filed against this Resolution by electricity producers and associations of producers. The

Lombardy Regional Administrative Court upheld the appeals and ruling 1613/2013, 1614/2013 and 1615/2013 was passed cancelling AEEGSI Resolutions 281/2012 and 493/2012.
The AEEGSI appealed to the Council of State which in turn issued orders 3565, 3566, 3567, 3568, stating that the Resolutions cancelled at the first level should remain suspended only in respect of the provisions equating renewable sources to other energy sources while the other provisions, in particular those implemented to guarantee the safety of the electricity system should remain in force. In the meantime the AEEGSI stated (AEEGSI Resolution 462/2013) that pending the Council of State ruling, that the costs introduced by Resolution 281/2012 would be applied commencing 1 October 2013 to producers without application of the exemption (20%), while application of the provisions for the period 1 January to 30 September 2013 would depend on the outcome of the appeal.
In its ruling 2936/14 of 9 June 2014, the Council of State cancelled resolutions 281/2012 and 493/2012, thus requiring reimbursement of any amounts paid/received by the operators.

The AEEGSI published Resolution 522/2014 to reintroduce new measures – with effect from 1 January 2015. The new regulation (Resolution AEEGSI 522/2014) is an exact reproduction of the previous version (281/2012), the only differences being that it diversifies the treatment of the various sources (previously treated in the same way) and it has revisited the tolerance levels of programming errors in the injection timetable.
The impact on the Group's income statement for the first half of 2015 amounted to approximately Euro 0.9 million.

Guaranteed Minimum Prices (GMP) for renewable plants up to 1 MW operating under GSE purchase and resale agreements
Law 4/2014 (Destinazione Italia) modified the previous regime to exclude, as of 1 January 2014, from the application of GMP, plants that enjoy electricity production incentives, with the exception of very small plants (photovoltaic up to 100 kW and hydroelectric up to 500 kW). The photovoltaic plants of Solar Mesagne Srl and Ecosesto SpA, with a total installed capacity of 3 MW, fall within this category.

Capacity remuneration mechanism
The Ministry of Economic Development (MED) published the decree approving the terms and conditions of the new capacity remuneration system on 30 June 2014, which offers a sufficient degree of flexibility in services thus guaranteeing the safety of the electricity system without increasing electricity prices and tariffs for customers.
The regulations that will impact the electricity network from 2018 impose four conditions on Terna (Italian grid operator for electricity transmission):
- The assessment of capacity must take into consideration the positive impact of the development of the network and overseas connections;
- The possibility to participate actively in demand;
- Encourage the participation of renewable sources with suitable technical requirements to contribute to the flexibility and safety of the system;
- The identification of the minimum and maximum values of the reserve premium in order to minimise the cost to the electricity system.

With regard to the transition period 2015-2017, in resolution 320/2014 of 30 June 2014 the AEEGSI proposed that the MED request Terna to procure the production capacity through options contracts with parties selected by tender.

❖ ***United Kingdom: regulatory framework in the wind sector***

The incentives system for the production of electricity from renewable sources is based almost exclusively on the ROC market (Renewables Obligation Certificate). The ROC market mechanism replaced the "FEED IN TARIFF" system (all-inclusive system covering energy and incentive), the so called NFFO (Non Fossil Fuel Obligation).

In England and Wales the previous regime for the sale of electricity generated from renewable sources was regulated under the Electricity Orders (England and Wales) of 1994, 1997 and 1998 (the NFFOEW Orders). In Scotland this regime was governed by the Electricity Orders (Non Fossil Fuel Sources) of 1994, 1997 and 1999 (NFFOS Orders).

Although the underlying legislation has been repealed, projects which commenced during this regime continue to benefit from these incentives until the expiry of the existing NFFO contracts (fixed price long-term sales contracts) with NFPA (Non Fossil Purchasing Agency). This applies to the Cefn Croes plant as the final NFFO contract matures in 2016.
The current renewables' incentive regime in England and Wales and Scotland is through separate Renewables Obligation Orders ("ROs"). The Renewables Obligation Order 2006 (England and Wales) and the Renewables Obligation (Scotland) Order 2007, respectively impose obligations on electricity suppliers to demonstrate that not less than a stipulated percentage of electricity produced was generated from renewable sources. The Office of Gas and Electricity Markets, OFGEM, issues Renewable Obligations Certificates ("ROCs") and Scottish Renewable Obligations Certificates ("SROCs") on behalf of the Gas and Electricity Markets Authority ("GEMA").

The ROs require electricity suppliers to source an increasing portion of their electricity supply from renewable sources. From 2009 the level of renewable energy is measured by the number of ROCs per MWh of energy supplied and for the period 1 April 2014 to 31 March 2015 the minimum quota each supplier must meet is 0.244 ROCs per MWh of energy distributed.
Compliance under the RO scheme is regulated through a certification system using ROCs and SROCs. Renewable energy generators receive ROCs or SROCs for each MWh of electricity generated depending on the technology and source of energy employed.
New ROC levels were introduced in late July 2012 in respect of new plants that will enter into service from April 2013. Onshore wind farms that commenced operations after April 2013 will be awarded 0.9 ROCs for each MWh.

ROCs and SROCs are tradable (and can take part in auctions organised by the NFPA), are priced in the market and traded at a premium compared to the market price of a similar quantity of energy (FEED-IN PREMIUM mechanism).

Smaller wind farms connected to the local distribution grid (therefore all of the Group's wind farms with the exception of Kilbraur and Millennium) are also entitled to receive other incentives. Renewables generating plants are typically connected to the low voltage regional electricity distribution network rather than to the high voltage transmission network operated by the National Grid Electricity Transmission (NGET). Using the distribution network rather than the high voltage transmission network avoids the charges imposed to access the national transmission network TNUoS (Transmission Network Use of System). In order to access the electricity market the generator must enter into a Power Purchase Agreement (PPA) with an electricity supplier which collects electricity generated and sells it directly to the distribution network thus avoiding the requirement to procure electricity through the transmission network. The costs avoided by the supplier (and other costs arising from the current balancing mechanism and losses through the network) are allocated in part to the generating plant and defined Embedded Benefits (benefits arising from inclusion in the distribution network). NGET and Ofgem are currently undertaking an organised consultation process to assist the review of the entire tariff system and determination of Embedded Benefits. The current system will remain in force until at least April 2016 (Ofgem communication).

The Finance Act 2000 introduced the Climate Change Levy (CCL) which is a flat rate currently at £4.41 per MWh (£5.41 per MWh for the period 1 April 2014 to 31 March 2015), charged on the supply of electricity to non-domestic customers. Eligible renewable generators are entitled to climate change levy exemption certificates (LECs). In order to meet the obligations of the Finance Act 2000, suppliers may either purchase LECs from a generator of qualifying renewable energy which can then be submitted to Ofgem or pay the tax directly to Ofgem.

Unlike ROCs (and SROCs), LECs are not fully tradable and the supplier must show they relate to a quantity of renewable electricity actually supplied to a specific industrial consumer. The value of LECs depends on both the tax burden on the CCL and the demand-supply balance of LECs.
The duration of Climate Change Agreements was extended until 2022/2023 in March 2011 therefore LECs will be recognised commencing April 2023.

The reform of the incentives schemes available to renewable energy producers in the UK is now in the implementation phase and envisages the introduction of:

- **Feed-in Tariffs with Contracts for Difference (FiT-CfD)** for new plants that under the current system would be eligible for ROCs or SROCs. Under this mechanism renewable energy producers are awarded the difference between the strike price (which reflects an adequate level of remuneration for the cost of investing in the technology employed) and the energy market price (the UK market average price). This incentive period varies depending on the technology used; a transition period will apply between the two incentive regimes during which either of the systems may be adopted.
- **Capacity Market** that is designed to guarantee a sufficient level of global investment in programmable generating capacity required to ensure security of electricity supply. The Capacity Market works by providing constant payment to suppliers of reliable sources of capacity in order to ensure supply meets demand**;**
- **Emission Performance Standard (EPS)**: limits the level of carbon emissions from new fossil fuel plants. The level introduced will favour stations that are equipped with carbon capture and storage facilities**;**
- **Carbon Price Floor**: sets a floor price for carbon emissions, integrating the European Emission Trading System price in the form of a tax (Carbon Price Support) on fossil fuels used to generate electricity**.**

No significant changes are expected to be made to the Feed-in Premium currently in place for plants with capacities of less than 5 MW.
The reform, which came into effect in 2014 for new plants, envisages a transition period (2014-2017) during which new renewable generators may choose between ROCs (or SROCs) and the new incentive scheme (FiT-CfD). The final date to apply for the ROC scheme may be extended in the case of less mature technologies and particularly sensitive projects.
Following the latest elections, the UK government announced its intention to bring forward introduction of the new CfD incentive scheme to 31 March 2016, reducing the previous transition period by one year. A grace period will be adopted in order to access the ROCs mechanism in respect of authorised plants that satisfy certain conditions at 18 June 2015.

Following the Summer Budget announced on 8 July 2015 the Chancellor of the Exchequer George Osbourne announced the removal of the Climate Change Levy (CCL) exemption for renewable electricity. HM Revenue & Customs released an informative document detailing the impact of this change. According to this proposal renewable electricity generated from midnight on 31 July 2015 will no longer be eligible for the CCL exemption. Operators who accumulated the associated levy exemption certificates (LECs) prior to 1 August 2015, will be granted a transition period during which they will be allowed to redeem these certificates. In the event that the proposal is approved, based on the current UK electricity curve this would not result in the impairment of the Group's UK wind farms. A detailed analysis will be carried out reflecting new market forecasts during the year-end impairment testing.

❖ ***Spain: regulatory framework in the wind sector***

In compliance with Directive 2001/77/EC, Spain established that 29% of gross electricity consumption be produced from renewable energy sources by 2020. The main regulations in Spain comprise the 436/2004 and 661/2007 Royal Decrees. New regulations were approved in July 2010 which do not materially impact the Group's wind farms falling under the 436/2004 Royal Decree.
The 436/2004 Royal Decree established that electricity generated could be sold either at an all-inclusive price (Feed-In Tariff) or under a mechanism comprising a fixed element (or premium) and a variable element based on energy prices in the Spanish electricity market (Feed in Premium-FIP, or Market Option).

The 436/2004 Royal Decree was superseded by the 661/2007 Royal Decree that maintains the feed-in tariff regime and introduces a new variable price regime (Market Option), which is subject to a floor and a cap to ensure wind farm owners are not under or over remunerated. The Group's wind farms have elected to apply the Market Option established by the 436/2004 Royal Decree.

In 2010 the Spanish Government introduced two extraordinary measures in the electricity generation market for the period 2011-2013:

- All electricity generators must pay a tax of Euro 0.5 for each MWh of electricity fed into the network;
- The incentive for solar plants and wind farms is limited to a maximum number of hours per year with any energy generated over this threshold to be valued at market prices. The threshold for wind energy is 2,589 hours per year but is only applied where in a given year the threshold of the average number of production hours for the entire Spanish wind farm installed capacity is met (currently 2,350).

Royal Decree 1/2012 issued on 27 January 2012 temporarily suspended all economic incentives for the production of electricity from renewable sources in respect of projects not authorised at the date of issue of the decree as Spain had already exceeded the level of installed capacity set out in the plan issued by the Spanish Government. This suspension remained in force until a solution to the system's tariff deficit was found (Royal Decree 2/2013 detailed below) that defined a new renewable sources remuneration model.

In 2012, the Spanish government introduced a 7% tax on electricity production that came into effect in 2013 (Law 15/2012 and Royal Decree 29/2012).

Royal Decree 2/2013 (RD 2/2013) introduced urgent measures in respect of the electricity sector that resulted in the review of the incentives tariffs established under RD 661/2007 that had been applied up to this point albeit with the above-mentioned amendments. More specifically, the renewable premium allowed under the "variable tariff regime" (so called FiP or Market Option), adopted by the Group in 2012, was eliminated. This regime entitled the producer to sell electricity independently in the free market and receive an additional premium. Under the new RD 2/2013, plants operating under the FiP are allowed to transfer to the feed-in tariff regime (Feed-in Tariff: FiT), outlined in RD 661/2007, which does not allow the producer to sell to the market but instead assigns a fixed tariff for the market price of electricity plus a premium. Commencing 2013, the Group's plants transferred from the FiP to the fixed tariff FiT regime.

Royal Decree 9/2013 (RD 9/2013) of 12 July 2013, which completes RD 2/2013, introduced new urgent measures to provide financial stability to the electricity market.

RD 9/2013 envisages a new remuneration system for existing renewables plants. This reform came into effect on 14 July 2013.

The RD 413/2014 published on 10 June 2014 redefines the system of remuneration incentives for existing plants, providing a contribution compared to market value of a minimum integration of non-recoverable costs arising from the market trading of electricity.

The FiT is based on standard operating costs using market averages. The tariff – applicable to new plants – is reduced for existing plants depending on the date they came on stream and consequently the period for which the plant enjoyed benefits under the previous system. Plants that commenced operations prior to 2005 will not be eligible for incentives and will only receive the market price of electricity generated. The Group's two Spanish plants came on stream in 2003 and 2004 and therefore fall within this category and no longer benefit from any form of incentive and sell electricity generated exclusively at market price.

- ***France: regulatory framework in wind sector***

Law 2000-198 of 10 February 2000 regarding the upgrade and development of public services and electricity (and ensuing amendments under the Laws of 3 January 2003 and 15 July 2003 - the French Electricity Law) and Decree 2001-410 of 10 May 2001, require Electricité de France ("EDF") and local distributors to purchase electricity generated by producers of energy from renewable sources under a 15 year purchase agreement.

Subsequent to the amendment of July 2005, the purchase obligation applies to wind farms located within the perimeter of a wind farm development area (zone de development de l'éolien or ZDE). This limit has now been removed allowing further development in this sector.

The conditions governing the purchase of electricity generated by renewable energy plants are set out in the Arrété of 17 June 2014.
The Arrété specifies a fixed tariff regime (8.2 Euro c/KWh subject to indexation) for the first 10 years of generation, while the tariff for the last five years of the purchase contract is linked to the volume of energy produced in the first 10 year period. Low-wind sites (less than 2,400 hours of generation per year) will continue to benefit from the same tariff for the full 15 year period, whereas mid and high-wind speed sites will see a decrease in the purchase tariff in the final five years of the contract.

The tariff applicable to a specific wind farm is determined using a coefficient ("k index") dependent on the year in which the EDF received the full application to enter into the electricity purchase agreement. The k index is reviewed annually in line with a specific formula defined in the Arrété. The tariff, subject to an annual index, is guaranteed for the 15 years following the start of operations. The Group's plants are located in low wind speed areas.

4.1.3 Performance

The accounting standards used in the preparation of the half-year financial report at 30 June 2015 are in line with those adopted for the preparation of the previous year-end financial statements.
Following acquisition of the Vector Cuatro group on 15 September 2014, Falck Renewables SpA controls the former. IFRS 3 governing business combinations requires: (i) determination of the total acquisition cost; (ii) allocation at the acquisition date of the cost of the business combination to the assets acquired and liabilities assumed, including those not identified prior to acquisition; (iii) recognition and measurement of goodwill arising on the business combination. The transactions must take place within 12 months of the acquisition date.
On completion of the recognition and measurement process at 30 June 2015, the current values of the identifiable assets and liabilities of the Vector Cuatro group were determined in particular the asset management contracts portfolio and the Vector Cuatro group's client list in relation to the services contracts in various countries with varying maturity dates.

Consequently, the financial information at 31 December 2014 has been restated to reflect the above transaction resulting in an increase of Euro 1,802 thousand in assets (intangible assets), an increase in liabilities (deferred income tax liabilities) of Euro 1,854 thousand and a decrease in total equity and the result for the period of Euro 52 thousand.

The Group results at 30 June 2015, as illustrated below, have increased significantly compared to the first half of 2014, due to a marked increase in revenue (+16% approximately) that is principally due to the excellent wind levels in the first half of 2015 and the increased installed capacity attributable to the UK wind farm West Browncastle (30 MW), which only entered into service in the last month of the 2014 first half-year. The efficient technical management of the plants has improved performance and maximised the positive impact of the excellent wind conditions and the favourable, exceptional weather conditions. The GWh generated in the wind sector in the first half of 2015 amounted to 891 compared to 789 recorded in the 2014 first half-year.
The overall GWh generated globally by all Group technologies totalled 1,001 compared to 897 in the first half of 2014.

Revenue also benefited from the revaluation of Sterling against the Euro (+12% compared to the 2014 first half-year) in respect of the UK power plants' production and the consolidation of the Vector Cuatro group acquired in September 2014 that contributed to Euro 4,319 thousand of revenue in the first half of 2015 that was not included in 2014.
The increased revenue was partially offset by the forecast contraction, compared to the 2014 first half-year, in the average selling prices of electricity by the Trezzo sull'Adda plant in particular due to the avoided cost component (CIP 6/92) that expired in August 2014 on 15 MW (it still applies to 3 MW), the fall in electricity prices in the UK and the drop in production at the Trezzo sull'Adda plant following the scheduled stoppage to carry out maintenance at the plant in March this year. The Trezzo WtE plant did not generate electricity from

late April 2014 due to the break-down of the alternator and this contributed partially to a fall in revenue in the half-year.

(Euro thousands)

		30.6.2015	30.6.2014	31.12.2014
Revenue		147,234	127,183	248,325
Cost of sales		(85,187)	(72,453)	(150,120)
Gross profit		**62,047**	**54,730**	**98,205**
Operating profit		**46,020**	**39,662**	**70,702**
Ebitda		**85,126**	**72,063**	**135,292**
Profit before income tax		**23,365**	**15,127**	**21,504**
Profit for the period		**14,789**	**5,683**	**8,912**
Profit attributable to owners of the parent company		**8,740**	**2,715**	**3,300**
Invested capital net of provisions		1,143,987	1,103,321	1,137,837
Total equity		520,593	505,387	499,708
Net financial position (asset)/indebtedness		**623,394**	**597,934**	**638,129**
of which non-recourse financing		665,172	692,576	673,866
Capital expenditure		**15,788**	**21,649**	**57,791**
Employees at period-end	(no.)	301	205	297
Ordinary shares	(no.)	291,413,891	291,413,891	291,413,891

Revenue in the first half of 2015 analysed by sector is as follows:

(Euro thousands)

	30.6.2015	%	30.6.2014	%
WtE, biomass and photovoltaic	28,470	19	30,402	24
Wind sector	114,449	78	96,743	76
Services sector	4,319	3	0	0
Falck Renewables SpA	189	0	38	0
Sub-total	147,427	100	127,183	100
Elimination of intercompany revenue	(193)	0		0
Total	**147,234**	**100**	**127,183**	**100**

Ebitda[1] in the first half of 2015 also increased significantly to Euro 85,126 thousand (first half of 2014 – Euro 72,063 thousand), corresponding to 57.8% when expressed as a percentage of revenue (first half of 2014 – 56.7%).

Operating profit totalled Euro 46,020 thousand, an increase of Euro 6,358 thousand on the first half of 2014 and corresponds to 31.3% of revenue (30 June 2014 – 31.2%).

Operating profit reflects the impairment loss of Euro 4,044 thousand recognised following impairment testing performed on the Rende hybrid plant.

The profit before income tax comprises the write-down of Euro 1 million relating to the acquisition and development costs incurred on the Verus Oak Energy Ltd project and the write-down of Euro 0.9 million against the financial receivables due from the latter as the project is longer viable. Work is under way with the project developer aimed at valuing the project in order to try and recover the costs incurred by the Group.

[1] Ebitda is defined by the Falck Renewables Group as profit for the period before net investment income/(costs), net finance income/(costs), amortisation and depreciation, impairment, charges to risk provisions and income tax expense.

Profit for the period amounted to Euro 14,789 thousand, an increase of Euro 9,106 thousand compared to the result at 30 June 2014.

Deferred income tax assets have not been recognised on the charges made to the sundry risks provision in respect of the Sicily Projects as they would only be recoverable (i) as part of the Group consolidated tax regime, (ii) against sufficient Group taxable income and (iii) once the conditions allowing their deductibility are realised.

With regard to the invitation to settle in court pursuant to article 185 of the Italian Code of Civil Procedure (c.p.c.) issued by the Milan Court on 27 March 2015, in the hearings that took place on 8 June 2015 Falck Renewables, Falck SpA, Elettroambiente SpA, Tifeo Energia Ambiente ScpA (Tifeo), Platani Energia Ambiente ScpA and Palermo Energia Ambiente Pea – ScpA (Pea) settled the disputes with the Regional Department for Energy and Public Utilities (the Department) and the Presidency of the Sicily Region in relation to the projects initiated in 2002 to construct WtE plants (the Sicily Projects). This resulted, inter alia, in the mutual waiver of all demands arising from the disputes, the 2002 tenders and subsequent relations between the parties in relation to the proceedings (including the administrative proceedings pending before the Administrative Justice Council of the Sicily Region (CGARS) that will be dropped). The liquidator of Tifeo and Platani, which are part of the Group's consolidated tax regime while Pea is not as it is not controlled by the Falck Group, is currently determining the value of the amounts charged to the above-mentioned sundry risks provision that are deductible and the losses recoverable within the Group consolidated tax regime. Following this analysis that will be finalised before the year-end, both the deductible amount and the losses recoverable will be identified based on the Group's results, following which the relevant deferred income tax asset will be recorded.

The **net financial position**, **net of the fair value of derivatives**[2], is a net indebtedness of Euro 556,259 thousand, a fall on the balance of Euro 560,046 thousand at 31 December 2014.

Cash flows from operations amounted to approximately Euro 62.6 million and were offset by capital expenditure of Euro 15.8 million in the period that amounted to Euro 14.6 million net of disposals, Euro 19.6 million of dividends paid and Euro 24.6 million of foreign exchange differences on borrowings in Sterling.

The net financial position comprises non-recourse loans (Gross Project Debt) that amounted to Euro 665,172 thousand at 30 June 2015 (31 December 2014 – Euro 673,866 thousand).

The net financial position includes net borrowings of Euro 33,230 thousand relating to construction projects that were not revenue generating at 30 June 2015. The net indebtedness, net of these borrowings and the fair value of derivatives would have amounted to Euro 523,029 thousand.

The net financial position of the project companies (NFP Project) comprising Gross Project Debt, the fair value of derivatives to hedge interest rate exposure on this debt and the liquidity of the financed projects amounted to Euro 622,535 thousand.

Interest rate swaps to a total of Euro 524,102 thousand have been entered into to hedge interest rate fluctuations on the Gross Project Debt, equal to 79% of the total debt.

Consequently as a result of the above amounts the interest rate risk on the net financial position, net of the fair value of derivatives, amounting to Euro 556,259 thousand, is hedged by interest rate swaps to the amount of 94% of the net indebtedness: this is due to the significant liquidity held following the Borea Transaction.

The ratios illustrated in the table below summarise the breakdown and hedging of the Falck Renewables Group interest rate risk:

[2] The net financial position including the fair value of derivatives amounted to Euro 623,394 thousand at 30 June 2015 (Euro 638,129 thousand at 31 December 2014). The overall net indebtedness represents the sum of cash and cash equivalents, current financial assets including available-for-sale securities, financial liabilities, the fair value of financial hedging instruments and other non-current financial assets.

	(Euro thousands)
	30.6.2015
Total NFP net of Fair Value of Derivatives	556,259
Total hedged against interest rate fluctuations	524,102
% Hedged/NFP net of derivatives	94%
Total Gross Debt including Fair Value of Derivatives (GD+FVD)	804,123
of which Project Gross Debt + Fair Value of Project Derivatives	730,432
% Project GD including FV Derivatives/(GD+FVD)	91%
Total Gross Debt (GD)	736,976
of which Project Gross Debt (Project GD)	665,172
% Project GD/GD	90%
Project Gross Debt	665,172
Total hedged against interest rate fluctuations	524,102
% Project NFP/NFP	79%
Total Gross Debt (GD)	736,976
Total hedged against interest rate fluctuations	524,102
% Hedged/GD	71%
Total net financial position including Fair Value of Derivatives (NFP)	623,394
of which Project Financing Net Debt (Project NFP) (*)	622,535
% Project NFP/NFP	100%

(*) Project NFP = Project Gross Debt + Fair Value of Project Derivatives - Project Liquidity

Capital expenditure in the period, which amounted to Euro 15,788 thousand, represents the Group's financial commitment in relation to wind farms and improvements to operating plants. Capital expenditure in the period principally comprised Euro 7,471 thousand on the construction of the Assel Valley wind farm, Euro 3,413 thousand on the Kingsburn wind farm, Euro 2,210 thousand on the Auchrobert wind farm, Euro 906 thousand on the Spaldington wind farm and Euro 349 thousand on the West Browncastle wind farm. Expenditure on improvements to the Trezzo sull'Adda WtE plant amounted to Euro 850 thousand and other minor expenditure totalled Euro 499 thousand. Intangible assets increased in relation to Euro 68 thousand of software licences acquired by the parent company and Euro 22 thousand acquired by Vector Cuatro SLU.

Employee numbers totalled 301 at 30 June 2015; an increase of 4 compared to the total at 31 December 2014 which comprised:

			(Number)
	30.6.2015	30.6.2014	31.12.2014
Managers	37	29	35
White-collar workers	218	130	216
Blue-collar workers	46	46	46
Total Group employees	**301**	**205**	**297**

The increase is largely attributable to the services sector that is in expansion.

Employees by sector may be analysed as follows:

(Number)

	30.6.2015	30.6.2014	31.12.2014
WtE, biomass and photovoltaic	82	83	84
Wind	36	38	36
Services	97	0	92
Falck Renewables SpA	86	84	85
Total	**301**	**205**	**297**

Installed capacity, which is in line with the previous periods, is illustrated in the table below:

(MW)

Technology	30.6.2015	30.6.2014	31.12.2014
Wind	674,6	674,6	674,6
WtE	20,0	20,0	20,0
Biomass	15,0	15,0	15,0
Photovoltaic	16,1	16,1	16,1
Total	**725,7**	**725,7**	**725,7**

4.1.4 Non-financial performance indicators

The key non-financial performance indicators are set out below:

	Unit of measurement	30.6.2015	30.6.2014
Gross electricity generated	MWh	1,001	897
Total waste treated	tonn.	135	135

The first half of the year shows an increase in electricity production principally due to high wind levels during this period and the increase in installed capacity relating to the West Browncastle (30 MW) UK wind farm that only entered into service in the last month of the first half of 2014.

4.1.5 Share price performance

The performance of the Falck Renewables SpA share price, which is listed on the STAR segment, is illustrated below.

The format of communications to shareholders or prospective investors of Falck Renewables SpA is based on constant interaction and does not necessarily follow that of presentations or road shows. Investor relations are in fact principally based on one to one meetings and issuing notices and explanations even by e-mail or through telephone contact. The Company also attends conventions and discussions organised by Borsa Italiana, enterprises or financial institutions, regarding both financial matters and technical-regulatory topics in order to understand and contribute to improving the structure of the renewables sector.

In the first half of 2015 particular attention was paid to market communications regarding the key elements of the Group’s business model, comprising the management of existing assets, renewable plant consultancy and management services through the Vector Cuatro group and the development of new projects. This took place through attendance at general meetings with the financial community.

Particular care is taken by the Company to ensure that all communications are transparent and timely, also through quarterly, half-yearly and year-end earnings’ conference calls.
In addition to the website www.falckrenewables.eu, which meets all of the criteria for companies listed on the STAR segment, the Company also joined Twitter in 2012 with the account @falckrenewables which provides the latest news regarding the Group.

4.1.6 Performance of business sectors

The Falck Renewables Group operates in the following business sectors:

- The WtE and waste treatment, biomass and photovoltaic sector;
- The wind sector through Falck Renewables Wind Ltd and its subsidiaries;
- The services sector under Vector Cuatro SLU and its subsidiaries.

This paragraph therefore illustrates the principal results of operations, net assets and financial data of the Group's sectors, supported by a brief commentary, while the notes to the financial statements report the full results of operations and net assets of the sectors with separate disclosure of the amounts relating to Falck Renewables SpA which are commented on in a separate note.

❖ **WtE, biomass and photovoltaic sector**

The key financial highlights of this sector may be summarised as follows:

(Euro thousands)

		30.6.2015	30.6.2014	31.12.2014
Revenue		28,470	30,402	59,211
Cost of sales		(29,777)	(27,197)	(52,420)
Gross (loss)/profit		**(1,307)**	**3,205**	**6,791**
Operating (loss)/profit		**(4,018)**	**516**	**5,167**
Ebitda		**6,639**	**7,421**	**16,040**
(Loss) for the period		**(3,844)**	**(1,073)**	**(1,732)**
(Loss) for the period attributable to equity owners		**(3,260)**	**(1,084)**	**(1,516)**
Intangible assets		**2,775**	**3,244**	**3,856**
Property, plant and equipment		**103,218**	**111,463**	**112,176**
Net financial position - indebtedness/(asset)		**167,907**	**174,976**	**180,323**
of which non-recourse financing		33,262	36,033	34,777
Capital expenditure		**850**	**1,323**	**6,386**
Employees at period-end	(no.)	82	83	84

This sector focuses on electricity generation from renewable sources (biomass and photovoltaic plants), and the treatment of urban waste employing WtE technology.

The strategy has been developed through the management of operating plants and the development of new projects either directly or by entering into joint ventures with leading industrial enterprises.

Revenue in the WtE and biomass sector decreased by Euro 1,932 thousand compared to the first half of 2014 principally due to lower revenue generated by the Trezzo sull'Adda WtE plant, which was impacted by the fall in the average selling price of electricity, in particular due to the avoided cost component (CIP 6/92) that expired in August 2014 on 15 MW (it still applies to 3 MW) and the scheduled stoppage to carry out maintenance at the plant in March this year.
The above factors contributed to a decrease in Ebitda (- Euro 782 thousand) to Euro 6,639 thousand: 23.3% when expressed as a percentage of revenue (2014 – 24.4%).

The operating loss for the period was Euro 4,018 thousand, a decrease on the profit of Euro 516 thousand recorded in the first half of 2014. The operating result reflects the impairment loss of Euro 4,044 thousand recognised following the impairment test carried out on the Rende hybrid plant.

The profit before income tax comprises the above-mentioned write-off of the acquisition and development costs on the Verus Energy Oak Ltd project.
The net indebtedness of Euro 167,907 thousand fell compared to the balance at 31 December 2014 (Euro 180,322 thousand). The net financial position net of the fair value of derivatives would have amounted to Euro 164,017 thousand (31 December 2014 – Euro 175,646 thousand). The improved financial position principally relates to the amount received by Ecosesto SpA in respect of Green Certificates invoiced in 2014 amounting to approximately Euro 3.7 million and the insurance repayment of Euro 3.5 million received in relation to the damages sustained in 2014 on the Trezzo sull'Adda plant.

The net financial position comprises non-recourse financing of Euro 33,262 thousand (31 December 2014 – Euro 34,777 thousand) and the fair value of derivatives to hedge interest rate exposure of Euro 3,890 thousand (31 December 2014 – Euro 4,677 thousand).

Capital expenditure in the period amounted to Euro 850 thousand in respect of improvements to the Trezzo sull'Adda WtE plant.

❖ **Wind sector**

The key financial information for this sector may be summarised as follows:

				(Euro thousands)
		30.6.2015	30.6.2014	31.12.2014
Revenue		114,449	96,743	186,976
Cost of sales		(51,202)	(45,308)	(95,938)
Gross profit		**63,247**	**51,435**	**91,038**
Operating profit		**56,616**	**46,950**	**80,875**
Ebitda		**84,353**	**72,142**	**133,760**
Profit for the period		**20,067**	**10,617**	**17,727**
Profit for the period attributable to equity holders		**13,435**	**7,662**	**11,899**
Intangible assets		**96,813**	**87,097**	**89,312**
Property, plant and equipment		**875,722**	**851,899**	**853,562**
Net financial position - indebtedness		**763,876**	**724,244**	**785,803**
of which non-recourse financing		631,909	656,544	639,088
Capital expenditure		**14,382**	**20,133**	**40,633**
Employees at the period-end	(no.)	36	38	36

This sector focuses on electricity production through the construction and management of plants that generate electricity using wind energy.

Revenue increased by Euro 17,706 thousand (+18.3%), which is largely attributable to the excellent wind levels registered in the first half of 2015 and the increased installed capacity due to the West Browncastle UK wind farm that had not entered fully into service in the first half of 2014. Revenue also benefited from the revaluation of Sterling against the Euro (+12% compared to the 2014 first half-year) in respect of the UK power plants' production.

The increase in cost of sales is due to the increased installed capacity compared to the first half of 2014 attributable to the West Browncastle wind farm.

Ebitda totalled Euro 84,353 thousand, an increase of Euro 12,211 thousand and amounted to 73.7% when expressed as a percentage of revenue (first half of 2014 – 74.6%).

Operating profit also increased by Euro 9,666 thousand compared to the 2014 first half-year and corresponded to 49.5% of revenue (first half of 2014 – 48.5%).

The net financial position was a net indebtedness of Euro 763,876 thousand, representing a decrease of Euro 21,927 thousand compared to the balance at 31 December 2014. The cash generated by the operating plants contributed to financing capital expenditure of Euro 14,382 thousand for the period that principally relates to the Assel Valley, Spaldington, West Browncastle, Auchrobert and Kingsburn UK wind farms.
The net financial position comprises net financial liabilities of Euro 33,230 thousand relating to projects under construction that were not yet revenue generating at 30 June 2015; the net financial position net of this amount and the fair value of derivatives would have amounted to Euro 667,401 thousand.
The net financial position includes non-recourse financing of Euro 631,909 thousand (31 December 2014 – Euro 639,088 thousand) and the fair value of derivatives to hedge interest rate exposure of Euro 63,245 thousand (31 December 2014 – Euro 72,575 thousand).

In accordance with IFRS 12 the disclosures relating to subsidiaries with material non-controlling interests as at 30 June 2015 are provided below:

	Registered office	Currency	Share capital	% Direct holding	Parent company
FRUK Holdings (No.1) Ltd	London (GB)	GBP	1	51.000	Falck Renewables Finance Ltd
Boyndie Wind Energy Ltd	Inverness (GB)	GBP	100	100.000	FRUK Holdings (No.1) Ltd
Cambrian Wind Energy Ltd	London (GB)	GBP	100	100.000	FRUK Holdings (No.1) Ltd
Earlsburn Wind Energy Ltd	Inverness (GB)	GBP	100	51.000	Falck Renewables Wind Ltd
Ben Aketil Wind Energy Ltd	Inverness (GB)	GBP	100	51.000	Falck Renewables Wind Ltd
Kilbraur Wind Energy Ltd	Inverness (GB)	GBP	100	51.000	Falck Renewables Wind Ltd
Millennium Wind Energy Ltd	Inverness (GB)	GBP	100	51.000	Falck Renewables Wind Ltd

Key balance sheet data:

(Euro thousands)

	Non-current assets	Current assets	Total equity	Non-current liabilities	Current liabilities
FRUK Holdings (No.1) Ltd	21,207	18,317	(9,678)	21,015	28,187
Boyndie Wind Energy Ltd	13,724	20,079	2,912	11,552	19,339
Cambrian Wind Energy Ltd	39,203	11,802	535	18,159	32,311
Earlsburn Wind Energy Ltd	35,452	10,917	1,776	31,492	13,101
Ben Aketil Wind Energy Ltd	30,600	8,661	(1,610)	30,302	10,569
Kilbraur Wind Energy Ltd	88,222	13,091	6,000	77,238	18,075
Millennium Wind Energy Ltd	78,931	17,120	7,812	70,684	17,555

Key income statement data:

(Euro thousands)

	Revenue	Cost of sales	Gross profit	Operating profit	Profit before income tax	Profit for the period
FRUK Holdings (No.1) Ltd	0	0	0	0	817	1,327
Boyndie Wind Energy Ltd	2,794	953	1,841	1,728	1,453	1,142
Cambrian Wind Energy Ltd	6,825	4,641	2,184	1,975	81	49
Earlsburn Wind Energy Ltd	8,025	2,519	5,506	5,399	4,872	3,873
Ben Aketil Wind Energy Ltd	5,331	1,913	3,418	3,560	2,769	2,205
Kilbraur Wind Energy Ltd	14,548	7,066	7,482	7,373	4,656	3,703
Millennium Wind Energy Ltd	14,657	6,212	8,445	8,336	5,816	4,632

Borea transaction: Earn-out and Derisking

The Agreement envisages a further deferred amount payable by the Falck Renewables Group determined comparing actual performance of the wind farms of the Target Companies (in terms of GWh generated) compared to a pre-determined target for the period 2014–2018, to be settled in cash at the end of this period applying an earn-out mechanism capped at GBP 10 million. In the event that the wind farm performance is

below the pre-determined target, the Falck Renewables Group is under no obligation to compensate CII HoldCo.
As the timeframe for the performance calculation is very long and therefore achievement of the pre-determined target uncertain, the Group has not recorded any amounts in relation to the earn-out contract clause.

The Agreement also envisages that CII HoldCo Ltd has the right to a reduction in the transfer price (De-risking) payable in 2021 based on the difference, where negative, between the average annual electricity price in the UK for the period 2014-2020 and GBP 25 per MWh (nominal not adjusted for inflation), multiplied by actual annual production in MWh in the same period for each wind farm involved in the transfer, multiplied by CII Holdco's interest in each target company for each year of the period under review (capped at 49%, representing the current percentage ownership in each target company) and taking into consideration the time factor applying a discount rate of 10% ("the Formula"). Any amount due will be paid by the Falck Renewables Group to CII HoldCo up to the amount of dividends, interest and loan repayments paid by the Target Companies to the Group. The potential price reduction for the Group will therefore be limited to the cash distributable by the Target Companies from 2021.

This price reduction clause will be cancelled with immediate effect in the event that in any year of the period under review CII HoldCo sells its entire stake in the Target Companies to third parties. In the event that the resulting difference is positive, CII HoldCo will not be required to compensate the Falck Renewables Group.
The Group has engaged an independent expert to calculate the potential sum payable in relation to the Formula. The advisor performed a number of simulations based on stress scenarios compared to forecast energy curve prices in the UK market from 2015 to 2020, taking into account actual figure for 2014 of £41.83 per MWh and the resulting valuations in respect of all of the assumed scenarios did not give rise to a price adjustment in favour of CII HoldCo.

❖ Services sector

This sector comprises the Spanish group Vector Cuatro that was acquired on 15 September 2014 and has been consolidated from October 2014. This sector provides services and manages renewable energy power plants on an international scale. It also offers engineering and consulting services in the development of projects to generate electricity principally using solar and wind energy.

The key financial information for this sector, relating only to the third quarter of 2014 and at 30 June 2015, for which there is no comparative data for the first half of 2014, may be summarised as follows:

				(Euro thousands)
		30.6.2015	30.6.2014	31.12.2014
Revenue		4,319		2,041
Cost of sales		(4,391)		(1,767)
Gross (loss)/profit		**(72)**		**274**
Operating (loss)/profit		**(105)**		**279**
Ebitda		**241**		**407**
(Loss)/profit for the period		**(148)**		**197**
(Loss)/profit for the period attributable to equity holders		**(148)**		**197**
Intangible assets		**11,863**		**12,064**
Property, plant and equipment		**901**		**794**
Net financial position - indebtedness		**203**		**147**
of which non-recourse financing				
Capital expenditure		**215**		**10,480**
Employees at the period-end	(no.)	97		92

The activities relating to the Purchase Price Allocation were finalised during the half-year, as detailed in full in the notes to the half-year financial report.

4.1.7 Review of business in the first half of 2015

The Italian Constitutional Court declared in its ruling of 11 February 2015 that the Robin Hood Tax, an additional tax on income applied in certain circumstances to enterprises operating in the energy sector, infringes constitutional law with effect from tax periods after 31 December 2014.
The illegitimacy ruling actually comes into force on the day after publication of the ruling in the Italian Official Gazette, in this case 12 February 2015.

With regard to the invitation to settle in court pursuant to article 185 of the c.p.c. issued by the Milan Court on 27 March 2015, in the hearings that took place on 8 June 2015 Falck Renewables, Falck SpA, Elettroambiente SpA, Tifeo, Platani and Pea settled the disputes with the Department and the Presidency of the Sicily Region in relation to the projects initiated in 2002 to construct WtE plants (the Sicily Projects). This resulted, inter alia, in the mutual waiver of all demands arising from the disputes, the 2002 tenders and subsequent relations between the parties in relation to the proceedings (including the administrative proceedings pending before the CGARS that will be dropped); further details are disclosed in paragraph 4.1.10 Risks and uncertainties b) Legal – Sicily Projects.

Falck Renewables SpA entered into a Euro 150,000,000 financing contract with a pool of primary lenders comprising Banco Popolare S.c., acting as agent bank and the other financing banks Banca Popolare di Milano S.c.a.r.l, Banca Popolare di Sondrio S.c.p.a., Credito Valtellinese S.c., Intesa Sanpaolo S.p.A., Mediobanca S.p.A., Banca Monte dei Paschi di Siena S.p.A., UBI Banca S.c.p.a. and UniCredit S.p.A, on 12 June 2015.
The transaction is aimed at supporting the financial requirements and development of the Group's business activities.
The Finance Contract comprises a revolving credit line of Euro 150,000,000 maturing on 30 June 2020.
The conditions of the Finance Contract are significantly more favourable, both in terms of spread and covenants, than the Company's previous corporate loan, which will contribute to a significant reduction in finance costs. The previous corporate loan entered into on 14 January 2011 and which matured on 30 June 2015, was repaid in full at the end of May 2015.

4.1.8 Environment, health and safety

During the period the Group continued its commitment to meet adequate environmental, safety and quality standards that are consistent with its mission statement, through important activities such as:

- Developing greater integration of company management procedures relating to quality, environment and safety, by capitalising on synergies in these areas;
- Periodic training of employees in relation to health and safety in the workplace and increasing awareness regarding the protection and safeguarding of the environment while carrying out their work.
- Implementation of internal monitoring and specific proactive measures focusing on continuous improvement.

Periodic inspections were carried out on the Group companies' Certified Management Systems by the competent certifying bodies.
The parent company and the principal Group subsidiaries operating in the WtE, biomass and photovoltaic sector had the following systems in place:

Company	Management system	Location
Falck Renewables SpA	Quality management system UNI EN ISO 9001:2008 for services provided to Group companies: human resources, administration and finance, procurement, quality, environment and safety management. Environmental management system UNI EN ISO 14001:2004 Safety management system OHSAS 18001-2007 Certificate of Excellence (quality, environment and safety)	– Headquarters
Ecosesto SpA	Quality management system UNI EN ISO 9001:2008 Environmental management system UNI EN ISO 14001:2004 Safety management system OHSAS 18001-2007	– Headquarters – Rende biomass plant – Rende biomass plant – Rende biomass plant
Ambiente 2000 Srl	Quality management system UNI EN ISO 9001:2008 Environmental management system UNI EN ISO 14001:2004 Safety management system OHSAS 18001-2007 Certificate of Excellence (Quality, Environment and Safety)	– Trezzo sull'Adda WtE plant
Prima Srl	Quality management system UNI EN ISO 9001:2008 Environmental management system UNI EN ISO 14001:2004 EMAS registration	– Trezzo sull'Adda WtE plant
Esposito Servizi Ecologici Srl	Quality management system UNI EN ISO 9001:2008 Environmental management system UNI EN ISO 14001:2004 EMAS registration	– Gorle plant : a) treatment and recovery of non-hazardous waste principally from street sweeping and land reclamation b) selection and adjustment of volume of non-hazardous waste – Waste collection and transport – Gorle plant: sections a) and b) – Gorle plant: sections a) and b)

The wind sector companies are also equipped with an organic quality, environment and safety system and, more specifically, Eolica Sud Srl and Eolo 3W Minervino Murge Srl in Italy are certified under UNI EN ISO 14001:2004 with Eolo 3W Minervino Murge also holding an EMAS registration.

With regard to accidents in the parent company and all of the Group companies, 3 accidents involving employees took place in the first half of 2015 (including 1 in course), 2 took place in Italy and 1 overseas. Consequently, the Group's total accident frequency rate for the 2015 half-year was 10.80, while the criticality rate was of 0.46.

4.1.9 Research and development activities

The Falck Renewables Group did not carry out any research and development activities in the period.

4.1.10 Risks and uncertainties

The principal risks and uncertainties facing the Falck Renewables Group are analysed by nature below. In the first half of 2015, the Falck Renewables Group pursued the Risk Management project previously launched with the aim of developing the methods and processes required for an organic approach to risk management. The main activities carried out comprised: i) sharing definition of the methods used to identify and monitor the Group's risk appetite; ii) analysis of the risks inherent in forecast data; iii) sharing results of the Risk Assessment analysis (and subsequent updates) with Group management.

a) Financial

1. ***Credit risk***

Credit risk represents both potential losses from non-settlement of receivables and the counterparty risk intrinsic in the negotiation of other financial assets. The credit risk exposure of the Falck Renewables Group is very limited in respect of both commercial customers and financial counterparties. Commercial customers present a low risk due to their nature: the majority of amounts due from third parties (not related parties) is owed by reputable electricity or utility networks. The degree of concentration of customers is medium-high, however they have a high credit rating. The credit risk attributable to the counterparties with which the derivative financial instruments are negotiated is also contained as the derivatives are negotiated with leading financial institutions.

With regard to the Group's liquidity position, the liquidity restricted under project financing is normally deposited with one of the project financing lending institutions as required by the finance contract, while the liquid assets not subject to project financing restrictions are normally placed on short-term deposit with Italian banks.

The recent acquisition of the Spanish group Vector Cuatro, despite having a widespread third party customer base, has not altered the Group's credit risk profile.

The Group does not enter into instruments or guarantees to mitigate credit risk.

2. ***Liquidity risk***

The Falck Renewables Group has a Group treasury department that employs a "domestic" system between Falck Renewables SpA and all of the Italian Group companies that do not have project financing (those with project financing may not use the system as they are bound by the liquidity management and net indebtedness covenants).

The Group also carries out netting of opposing balances through the use of specific intercompany correspondence accounts. The Falck Renewables Group prepares a monthly updated cash flow statement and cash budget, in which the actual data for the period are supported by a summary evaluation and commentary.

With regard to the original corporate loan for Euro 165 million, Falck Renewables SpA carried out the early repayment of the loan on 28 May 2015 and entered into a new loan for Euro 150 million on 12 June 2015 which matures on 30 June 2020. The new corporate loan had not been drawn down at 30 June 2015. The loan is subject to financial covenants on the ratio of net financial position/Ebitda and net financial position/total equity based on the figures in the consolidated financial statements. The Group held cash and cash equivalents of approximately Euro 72 million at 30 June 2015 that were not subject to project financing restrictions.

In line with the acquisition contract, the balance of 25% of the purchase price for the Vector Cuatro group amounting to Euro 2,805 thousand was paid on 30 June 2015.

The Spanish group Vector Cuatro, acquired on 15 September 2014, reimbursed the two major bank credit lines and commenced intercompany transactions with Falck Renewables SpA.

3. ***Plant financing***

The Group finances its projects, particularly in the wind sector, principally through project financing without using its shareholders, and in a number of cases while waiting to receive the related financing it avails of the corporate loan or other bridging loans during the construction phase. The Group still continues to have access to this financing at market conditions in line with those of similar projects.
The 5 year loan entered into by Falck Renewables SpA on 12 June 2015, will meet the Group's financial requirements and finance business development and contribute to a significant reduction in finance costs due to the marked improvement in the finance terms (both in terms of the spread and covenants) compared to the previous loan (entered into on 14 January 2011 and now repaid).
With regard to the operating plants, particularly now that commencing July 2013 certain incentives have been abolished, the Group carefully monitors the project financing situation of the Cabezo San Roque (23 MW) wind farm in Spain that has nominal gross borrowings of Euro 5,680 thousand (net of the negative fair value of derivatives to hedge interest rate fluctuations amounting to Euro 542 thousand) and liquidity of Euro 4,856 thousand. Despite the enduring critical situation of the Spanish electricity market all of the principal and interest instalments were settled on time at 30 June 2015. However in order to avoid potential default in the course of 2015, given the modest net financial position of Euro 1,366 thousand at 30 June 2015, the company has requested to the lending banks the possibility to make a partial early repayment using the high level of liquidity available. This repayment, together with redefinition of the repayment schedule of the existing loan will allow the financial parameters to be revised in order to satisfy the financing banks. Consequently, the total amount relating to project financing of the Cabezo San Roque plant was reclassified in current financial liabilities for the purpose of preparing the half-year report.

With regard to the project financing of the La Carracha and Plana de Jarreta ("La Muela") wind farms, the Group, which holds 26% interests (total 26 MW) that are consolidated using the equity method, together with the majority holder that holds 74%, are carrying out negotiations with the lending banks aimed at establishing a debt repayment plan, possibly extending the loan, as following cancellation of incentives following recent changes in legislation with effect from July 2013, in conjunction with the significant level of bank borrowings (contrary to the Cabezo San Roque plant), the current debt repayment schedule is not consistent with the project's lower forecast operating cash flows: the Group has fully written off both the carrying value of the investment of Euro 1,592 thousand and the financial receivables due from the company of Euro 677 thousand.

4. ***Market risks***

The Falck Renewables Group has adopted an interest rate risk hedging policy. Although it does not define in advance the maximum variable rate debt exposure, it follows well-established procedures aimed at monitoring risk and that avoid undertaking transactions of a speculative nature: in this regard, the Group has implemented specific financial risk policy.
The type and suitability of hedging instruments is evaluated for each individual case in consideration of the amount of exposure and current financial market conditions.
The Falck Renewables Group uses derivative financial instruments to hedge interest rates and in particular enters into interest rate swaps (IRS) with the exclusive aim of hedging. Moreover, the derivatives held at the period-end were acquired in order to allow the debt structure to meet the covenants determined by the financial institutions in relation to project financing. In particular, borrowings at variable rates for these contracts are matched with opposing IRS that partially convert the borrowings from variable to fixed rates. Although these

operations are entered into to hedge interest rate risk, hedge accounting is not applied to all of these derivative financial instruments. Consequently, changes in the fair value of these derivatives follow the general rule applied to trading derivatives and are charged directly to profit or loss with a direct impact on profit for the period. The Group had hedged a significant portion of the net debt against interest rate fluctuations through IRS at 30 June 2015.

Foreign exchange risk arises on the Group's operations outside the Euro zone (principally in the UK and to a lesser extent in Japan, Canada, Bulgaria and Mexico following acquisition of Vector Cuatro).
The Group's exposure to exchange rates is twofold: transaction and translation risk, both of which impact the Group's income statement and balance sheet. Transaction risk derives from the fluctuation in exchange rates between the date of the commercial/financial transaction and the settlement date (receipt/payment). This risk, which has a direct impact on the result for the period, is determined for the accounting currency of each Group company.
Translation risk represents the overall impact of exchange rate fluctuations on the Group's income statement and consolidated equity of translating assets, liabilities, revenue and costs of consolidated entities that prepare financial statements in a currency other than the Euro.
The Group's foreign exchange risk management policy, in line with the financial instruments management policy, involves monitoring the foreign exchange balance to identify exposure and stipulate currency forward contracts where necessary. Currency forward transactions are entered into as new intercompany balances arise in order to maintain the Company and the Group's foreign exchange balance.
The Group mitigates foreign exchange risk on intercompany financial receivables and payables in currencies other than the functional currency through plain vanilla transactions, such as forward currency purchase/sale contracts. Falck Renewables SpA hedges exchange rate risk on its GBP financial receivables due from Falck Renewables Wind Ltd that in turn hedges the financial liability in Euro due to the parent company Falck Renewables SpA.

These same hedging transactions may be used for significant asset and services purchase contracts in foreign currencies other than the functional currency.

b) Legal

Sicily projects (integrated projects for the management and WtE treatment of waste in Sicily)
The key events for the period 1 January 2015 to 30 June 2015 are summarised below, while details of the events relating to the Sicily Projects and related disputes are disclosed in the 2014 Annual Report.

8 June 2015: Court of Milan –Settlement in court pursuant to article 185 c.p.c.
Following the invitation to settle in court pursuant to article 185 of the c.p.c issued by the Court of Milan on 27 March 2015, in the hearings that took place on 8 June 2015 the Group companies (Falck Renewables SpA, Falck SpA, Elettroambiente SpA in liquidation, Platani Energia Ambiente ScpA in liquidation, Tifeo Energia Ambiente ScpA in liquidation and the associate Palermo Energia Ambiente Pea – ScpA in liquidation), settled the disputes in relation to the projects initiated in 2002 to construct WtE plants. More specifically, the dispute was settled, without payment by the parties involved, of the respective amounts due, namely the Falck Group companies, the Presidency of the Sicily Region ("the **Region**"), the Department of Energy and Public Utilities of the Sicily Region ("the **Department**"), and Amia in liquidation and insolvency (shareholder of Platani and Pea), as follows:
- Settlement of all pending litigation and waiver of all claims and counterclaims raised in the civil and administrative proceedings;
- Waiver by the Region and the Department of all extra-judicial notices sent in April 2014;
- Waiver by the Department and the Region (Regional Administration) of execution of the performance guarantees held by Zurich Insurance Plc as requested in the civil proceedings and release of the guarantees.

Having acknowledged settlement of the disputes, the Court declared dismissal of the civil proceedings for the parties involved in the settlement and, upon separation from the other positions, declared dismissal of the proceedings in respect of absent parties and ordered that proceedings continue against those not party to the settlement. On 26 June 2015, Emit (shareholder of Platani and Pea), with regard to the proceedings against the companies in which it is a shareholder, also settled the dispute stating the terms of the agreement between the Falck Group and the Regional Administration. Safab (shareholder of Pea) also joined the settlement on 16 July 2015.

Court of Cassation and administrative proceedings

Following the ruling issued by the Court of Cassation on 28 April 2015 (filed on 14 May 2015) regarding the Second Recourse that confirms the administrative legal jurisdiction under Decree 548 and following cancellation of the validity of the contract *inter partes*, the Regional Administration filed a petition to schedule the hearing to continue the pending administrative proceedings before the Administrative Justice Council of the Sicily Region (CGARS). Subsequently, in light of the settlement in the Court of Milan on 8 June 2015, the Group companies (plaintiffs) discontinued all actions and appeals in respect of the administrative proceedings and the Regional Administration (the Department and Presidency of the Sicily Region) at the same time agreed not to oppose the discontinuation and waived the right to proceed before any competent court against the final ruling issued as a result of the plaintiff's waiver. The discontinuation acts were notified to the Regional Administration and filed with the CGARS. Formal withdrawal of the proceedings is pending.

Guarantees in place

Palermo Energia Ambiente (Pea)

In order to best represent Pea's and its shareholders claims against the Sicily Regional Authorities, which have now been settled in court, Falck Renewables SpA and Falck SpA, which together hold a 48% interest in Pea, signed an agreement with Pea whereby they agree to defer the receivables (both trade and financial) to allow payment of other creditors and waive the same receivables in the event that following liquidation Pea does not have sufficient financial resources to pay the amounts in full. Also under this agreement, the shareholders Falck Renewables SpA and Falck SpA undertake, inter alia, to provide Pea with the funds required to settle certain creditors. Pea's other shareholders entered into separate agreements regarding the settlement of receivables with Pea.

Elettroambiente and its subsidiaries

With regard to the other Sicily companies in liquidation (Elettroambiente SpA and its subsidiaries Tifeo and Platani) guarantees were issued in favour of a number of outstanding debts of these companies, subject to specific conditions being met. Moreover liquidation costs have been guaranteed, in particular regarding outstanding litigation.

The status of the liabilities of Pea, Elettroambiente and its subsidiaries and the agreements between these and the Falck Group are currently being reviewed in light of the settlement in court on 8 June 2015.

Agreement between Amia, Falck Renewables and Falck

An agreement was signed between Amia, Falck Renewables and Falck on 8 June 2015 whereby, inter alia, Falck Renewables agreed to purchase Amia's interests in Pea and Platani, corresponding to 48% and 0.41% of share capital respectively, and the amounts due to Amia by Pea and Platani. This transfer, which must be finalised by 30 September 2015, or the agreement will not be valid, and that may take place once the statutory pre-emption process with the other shareholders has been finalised, will give rise to a total cost of approximately Euro 517 thousand. In the event that not all of the shareholders exercise the pre-emption rights, Falck Renewables will become a majority shareholder of Pea following acquisition of Amia's shares.

Other litigation relating to the Sicily Projects (projects for the management and WtE treatment of waste in Sicily)

- **Gulino Group SpA/Tifeo**

On 28 December 2009 Gulino Group SpA ("Gulino") served two writs on Tifeo regarding the sale agreements for certain plots of land in the municipalities of Modica and Enna/Assoro, entered into on 1 December 2005. Gulino claimed: (i) primarily, immediate payment of the balance of the sales (95% of the total consideration), respectively Euro 2,774,950 and Euro 2,931,700; and (ii) alternatively, the

termination of the agreements and payment of damages calculated at not less than Euro 2,143,968 and Euro 2,258,700.
Tifeo joined the proceedings requesting the claim be rejected, while stating that it would consider its position with regard to the request for termination after verifying the implications of Regional Law 9 of 8 April 2010 on the ability to proceed with constructing the plants. In the statement filed pursuant to article 183, paragraph 6, no.1 of the c.p.c., Tifeo acknowledged the impact of Regional Law 9/2010 and the procedure pursuant to Article 7 ff of Law 241/90 on the ability to execute the project and the request to terminate the Agreement with ARRA submitted in the action pending before the Court of Milan. Tifeo also requested that the sale and purchase agreements be terminated; demanding the reimbursement of all sums already paid (5% of the sale price plus VAT on the whole amount, namely Euro 730,250 and Euro 771,500 respectively). In the proceedings before the Civil Court of Enna, in the statement filed pursuant to article 183, paragraph 6, no.2, Gulino submitted a counterclaim requesting the Court to order Tifeo to pay an indemnity for the use of the land under dispute.
After several attempts at reaching a settlement, in the hearing that took place on 16 February 2012 Tifeo requested, pursuant to article 153 paragraph 2 of the c.p.c., the case be re-opened to submit Decree 548 issued by the President of the Sicily Region on 22 September 2010 (the Decree) and the appeal on additional grounds in Tifeo's favour notified on 30 September 2011; Gulino opposed this request, asking that the Court grant time to submit a counterclaim. Following several postponements, in the hearing of 29 April 2014 the parties clarified their claims and the Court suspended sentencing awarding time limits to present final briefs. In its ruling of 11 September 2014 the Court of Enna closed the proceedings sentencing Tifeo to respect the conditions of the purchase and sale agreements involving the land in Enna and Assoro that were entered into on 1 December 2005, relating to the obligation to settle 95% of the sales price of the land and pay Euro 2,931,700 plus interest pursuant to Legislative Decree 231/2002 from 8 April 2010 to the settlement date (approximately Euro 1.2 million at 30 June 2015) and to reimburse legal expenses of approximately Euro 15 thousand. The ruling was challenged by Tifeo in a writ of summons filed with the Caltanissetta Court of Appeal on 25 September 2014, in which it requested the full revision of the ruling. At the same time as the entry of the appeal case, a claim was filed by Tifeo pursuant to article 351 of the c.p.c. in order to obtain suspension of the temporary enforcement of the ruling pending outcome of the appeal.
The Caltanisetta Court of Appeal in the order issued on 19 December 2014 suspended the temporary enforcement of the ruling challenged by Tifeo due to "the complexity of the question underlying interpretation of the negotiations" and Tifeo's offer to provide a parent company guarantee issued by Falck Renewables. The ruling also ordered assignment of the parent company guarantee to Gulino (now News Holding). The first hearing to discuss initial merits was held before the Caltanissetta Court of Appeal on 21 January 2015.
The Court – without prejudice to the suspension of the temporary enforcement of the first degree ruling – adjourned discussions to 21 October 2015. There is a possible risk of the writ of summons issued by Tifeo being dismissed.
In the proceedings before the Civil Court of Modica, during the hearing of 7 October 2011 to discuss the preliminary statements presented by the parties, the Court of Modica upheld Tifeo's claim of lack of territorial jurisdiction, transferring the case to the Civil Court of Siracusa, removed the case from the register and granted the parties time to resume proceedings before the competent court. Gulino notified Tifeo of the reinstatement of the case before the Civil Court in Siracusa on 9 January 2012; the first hearing was scheduled to take place on 16 May 2012 however as the case file had not arrived from the Civil Court of Modica, the Court adjourned proceedings to 14 November 2012, reserving the decision on the parties' requests pending receipt of the file. In the ruling of 14-15 November 2012, the Court awarded the time limits pursuant to article 183, paragraph 6, point 1 of the c.p.c and adjourned the hearing to 30 October 2013. In this hearing, the Court declared the case ready for decision and adjourned the hearing for the filing of the final briefs by the parties to 2 November 2017. The risk of Tifeo not winning the case is linked to developments in the proceedings before the Catanisetta Court of Appeal. The contract clauses involved in both cases are identical. Consequently, the interpretation of these clauses that will be issued by the Court of Appeal will most probably determine the outcome of the proceeding before the

Court of Siracusa; this will be in the event that the ruling of the Court of Appeal is issued prior to that of the Court of Siracusa; otherwise it is probable that the Court of Appeal will use the interpretation issued by the Court of Enna in the above proceedings and that Tifeo will be sentenced to pay the balance for the purchase of the land in Modica.

- **Consorzio Ravennate delle Cooperative di Produzione e Lavoro ScpA (the "Consorzio")/Elettroambiente**

An injunction was filed on 9 October 2010 by the Consorzio for service on 27 October 2010, and provisionally enforceable only against Pianimpianti, a shareholder of Platani, whereby the Court of Ravenna ordered Elettroambiente and other shareholders of Platani, to pay Euro 1,530,711 to the Consorzio representing payment for work carried out pursuant to a tender contract entered into on 4 August 2006 (between the Consorzio and Pianimpianti) for civil works on the Platani Project. The action was also brought against the other shareholders of Platani on the grounds that they were jointly and severally liable pursuant to article 13 of Law 109/1994 (now article 37 of Legislative Decree 163/2006). In a writ served on the Consorzio opposing the injunction, Elettroambiente initially contested the claims brought against it as the conditions for invoking its joint and several liability were not satisfied as it had not signed the said tender contract.
Regarding the subject matter of the dispute Elettroambiente has requested (i) withdrawal and/or cancellation of the said injunction due to (a) the invalidity of the basis, namely the tender contract, on which the injunction was issued and (b) the acknowledgement of the events that occurred in the meantime (i.e. the issue of Regional Law 9/2010 and the proceedings initiated by the Department pursuant to article 7 and ff of Law 241/1990 to render invalid the 2002 tender process and all related measures) that made it impossible to proceed with the Platani Project, with all related consequences regarding the impossibility of the Consorzio to finish the work specified in the tender contract; and (ii) to verify the absence of any sum owed by Elettroambiente to the Consorzio. Subordinately, in the event of conviction, Elettroambiente filed recovery actions against Pianimpianti and EPC Sicilia Srl (which sold the business of Pianimpianti involved, inter alia, in the dispute), in order to recover any sum that Elettroambiente may be ordered to pay to the Consorzio, requesting the Court pursuant to article 269 c.p.c. to summon Pianimpianti and EPC Sicilia to the action. In a writ served on the Consorzio on 9 December 2010 Enel Produzione contested the injunction requesting it be fully reformed and that the claims made against it by the Consorzio be dismissed. Consequently, Enel Produzione enforced Elettroambiente's guarantee, invoking the indemnity clause pursuant to the shareholders' agreement entered into by the parties on 27 October 2002. Finally, AMIA, EMIT and Catanzaro Costruzioni have also independently contested the above injunction without however making any claim against Elettroambiente. The actions were originally assigned to different courts but were later grouped with the exception of the action brought by AMIA as it is currently in extraordinary administration: this action will therefore proceed independently of the others. The parties exchanged statements pursuant to article 183, paragraph 6 of the c.p.c..
With regard to the above exchange of statements, in its first statement Elettroambiente, in light of the Project no longer proceeding, requested appointment of a technical expert (CTU) (i) to ascertain whether, given the impossibility of executing the Project, the work carried out by the Consorzio under the tender contract is currently of any use to Pianimpianti and, consequently, (ii) in the event that it is, identify which work Pianimpianti can put to use; the purpose being to establish whether Pianimpianti is required to pay the Consorzio compensation pursuant to article 1672 of the Italian Civil Code.
In the third statement Elettroambiente and Enel Produzione waived the claims and objections made by each other in the proceeding. The Civil Court of Ravenna declared on 2 April 2012 "granting temporary enforcement of the opposed injunction orders to be unacceptable with reference to the current parties" (including Elettroambiente SpA) and did not admit the preliminary statements submitted by the Consorzio (holding them inadmissible and/or unfounded). The Court scheduled the final hearing to submit the parties' final briefs for 31 January 2013 declaring foremost the need to examine the preliminary statements which "could determine the outcome of the trial". The Court "declared the admission of further parties to the trial uneconomical", thus dismissing the claim subordinately made by

Elettroambiente that in the event of conviction Pianimpianti and EPC Sicilia be summoned to recover any sums due from them. In this hearing, the parties submitted their respective final briefs and the Court reserved judgement and assigned the time limits for filing closing statements and replies. In the ruling of 14 August 2013, notified on 13 September 2013, the Court of Ravenna admitted the objection brought by Elettroambiente against the injunction and subsequently withdrew the injunction issued in favour of the Consorzio against Elettroambiente, Enel Produzione, EMIT and Catanzaro Costruzioni, ordering full payment of the legal costs.
In the first hearing of the appeal filing held on 15 July 2014 all of the appellants requested rejection of the appeal brought by the Consorzio Cooperative Costruzioni, which in turn upheld its request. In the same hearing Catanzaro Costruzioni Srl was declared in contempt of court. The Appeal Court scheduled the hearing to present closing statements for 20 October 2015.

- **Palermo Energia Ambiente ScpA/Italian tax authorities**

On 22 July 2011, the Italian tax authorities enforced the guarantee of Euro 1,111,496.49 issued on 12 December 2007 by Unicredit on behalf of Pea in favour of the tax authorities pursuant to article 38-bis of Presidential Decree 633/72 regarding the 2006 VAT refund claim. On 27 July 2011, Pea was notified of a tax assessment issued by the tax authorities whereby it requested repayment of the refund as it allegedly did not recognise the reason for exclusion from being defined a so-called shell company. An appeal was filed with the Provincial Tax Commission of Palermo against the above assessment on 13 October 2011. In its ruling of 28 December 2011 the Provincial Tax Commission of Palermo admitted the appeal filed by the company. The tax authorities filed an appeal with the Regional Tax Commission. The date for the hearing is pending. The tax authorities also notified rejection of the 2007 and 2008 VAT claims on the same grounds as the assessment raised on the 2006 VAT refund claim. Pea challenged the rejections and filed an appeal with the Provincial Tax Commission of Palermo. In its ruling of 28 December 2011, the Provincial Tax Commission of Palermo admitted the appeals and agreed to settle the refund claims. The tax authorities filed an appeal with the Regional Tax Commission and the first hearing took place on 6 July 2015. The risk of losing this case is considered possible not probably.

- **Panelli Impianti Ecologici SpA in liq./Falck Renewables–Elettroambiente-Tifeo and other parties**

Panelli Impianti Ecologici SpA (Panelli) served a writ on Falck SpA, acting as parent company, and Falck Renewables (as it exercises direction and coordination over Tifeo), and the subsidiaries Tifeo and Elettroambiente SpA in liquidation, on 20-21 January 2015 whereby it seeks Euro 24 million in damages. The underlying cause is the expiry of the 5 year authorisation granted on transfer of the services of the integrated system to Tifeo. Tifeo had presented the application to renew the authorisation to the Regional Agency in May 2009. Seven months later and shortly after the Agency ceased to carry out these activities, a notice was issued pursuant to article 10 bis Law 241/1990 stating that the renewal application for the entire integrated system could not be accepted and that it may issue a renewal for each individual plant within the system. Tifeo did not accept this offer as it went against the logic of having an integrated system and did not reflect the terms of the 2003 Convention and the 2009 Agreement and in a letter issued in January 2010 it confirmed that the priority was to construct and operate a single integrated system. Panelli claims to have suffered damages as this resulted in the reconveyance of the land from Tifeo to Panelli and an alleged fall in value, as without the required authorisation it was no longer suitable for industrial use. The first hearing due to take place on 5 May 2015 was postponed to 22 September 2015. The deed of appearance and reply are currently being prepared. The risk of an unsuccessful outcome is considered possible not probable.

Litigation involving other Group companies

Eolica Sud Srl/Italian tax authorities

The Catanzaro tax authorities served a notice of assessment on the company on 15 December 2014 contesting that it had wrongfully benefited from the "Tremonti Ter" tax benefit for the 2009 tax year for the sum of approximately Euro 25 million. The authorities had (in the company's opinion incorrectly) reclassified the

tender contract entered into between Eolica Sud Srl and GE (General Electric) in 2007 as it considered this to represent merely the acquisition of goods and services and not a tender to provide finished works. The assessment totalled approximately Euro 15.8 million (representing higher IRES, penalties and interest). The lengthy discussions that took place in 2014 between the Tax Authorities, initially the Provincial Office in Catanzaro followed by the Regional Offices in Catanzaro and finally the Central Regulatory Office in Rome have now been finalised. A hearing took place at the Provincial Tax Commission of Catanzaro on 22 June 2015 and ruling 2245/2/15 was issued on 17 July 2015 in which Eolica Sud Srl's appeal was dismissed and legal costs were awarded. Despite currently having lost the proceedings, it is believed that strong motives exist to request cancellation of the ruling issued, consequently the risk of losing the dispute is still considered possible and not probable.
Equitalia Sud SpA (CZ) confirmed receipt of Euro 2,922,044 (including the collection commission) on 22 April 2015. This represents the sum paid by Eolica Sud on 13 March 2015 for taxes and interest payable pending outcome of the proceedings amounting to Euro 2,685,775 net of commission. The request for suspension of Equitalia's claim is currently in course. Falck SpA was also called to the proceedings as it is jointly responsible pursuant to art. 127 of DPR 917/86 as it is head of the Group's consolidated tax regime.

Eolica Sud Srl/Equitalia
Equitalia Sud SpA (CZ) issued a payment request for approximately Euro 474 thousand on 12 June 2015. The payment arose due to the disputed use of previous tax losses against the Robin Hood Tax. The defence statement and appeal before the Provincial Tax Commission is being drafted. The risk of an unsuccessful outcome is possible but not probable.

Esposito Servizi Ecologici Srl/Italian tax authorities
The Bergamo tax authorities served a number of debt collection summons on Esposito Servizi Ecologici Srl between December 2014 and January 2015, contesting the application for joint and several responsibility pursuant to article 14, paragraph 4 of Legislative Decree 472 of 1997 in respect of the higher tax and penalties pronounced on the previous Esposito Group from which the company and Ecocentro Soluzioni Ambientali Srl purchased two businesses in 2010. The total tax demand, relating to recovery of the debts considered inexistent (Receivables Assessment Notice) and the alleged failure to apply withholding tax on distributed earnings (Withholding Tax Assessment Notice) amounts to approximately Euro 21.7 million.
The company filed appeals with the Bergamo Provincial Tax Commission (Bergamo PTC) and requested suspension pursuant to article 47, paragraphs 1, 2 and 3 of Legislative Decree 546/1992 and cancellation of the assessments. The Bergamo PTC denied the cancellation request on 30 July 2015.

The Bergamo PTC issued an urgent temporary suspension of the Receivables Assessment Notice, joined the appeals and scheduled the hearing to discuss the merits of the motions to suspend to take place on 26 May 2015. The motions to suspend both the Receivables Assessment Notice and the Withholding Tax Assessment Notice were discussed in this hearing. The Commission admitted the motions to suspend both of the Assessments and scheduled the hearing to discuss merit for 13 October 2015.
The company believes it has sound arguments to uphold its claims before the court and, as supported by independent advisors, considers the risk of losing the dispute to be possible not probable.

Esposito Servizi Ecologici Srl-Falck Renewables SpA/Ezio Esposito
With regard to the recovery notices received by the subsidiary Esposito Servizi Ecologici Srl ("ESE2"), Falck Renewables and its subsidiary have raised action against Ezio Esposito as jointly responsible.
The Company and its subsidiary called Ezio Esposito before the Milan Court by writ of summons (11 March 2015) and filed a precautionary appeal under 671 c.p.c. and 700 c.p.c. (17 March 2015).
With regard to the civil proceedings the first hearing will take place on 6 October 2015.
With regard to the precautionary proceedings, the Court dismissed the claim in its ruling of 15 May 2015. The company filed an objection on 3 June 2015 that was also dismissed (and is therefore final) in the ruling of 18 June 2015. The Court stated in its opinion that prejudice existed but not enough to justify the requested precautionary measures. The same judge also stated that *"[...] the dismissal of the precautionary measures*

merits confirmation, inviting the defendant […] to evaluate carefully the possibility of reaching a tax agreement also for ESE2 or, where this is not possible, provide sufficient guarantee in order to conclude the proceedings […]".

Ecosesto SpA
Ecosesto SpA filed an action with the TAR in Lazio in relation to the Rende plant requesting cancellation of: (i) the Ministry of Economic Development Decree of 20 November 2012, (ii) the Resolution of the Italian Regulatory Authority for Electricity and Gas of 29 April 2010 - PAS 9/10, where this is also extended to "selected initiatives" defined in article 3, paragraph 7 of Law 481 of 14 November 1995; (iii) and the correspondence from GSE S.p.A. of 14 December 2012, protocol P20120225478, addressed to Ecosesto SpA regarding the «Adjustment of prices applicable to electricity sold to GSE in 2010 under sales agreements governed pursuant to CIP 6/92» and protocol P20130001240 of 4 January 2013 regarding the "Adjustment of prices relating to energy sold to GSE in 2010-2011 under sales agreements pursuant to CIP 6/92". The action was notified and filed. The Ministry of Economic Development joined the proceedings and filed its defence brief on 18 February 2013 and the date of the hearing is pending. The Group had charged the full amount in respect of the adjustments relating to 2010, 2011 and 2012 to the sundry risks provision in the 2012 Annual Report.
Ecosesto SpA is also waiting for the hearing to be scheduled in respect of an action filed on 23 April 2010 with the TAR in Lazio in order to be awarded a D coefficient of 1 rather than 0.9 as it is now IAFR qualified.

Prima Srl
Prima Srl filed an action with the TAR in Lazio in relation to the Trezzo sull'Adda WtE plant requesting cancellation of: (i) the Ministry of Economic Development Decree of 20 November 2012, (ii) the Resolution of the Italian Regulatory Authority for Electricity and Gas of 29 April 2010 - PAS 9/10, where this is also extended to "selected initiatives" defined in article 3, paragraph 7 of Law 481 of 14 November 1995; (iii) and the correspondence from GSE S.p.A. of 18 December 2012, protocol P20120229091, addressed to Prima Srl regarding the «Adjustment of prices applicable to electricity sold to GSE in 2010, 2011 and 2012 under sales agreements governed pursuant to CIP 6/92». The action was notified and filed. The date of the hearing is pending.
The Group had charged the full amount in respect of the adjustments relating to 2010, 2011 and 2012 to the sundry risks provision in the 2012 Annual Report.

Frullo Energia Ambiente Srl
Frullo Energia Ambiente Srl (FEA) filed an action with the TAR in Lazio in relation to the Granarolo dell'Emilia WtE plant requesting cancellation of: (i) the Ministry of Economic Development Decree of 20 November 2012, (ii) the Resolution of the Italian Regulatory Authority for Electricity and Gas of 29 April 2010 - PAS 9/10, where this is also extended to "selected initiatives" defined in article 3, paragraph 7 of Law 481 of 14 November 1995; (iii) and the correspondence from GSE S.p.A. of 18 December 2012, protocol P20120229091, addressed to Frullo Energia Ambiente Srl regarding the «Adjustment of prices applicable to electricity sold to GSE in 2010, 2011 and 2012 under sales agreements governed pursuant to CIP 6/92». The action was notified and filed. The first hearing took place on 8 July 2014 following which the court adjourned the proceedings for final ruling. In the ruling made public on 17 September 2014, the TAR in Lazio did not admit FEA's appeal which the latter subsequently challenged before the Council of State that has not yet scheduled the hearing on the merits.
The Group had charged the full amount in respect of the adjustments relating to 2010, 2011 and 2012 to the sundry risks provision in the 2012 Annual Report, in which Frullo was consolidated applying the proportional method.
Frullo is now consolidated using the equity method and in light of the above an adverse outcome would not impact the consolidated financial statements.

1st Arbitration Falck SpA (Falck Renewables Wind Ltd) - Geopower Sardegna Srl - GEO Mbh
A request for arbitration was filed on 25 June 2009 by GEO Gesellschaft für Energie und Oekologie Mbh (GEO) against Falck SpA after a dispute arose regarding the consideration payable by Falck Renewables Wind Ltd under an agreement for the sale of quotas in Geopower Sardegna dated 20 May 2005. The request regards the enforcement of the corporate guarantee for Euro 3,621,000 issued by Falck SpA on 8 April 2009. The board of arbitration assessed the credit secured by the corporate guarantee as Euro 1,900,000 and handed down its award on 8 October 2010, ordering Falck SpA to pay Euro 1,900,000. On 18 November 2010 Falck SpA filed a plea to correct the award, having found mistakes in its calculation. In an order of 20 December 2010, the board of arbitration dismissed the application for the correction of the award. On 7 September 2011 Falck SpA filed an appeal with the Appeal Court of Milan, claiming the invalidity of the arbitration award and a plea for suspension of the award execution; this plea was thrown out by the Court order issued on 20 October 2011.
The first hearing on the merits of the appeal action adjourned the final hearing to 23 June 2015. The parties presented their statements at this hearing. The Court awarded the time limit to submit closing statements by 22 September 2015 and replies by 12 October 2015.
Given the complex subject matter and the new rules governing the challenge of arbitration awards, the outcome of the dispute is uncertain and as a consequence recovery of the sums already paid by Falck under right of restitution is considered unlikely (Euro 1,900,000); if the appeal is successful this amount must be repaid to Falck Renewables Wind Ltd which paid the sum to Falck SpA.

2° Arbitration Falck SpA-Falck Renewables Wind Ltd (FRWL)- GEO Mbh
A new arbitration request was filed on 29 May 2015 by GEO, Franz-Josef Claes as legal representative of GEO and Roberto Giuseppe Schirru, against Falck SpA (Falck) and Falck Renewables Wind Ltd (FRWL) in relation to the contract dated 20 May 2005, in which GEO, Mr. Claes and Mr. Schirru (Sellers) sold the entire shareholding in Geopower to FRWL, and the corporate guarantee capped at Euro 3,621,000 issued on 3 April 2009 exclusively to GEO by Falck. The parties claim they are owed further sums under the contract (Euro 536,000) and a balancing adjustment (Euro 2,490,400). FRWL and Falck (the latter in respect of the conditions relating to the corporate guarantee) nominated an arbitrator to challenge the claims made and submit counterclaims aimed at recovering the amount already paid by FRWL as, based on calculation of the final adjustment, they consider that this adjusting amount should be repaid to the former by the Sellers.

Further matters that arose in the first half of 2015

The Milan Tax Police Corp of the Italian Finance Police commenced a check on direct taxes relating to intercompany transactions for the 2013 tax year at the Company's headquarters in Milan.

With regard to energy generated by photovoltaic plants, the GSE launched a process to recalculate the incentive tariff and recover amounts already received following exclusion from the 2005 ISTAT revaluation of the incentive tariff, in accordance with ruling 9 of the Italian Council of State dated 4 May 2012 that confirmed the validity of the amendments introduced by Ministerial Decree (MD) 6 February 2006 to MD 28 July 2005, and cancellation of the first instance ruling that had originally confirmed the revaluation. This process has been challenged by the Group companies involved as it is considered invalid both in fact and law. Despite having made this challenge and considering the motives to be valid, the Group companies have charged the total amount of approximately Euro 545 thousand requested by GSE in the half-year financial report.

In letters dated 11 May 2015, GSE notified the subsidiary Prima Srl and the associate Frullo Energia Ambiente Srl that it would be carrying out checks at the Trezzo WtE plant (that took place on 26-27 May) and the Granarolo dell'Emilia WtE plant (that took place on 28-29 May) aimed, inter alia, at confirming that the conditions imposed by CIP6/92 had been satisfied. The companies collaborated with these controls for which the outcome is pending and they are assessing all possible developments.

With regard to Eolica Sud Srl, the Catanzaro Finance Police, commenced an inspection on the 2010 tax year on 15 June 2015 regarding the deductibility of transfer prices and the reduction in taxable income under the Tremonti Ter Law. The inspection continued at the offices of the Catanzaro Tax Police on 22 June 2015. The documentation supporting the tax adjustments was presented at this meeting. It was agreed that the further documentation required to support the applied transfer prices and regarding the amounts deducted under Tremonti Ter will be produced in the coming weeks.

c) External risks

Operating in the renewables sector, which is heavily regulated and not always predictable, requires the Group to keep abreast of changes in legislation, thus allowing it to implement the best solutions.
The directives and regulations on renewables issued both at European and national level can have a significant impact on the Group's activities and results. These regulations govern, inter alia, the construction phase (regarding both construction and administration authorisations), and the operational and environmental aspects (regulations relating to the landscape and noise pollution). The principal developments in the rules regarding incentives mechanisms in the countries in which the Group operates, include the resolution of 30 November 2012 that retroactively reduced the CEC (avoided cost) component for plants operating under the CIP 6/92 regime in respect of 2010, 2011 and 2012, Legislative Decree 69 published on 21 June 2013 (urgent measures for economic growth) that envisaged a further significant change in the method of calculating the CEC commencing 1 January 2013, Law 116/2014 (the so-called Incentives Spreading Decree) regarding the photovoltaic sector or the 2015 Stability Law (Law 190 of 23/12/2014) that introduced changes to VAT whereby the Reverse Charge mechanism is applicable to sales of gas and electricity to a taxable dealer (further detailed in the Regulatory Framework note). Also worth noting are the changes in the Spanish market and current developments in the UK market whereby the government recently announced its intention to remove the exemption from the Climate Change Levy that contributes, through the LEC mechanism, additional revenue for renewable plants: changes in both of these regulatory markets are detailed in the relevant paragraphs of the Regulatory Framework note.
The risks associated with developments in the market in which the Group operates include the progressive changes in the renewable energy market, which has become highly competitive while suffering a gradual decline in the advantages offered to this sector (amongst which the reform of regulations governing imbalance costs for all types of source whereby the energy producers will bear the burden of these costs).
Regarding the latter, on 7 May 2013 the Lombardy TAR cancelled the resolution that introduced from 1 January 2013 imbalance costs for companies generating electricity using wind and photovoltaic energy. The Council of State ruling 2936 of 9 June 2014 confirmed the Lombardy TAR rulings that cancelled AEEG resolutions 281/2012 and 493/2012, which resulted in a positive impact on the 2014 results.
The AEEGSI published a new resolution (Resolution 522/2014) on 23 October 2014, to reintroduce new measures with effect from 1 January 2015 that diversify the treatment of the various sources and revisit the tolerance levels of programming errors.
There has also been a progressive shift at European level in the choices regarding the tariff regime applicable to new plants that is increasingly centred towards incentives systems based on competitive auctions rather than incentives regimes established on a feed-in-tariff system.
The Group constantly monitors the market and anticipates developments in order to mitigate any negative impact and acts accordingly either by adapting its business management tools, establishing business partnerships and agreements or through the geographical diversification of its investments.

d) Strategic risks

The sources of energy used in this sector lead to highly variable production levels, due to the diverse climatic conditions of the locations of the wind farms and photovoltaic plants (including sun and wind), and production forecasts that are based on historic data and probability estimates. In particular, electricity generation from wind and solar sources, which represent a significant percentage of the Group's business, are associated with "non-programmable" climatic factors that are affected by seasonality during the year and do not generate constant production levels. Adverse climatic conditions, specifically long periods of low wind levels for the wind farms and low levels of sun rays for the photovoltaic plants compared to levels recorded during the development stages (regarding the availability of the source and forecast climatic conditions), could result in a drop in, or interruption of, the plant's activities with a fall in the volume of electricity generated and a negative impact on

productivity and the Group's operating results, state of affairs and financial position. The Group mitigates this risk by installing new sites in diversified geographic areas and monitoring performance using historic data in order to identify sites of potential interest. The Group has defined a procedure to update regularly the future production estimates of each wind farm, taking into account actual historic wind levels by individual location.
This procedure is applied to all plants that have been in service for at least five years, while for more recent plants, forecast production is based on third party estimates carried out by a market leader in wind level assessment. Over the coming years other plants will be included in the estimate update procedure once they have reached five years' operating activity, while those plants already included in the process will undergo further recalculations based on historical data over a longer timeframe.
The technology used to generate electricity from renewable sources is subject to continuous development and improvement in the quest to achieve greater efficiency. The Group cannot guarantee that the technology and materials currently used in its plant portfolio will allow them to function effectively and efficiently over time in order to keep up with competition and developments in the regulatory framework. In order to mitigate this risk, the Group actively reviews technological innovation in this field and evaluates the best technology to adopt at the time of developing and renewing its plant facilities.
Given the level of knowledge and skills that are required to run the Group's business, particularly in light of the Business Plan that envisages new business development, the aspects linked to managing and fostering key professional skills have been identified. To manage this potential risk area the Group employs, inter alia, a process of identifying talent, and has analysed the key skills of critical internal resources in order to define a training plan to cover skill gaps and succession plans for these resources. The Falck Renewables Group introduced a new Long Term Incentive Plan for 2014-2016 to replace the previous plan that had expired, which is offered to the Chief Executive Officer and Key Managers.

e) Operating risks

The risks relating to operating plants principally relate to the efficiency of the workforce and the operation and maintenance of the Group's proprietary plants to harness the optimum capacity and efficiency of each plant over the relevant useful life. The management and safety of the Falck Renewables Group's plants is carried out in compliance with the Integrated Environmental Authorisation and authorisations required by law in the various countries in which the Group operates and is under the supervision of the Health and Safety Executive/Compliance. In the event that plant management, technology and/or materials used were no longer efficient, some, or all, of the Group's owned plants may suffer a drop in the volume of electricity produced with a consequent negative impact on the Group's results, state of affairs and financial position. The Group actively oversees these potential risk areas and constantly monitors plant Operation and Maintenance activities to ensure full compliance with applicable regulations and optimum levels of efficiency and effectiveness when the plants are in service.

4.1.11 Significant events after the balance sheet date

In addition to the matters described above relating to the regulatory framework, the Sicily Projects and other legal risks, Emit SpA in liquidation and Falck Renewables SpA signed an agreement on 21 July 2015 whereby the latter acquired all of the receivables due to Emit by Palermo Energia Ambiente ScpA in liquidation and Platani Energia Ambiente ScpA in liquidation amounting to a total sale of approximately Euro 118 thousand.

4.1.12 Management outlook and going concern

The Group's results for 2015 will benefit from the full year production of the West Browncastle 30 MW wind farm that only operated for 7 months in 2014 and the consolidation of the Vector Cuatro group for the full financial year as the Group's results reflected only three months results last year.

The performance of the 2015 first half-year quarter, which greatly exceeded forecasts, forms an excellent basis on which to continue this performance for the full year. However, this will depend on i) certain production

constraints that cannot be forecast ii) the economic situation that is still having a negative impact on electricity demand and iii) regulations, particularly in light of the recent announcement by the UK government of its intention to remove the Climate Change Levy exemption that represents, through the use of LEC certificates, an additional source of income for renewable plants that could add to the regulatory changes that took place in Italy that will impact 2015 and were not present in the prior year, comprising imbalance costs and the 8% fall in the incentive tariff on the Group's 16.1 MW solar plants.
Given the half-year results, the Group confirms the guidance on Ebitda as communicated to the market on 12 March 2015 that is in the range of Euro 132 to 137 million.

Group development will continue through the construction and operation of the UK authorised wind farms comprising Spaldington Airfield (11.75 MW), Kingsburn (22.5 MW), Auchrobert (36 MW) and Assel Valley (25 MW) with Spaldington and Kingsburn expected to operate at full capacity from the second half of 2016, while Assel Valley is forecast to enter service from the beginning of the 2017 first quarter and Auchrobert from the end of the same quarter.

The Euro 150 million corporate loan entered into on 12 June 2015 with a *pool* of Italian banks that matures on 30 June 2020, enjoys better economic terms than the previous contract that matured and has been repaid, and will contain increasing finance costs on the higher indebtedness linked to the above expansion programme.

The Italian Constitutional Court ruling that declared the Robin Tax to be illegitimate will have a positive impact on the Group's after tax results.

The Group is well placed to face new challenges, both in terms of know-how and financial resources.

4.2 Operating and financial review of Falck Renewables SpA

4.2.1 Financial highlights

				(Euro thousands)
		30.6.2015	30.6.2014	31.12.2014
Revenue		189	38	223
Cost of sales				(100)
Gross profit		**189**	**38**	**123**
Operating (loss)		**(7,495)**	**(7,800)**	**(15,165)**
(Loss)/profit before income tax		**(3,198)**	**(4,740)**	**25,818**
(Loss)/profit for the period		**(1,244)**	**(2,927)**	**30,037**
Net financial position - (asset)		**(228,639)**	**(221,441)**	**(248,393)**
Capital expenditure		**340**	**193**	**292**
Employees at the period-end	(no.)	86	84	85
Ordinary shares	(no.)	291,413,891	291,413,891	291,413,891

4.2.2 Performance and review of business

The first half of 2015 closed with a loss of Euro 1,244 thousand, after amortisation and depreciation of Euro 197 thousand and tax income arising from the consolidated tax regime of Euro 1,954 thousand.

The first half-year results include investment income of Euro 1,840 thousand relating to dividends from Frullo Energia Ambiente Srl (Euro 980 thousand) and Actelios Solar SpA (Euro 860 thousand).

With regard to the Sicily Projects, the impact on the Falck Renewables SpA's income statement for the six-months to 30 June 2015 comprises the write-down of financial receivables due from Pea and Elettroambiente for Euro 407 thousand, the write-down of trade receivables due from Elettroambiente, Pea, Platani and Tifeo totalling Euro 342 thousand and the reversal of the sundry risks provision of Euro 1,704 thousand: the net impact on the result at 30 June 2015 is a net increase of Euro 955 thousand due to the reversal of the sundry risks provision charged in previous periods.

The net financial position was an asset of Euro 228,639 thousand, representing a decrease of Euro 19,754 thousand on the balance at 31 December 2014. The Euro 165 million loan taken out in 2011 has now been repaid in advance of the maturity date of 30 June 2015 and a new loan contract was entered into on 12 June 2015 with a pool of leading banks. The loan contract comprises a Euro 150 million revolving credit facility that matures on 30 June 2020 and enjoys more favourable economic terms both in terms of spread and covenants that will contribute to a significant decrease in finance costs compared to the previous corporate loan. The loan is aimed at supporting the Group's financial requirements and business development activities. The loan had not been drawn down at 30 June 2015.
The net financial position does not include liabilities arising on the fair value of interest rate swaps (Euro 831 thousand at 31 December 2014) as the derivatives to hedge interest rate exposure on the previous corporate loan matured on 30 June 2015.

4.2.3 Employees

The total number of employees in the Company at 30 June 2015 was 86, comprising 25 managers and 61 white-collar workers, representing an increase of 1 employee compared to the total at 31 December 2014.

4.2.4 Capital expenditure

Capital expenditure totalled Euro 340 thousand and comprised Euro 68 thousand for the purchase of software licences and other minor amounts totalling Euro 272 thousand, including Euro 138 thousand on the Renova project and Euro 125 thousand on motor vehicles.

4.2.5 Corporate governance

Falck Renewables SpA continued to rationalise and optimise its organisation structure in order to ensure that transparency and efficiency surround the corporate governance structure.
Share capital consists entirely of ordinary shares and Falck SpA is a significant shareholder with a holding of 60% of share capital and through its wholly owned subsidiary Falck Energy SpA holds a further 1.77%. The remaining shareholders hold less than 2% of share capital.

The Company has adopted the provisions and recommendations provided by the stock exchange regulatory and control bodies. In particular the Company has implemented:

- The Code of Self Discipline
- The Code of Internal Dealing
- The Code of Ethics.

The Company is managed by a board of directors.

The chairman of the board acts as the Company's legal representative together with the deputy chairman and chief executive officer (CEO) who hold signatory powers in line with the limits assigned to them. The CEO is also vested with the powers required to manage the business and to carry out extraordinary activities where necessary.

The Company complies with the Code of Self Discipline prepared by the Corporate Governance Committee of Borsa Italiana SpA; in accordance with the Code of Self Discipline, the board of directors has set up a human resources committee and a control and risk committee, which perform consultative roles and present recommendations.
Moreover, in accordance with the provisions of Legislative Decree 231/01, the Company has adopted an Organisation and Operations Manual and has appointed a Supervisory Board.

The Company has also appointed an Investor Relator in order that the market may obtain and receive on a regular basis information and news regarding the Company and the Group.

4.2.6 Related party transactions

Relations with subsidiaries and associates

Falck Renewables SpA carries out arm's length transactions of both a trade and financial nature with its parent company, subsidiaries and associates.

These transactions allow for Group synergies to be achieved through the use of common services and know-how and the application of common financial policies.
In particular, the transactions relate to specific activities, details of which are provided in the notes to the financial statements and include:

- Raising finance and issuing guarantees;
- Administrative and professional services;
- Management of common services.

Relations with the parent company Falck SpA

Falck SpA, which is in turn 65.96% owned by Finmeria Srl, held a 61.77% stake in the Company at 30 June 2015 and no transactions of an economic or financial nature take place with the former.

Falck Renewables SpA performs professional services and manages shared services for the parent company Falck SpA. A contract is also in place governing use of the Falck trademark.

The Company also participates in the consolidated tax regime and the group VAT return with its parent company Falck SpA.

Subsequent to Consob's communication issued on 24 September 2010 detailing the position on related party transactions pursuant to Consob regulation 17221 of 12 March 2010 and ensuing amendments, the board of directors of Falck Renewables SpA approved the procedure governing related party transactions on 12 November 2010.

4.2.7 Direction and coordination activities

In accordance with article 2497 bis, paragraph 5 of the Italian Civil Code, it is noted that Falck SpA performs direction and coordination activities with respect to Falck Renewables SpA. The activities performed are of a commercial nature as noted above, and resulted in Euro 573 thousand of income, of which Euro 480 thousand related to management services and Euro 93 thousand to non-recurring income. The result for the period also includes recharges made by Falck SpA for services totalling Euro 749 thousand comprising use of the Falck trademark (Euro 322 thousand) and services of the Chief Executive Officer (Euro 427 thousand).

4.2.8 Holding of own shares or parent company shares

In compliance with article 2428, paragraph 2, point 3 of the Italian Civil Code, the Company declares that at 30 June 2015 it held 460,000 own shares with a face value of Euro 460,000, representing 0.1579% of share capital.

The carrying value is Euro 403,026 corresponding to an average share price of Euro 0.876.

No subsidiaries held shares in the Falck Renewables SpA at 30 June 2015, either through trust companies or third parties.

4.2.9 Purchase and sale of own shares or parent company shares

In accordance with article 2428, paragraph 2, point 4 of the Italian Civil Code, the Company declares that it did not purchase or sell own shares in the first six months of 2015.

4.2.10 Share schemes

The Company does not currently operate employee benefit schemes through the implementation of stock option plans.

On behalf of the board of directors
The Chairman
Enrico Falck

Milan, 4 August 2015

5. Condensed consolidated interim financial statements at 30 June 2015

5.1 Consolidated balance sheet

						(Euro thousands)
			30.6.2015		31.12.2014 (1)	
		Note		*of which related parties*		*of which related parties*
Assets						
A	**Non-current assets**					
1	Intangible assets	(1)	112.189		106.008	
2	Property, plant and equipment	(2)	979.237		965.732	
3	Investments	(3)				
4	Investments accounted for using the equity method	(4)	19.928		19.595	
5	Medium/long-term financial receivables	(5)	763		25	25
6	Trade receivables	(6)				
7	Deferred income tax assets	(8)	23.947		29.245	
8	Other receivables	(7)	9.509		9.601	
	Total		**1.145.573**		**1.130.206**	
B	**Current assets**					
1	Inventories	(9)	4.318		5.313	
2	Trade receivables	(6)	118.541	614	117.527	494
3	Other receivables	(7)	32.600	6.835	38.322	11.319
4	Financial receivables	(5)	91	15	856	
5	Financial assets					
6	Cash and cash equivalents	(10)	179.875		207.606	
	Total		**335.425**		**369.624**	
C	**Non-current assets held for sale**					
Total assets			**1.480.998**		**1.499.830**	
Liabilities						
D	**Equity**					
1	Ordinary shares		291.414		291.414	
2	Reserves		180.795		173.879	
3	Retained earnings					
4	Profit for the period		8.740		3.300	
	Equity attributable to owners of the parent	(11)	**480.949**		**468.593**	
5	Non-controlling interests		39.644		31.115	
	Total equity	(11)	**520.593**		**499.708**	
E	**Non-current liabilities**					
1	Medium/long-term financial liabilities	(14)	724.604		758.640	
2	Trade payables	(15)	1.014		1.046	
3	Other payables	(16)				
4	Deferred income tax liabilities	(8)	20.460		18.827	
5	Provisions for other liabilities and charges	(12)	38.255		37.214	
6	Staff leaving indemnity	(13)	3.871		3.820	
	Total		**788.204**		**819.547**	
F	**Current liabilities**					
1	Trade payables	(15)	53.078	797	50.774	445
2	Other payables	(16)	39.604	7.046	41.825	9.979
3	Short-term financial liabilities	(14)	79.519		87.976	
4	Provisions for other liabilities and charges					
	Total		**172.201**		**180.575**	
G	**Liabilities attributable to non-current assets held for sale**					
Total liabilities			**1.480.998**		**1.499.830**	

(1) The information at 31 December 2014 was restated to reflect the adjustments made following adoption of IFRS 3 –Business combinations – following acquisition of the Vector Cuatro group.

Related party transactions are detailed on page 73.

5.2 Consolidated income statement

(Euro thousands)

		Note	30.6.2015	*of which related parties*	30.6.2014	*of which related parti*
A	Revenue	(17)	147.234		127.183	
	Direct labour costs	(18)	(5.818)		(3.395)	
	Direct costs	(19)	(79.369)		(69.058)	
B	Cost of sales		(85.187)		(72.453)	
C	**Gross profit**		**62.047**		**54.730**	
	Other income	(20)	3.037	778	4.324	277
	Other employee costs	(18)	(7.017)		(8.266)	
	Administrative expenses	(21)	(12.047)	(782)	(11.126)	(1.563)
D	**Operating profit**		**46.020**		**39.662**	
	Finance costs - net	(22)	(24.501)	132	(25.295)	(2.776)
	Investment income/(costs) - net	(23)	156		(1)	
	Share of profit of investments accounted for using the equity method	(24)	1.690	1.690	761	761
E	**Profit before income tax**		**23.365**		**15.127**	
	Income tax expense	(25)	(8.576)		(9.444)	
F	**Profit for the period**		**14.789**		**5.683**	
G	Profit attributable to non-controlling interests		6.049		2.968	
H	**Profit attributable to owners of the parent**		**8.740**		**2.715**	
	Diluted earning per share attributable to owners of the parent (Euro)	(11)	*0,030*		*0,009*	

Related party transactions are detailed on page 82.

5.3 Consolidated statement of comprehensive income

(Euro thousands)

		30.6.2015			30.6.2014		
		Gross	Tax	Net	Gross	Tax	Net
A	**Profit for the period**	**23.365**	**(8.576)**	**14.789**	**15.127**	**(9.444)**	**5.683**
	Other items of comprehensive income						
	Other items of comprehensive income that will be recycled subsequently to profit/(loss) for the period net of tax						
	Foreign exchange differences on translation of overseas financial statements	17.146		17.146	6.674		6.674
	Fair value adjustment of available-for-sale financial assets						
	Share of other comprehensive income of investments accounted for using the equity method				101	(30)	71
	Fair value adjustments of derivatives designated as cash flow hedges	11.963	(3.194)	8.769	(12.452)	4.635	(7.817)
B	**Total other items of comprehensive income that will be recycled subsequently to profit/(loss) for the period net of tax**	**29.109**	**(3.194)**	**25.915**	**(5.677)**	**4.605**	**(1.072)**
	Other items of comprehensive income that will not be reclassified subsequently to profit/(loss) for the period net of tax						
	Sale of non-controlling interests in wind companies				137.871		137.871
	Balance of actuarial gains/(losses) on employee defined benefit plans	(85)		(85)	10		10
C	**Total other items of comprehensive income that will not be recycled subsequently to profit/(loss) for the period net of tax**	**(85)**		**(85)**	**137.881**		**137.881**
B+C	**Other comprehensive income**	**29.024**	**(3.194)**	**25.830**	**132.204**	**4.605**	**136.809**
A+B+C	**Total comprehensive income**	**52.389**	**(11.770)**	**40.619**	**147.331**	**(4.839)**	**142.492**
	Attributible to:						
	- Owners of the parent			30.527			113.793
	- Non-controlling interests			10.092			28.699

5.4 Consolidated statement of cash flows

(Euro thousands)

	Note	30.6.2015	*of which related parties*	30.6.2014	*of which related parties*
Cash flows from operating activities					
Profit for the period		14.789		5.683	
Adjusted for:					
Amortisation of intangible assets	(19)-(21)	566		351	
Impairment of intangible assets	(19)-(21)	900			
Depreciation of property, plant and equipment	(19)-(21)	32.315		29.814	
Impairment of property, plant and equipment	(19)-(21)	4.177		1.871	
Staff leaving indemnity provision	(18)	380		344	
Fair value of financial assets					
Finance income	(22)	(11.137)	(132)	(7.064)	(143)
Finance costs	(22)	35.638		32.359	2.919
Dividends received					
Share of result of equity investments	(24)	(1.690)	(1.690)	(761)	(761)
Gain on sale of intangibles	(20)				
Profit on disposal of property, plant and equipment	(20)			(4)	
Losses/(gains) on sale of investments		(156)			
Other changes		(20)			
Income tax expense (income statement)		8.576		9.444	
Operating profit before changes in net working capital and provisions		**84.338**		**72.037**	
Change in inventories	(9)	995		(311)	
Change in trade receivables	(6)	(1.014)		14.974	
Change in trade payables	(15)	2.272		(9.022)	
Change in other receivables/payables		5.710		3.074	
Net change in provisions		1.420		(1.367)	
Change in employee payables - staff leaving indemnity paid during the	(13)	(469)		(660)	
Cash generated from operating activities		**93.252**		**78.725**	
Interest paid		(34.712)		(30.581)	
Tax paid		(9.403)		(2.911)	
Net cash generated from operating activities (1)		**49.137**		**45.233**	
Cash flows from investing activities					
Dividends received		3.430	3.430	980	980
Proceeds from sale of property, plant and equipment		53		4	
Proceeds from sale of intangible assets					
Purchase of own shares	(11)				
Purchases of intangible assets	(1)	(90)		(116)	
Purchases of property, plant and equipment	(2)	(15.698)		(21.533)	
Acquisition of investments					
Sale of investments		125	125	135.861	135.861
Interest received		11.138	132	6.679	
Net cash (used in)/from investing activities (2)		**(1.042)**		**121.875**	
Cash flows from financing activities					
Dividends paid	(11)	(19.628)		(14.566)	
Proceeds from share capital increase and capital contributions net of expenses					
Expenses relating to capital transactions					
Proceeds from borrowings					
Borrowings granted		(79)		(1.045)	
New borrowings		8.712		83.136	51.396
Change in scope of consolidation					
Repayment of borrowings		(66.546)		(90.271)	(2.139)
Net cash (used in) financing activities (3)		**(77.541)**		**(22.746)**	
Net (decrease)/increase in cash and cash equivalents (1+2+3)		**(29.446)**		**144.362**	
Cash and cash equivalents at 1 January		207.607		120.239	
Translation gain/(loss) on cash and cash equivalents		1.714		(492)	
Cash and cash equivalents at 30 June	(10)	**179.875**		**264.109**	

5.5 Consolidated statement of changes in equity

(Euro thousands)

	Share capital	Reserves	Profit/(loss) for the period	Equity attributable to owners of the parent	Non-controlling interests	Total equity
At 31.12.2013	**291,414**	**65,802**	**15,089**	**372,305**	**6,527**	**378,832**
Appropriation of 2013 profit		15,089	(15,089)			
Dividends paid		(9,311)		(9,311)	(5,255)	(14,566)
Sale of non-controlling interest in wind companies		112,132		112,132	25,739	137,871
Other movements		(2,425)		(2,425)	(8)	(2,433)
Profit for the half-year to 30 June 2014			2,715	2,715	2,968	5,683
At 30.6.2014	**291,414**	**181,287**	**2,715**	**475,416**	**29,971**	**505,387**
Increase in share capital						
Dividends paid					(2,633)	(2,633)
Sale of non-controlling interest in wind companies		(274)		(274)	(2,010)	(2,284)
Other movements		(7,134)		(7,134)	3,143	(3,991)
Profit for the half-year to 31 December 2014			585	585	2,644	3,229
At 31.12.2014	**291,414**	**173,879**	**3,300**	**468,593**	**31,115**	**499,708**
Appropriation of 2014 profit		3,300	(3,300)			
Dividends paid		(18,039)		(18,039)	(1,589)	(19,628)
Other movements		21,655		21,655	4,069	25,724
Profit for the half-year to 30 June 2015			8,740	8,740	6,049	14,789
At 30.6.2015	**291,414**	**180,795**	**8,740**	**480,949**	**39,644**	**520,593**

5.6 Notes to the condensed consolidated interim financial statements

5.6.1 Basis of preparation of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements for the period 1 January 2015 - 30 June 2015 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The financial statements used for consolidation purposes have been reclassified and adjusted to bring them in line with International Financial Reporting Standards (IAS/IFRS) and Group accounting policies.

The accounting policies used for the preparation of the condensed consolidated interim financial statements are consistent with those applied at 31 December 2014.

As the condensed consolidated interim financial statements do not contain all of the disclosures required for the preparation of the annual report they should be read in conjunction with the consolidated financial statements for the year ended 31 December 2014.

With regard to the layout of the condensed consolidated interim financial statements, the Company has opted to present the following accounting statements:

- ***Consolidated balance sheet***
  The consolidated balance sheet is presented in sections with separate disclosure of assets and liabilities and equity. Assets and liabilities are classified in the consolidated financial statements as either current or non-current.

- ***Consolidated income statement***
  The consolidated income statement presents costs by function, using also the analysis of direct costs and overheads.

  For a better understanding of the normal results of ordinary operating, financial and tax management activities, the income statement presents the following intermediate consolidated results:

  - gross profit;
  - operating profit;
  - profit before income tax;
  - profit for the period;
  - profit attributable to non-controlling interests;
  - profit attributable to owners of the parent.

  Segment reporting has been presented in respect of the business units in which the Group operates, as the information used by management to evaluate operating results and for decision-making purposes in the individual business units coincides with the economic and financial information of each segment.

- ***Consolidated statement of comprehensive income***
  The Group has opted to present two separate statements, consequently this statement discloses profit for the period including income and expenses recognised directly in equity.

- ***Consolidated statement of cash flows***
  The consolidated cash flow statement presents an analysis by areas that generate cash flows as required by International Financial Reporting Standards.

- ***Consolidated statement of changes in equity***
  The statement of changes in equity is presented as required by International Financial Reporting Standards with separate disclosure of the profit for the period and each item of revenue, income, cost and expense not recorded in the income statement but recognised directly in consolidated equity based on specific IAS/IFRS requirements.

The condensed consolidated interim financial statements are prepared in Euro and all amounts disclosed in the financial statements and accompanying notes are expressed in Euro thousands, except where otherwise stated.

The condensed consolidated interim financial statements at 30 June 2015 were approved by the board of directors on 4 August 2015, at which time publication of the interim report was authorised.

The condensed consolidated interim financial statements are subject to a limited audit by Reconta Ernst & Young SpA under the terms of engagement approved in the AGM of 6 May 2011.

5.6.2 Scope of consolidation

The condensed consolidated interim financial statements for the six months ended 30 June 2015 include the financial statements of the parent company Falck Renewables SpA and all of the subsidiaries in which it holds, either directly or indirectly, majority voting rights. In accordance with IFRS 11 the companies in which the company exercises joint control with other shareholders (joint-ventures) are consolidated applying the equity method.

The Falck Renewables Group consists of 69 companies, 62 of which are consolidated on a line-to-line basis, 6 are consolidated applying the equity method and 1 is valued at cost. In the course of the 2015 half-year the interests in Ezse Elektrik Uretim Ltd and Verus Energy Oak Ltd were sold, while the UK company Millennium South Wind Energy Ltd, in which Falck Renewables Wind Ltd owns a 52% stake, was incorporated.

5.6.3 Principles of consolidation

The principles of consolidation and the accounting policies used in the preparation of the half-year financial report for the six months to 30 June 2015 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2014. Jointly controlled entities are accounted for using the equity method.

New standards and amendments came into effect for the first time in 2015 however these did not materially impact the condensed consolidated interim financial statements of the Falck Renewables Group. The nature and impact of the new standards/amendments are disclosed below:

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. When the contributions are linked to service, these should be attributed to periods of service as a negative benefit. The 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. The amendments are effective for annual periods beginning on or after 1 July 2014. The amendments do not impact the Group as none of the Group entities have employee or third party contributions.

Annual improvements to IFRS – 2010-2012 cycle
These improvements are effective for annual periods beginning on or after 1 July 2014 and the Group adopted them for the first time in the condensed consolidated interim financial statements. These comprise:

IFRS 2 *Share based payment*
This amendment is applied prospectively and clarifies various issues linked to the definition of performance and service conditions that represent the vesting conditions, including:
- a performance condition must contain a service condition;
- a performance target must be met while the counterparty is rendering service;
- a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- a performance condition may be a market or non-market condition;
- if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

The above definitions are in line with the methods adopted by which the Group identified the performance and service conditions that represent the vesting conditions in previous periods, consequently the improvements have not impacted the Group’s accounting policy.

IFRS 3 Business combinations
The amendment is applied prospectively and clarifies that all agreements relating to contingent considerations classified as assets (or liabilities) that arise from a business combination must be subsequently measured at fair value at profit or loss whether or not it falls within the scope of IFRS 9 (or IAS 39). This is in line with the standards adopted by the Group and consequently this amendment does not impact the financial statements.

IFRS 8 Operating segments
This amendment is effective retrospectively and clarifies that:

An entity must disclose the judgements made by management in applying the aggregation criteria as defined in paragraph 12 of IFRS 8, including a brief description of the operating segments that have been aggregated and the economic characteristics (e.g. sales, 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.

The Group has not applied the aggregation criteria outlined by IFRS 8.12. In previous years the Group had presented the reconciliation of segment assets to total assets and will continue this disclosure in note 5.6.4 as this reconciliation is reported to the chief operating decision maker.

IAS 16 Property, plant and equipment and IAS 38 Intangible assets
The amendment is effective retrospectively and clarifies that in IAS 16 and IAS 38 an asset can be revalued using identifiable data both in respect of the gross carrying value of the asset to market value or determining the market value of the carrying amount and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. It is also clarified that accumulated depreciation is the difference between the gross carrying amount and the carrying amount of the asset. The Group has not performed any revaluation adjustments in the current interim period.

IAS 24 Related party disclosures
This amendment is effective 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 does not affect the Group as it does not receive management services from other entities with the exception of those provided by Falck SpA.

Annual improvements to IFRS- 2011-2013 cycle
These improvements are effective for annual periods beginning on or after 1 July 2014 and the Group adopted them for the first time in the condensed consolidated interim financial statements. These comprise:

- ***IFRS 3 Business combinations***
  The amendment is effective prospectively and for the purpose of exclusion from the scope of IFRS 3 it clarifies that: joint arrangements are outside the scope of IFRS 3 not just joint ventures. This scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The Falck Renewables Group does not have any joint arrangements therefore this amendment does not impact the Group or its subsidiaries.
- ***IFRS 13 Fair value measurement***
  The amendment is effective prospectively and clarifies that the portfolio exception in IFRS 13 can be applied to financial assets, financial liabilities and other contracts within the scope of IFRS 9 (or IAS 39 where applicable). 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 (e.g. property, plant and equipment). The amendment is effective prospectively and clarifies that in defining whether a transaction represents the purchase of an asset or a business combination, IFRS 3 must be used and not the description of ancillary services in IAS 40. In prior periods the Group used IFRS 3 and not IAS 40. Consequently this amendment has not impacted the Group’s accounting policies.

The Group has not early adopted any other standards, interpretations or improvements issued but not yet effective.

5.6.4 Segment information

Details of the results of operations and financial position by business segment in accordance with IAS/IFRS are illustrated below.
The segments identified represent the organisation and production structure adopted by the Falck Renewables Group.
The operating segments and performance indicators were determined based on the reporting used by the Group's board of directors for the purpose of strategic decision making.

(Euro thousands)

	WtE, biomass, photovoltaic		Wind		Services		Holding		Elimination		Consolidated	
Operations	30.6.2015	30.6.2014	30.6.2015	30.6.2014	30.6.2015	30.6.2014	30.6.2015	30.6.2014	30.6.2015	30.6.2014	30.6.2015	30.6.2014
Revenue	28.470	30.402	114.449	96.743	4.319		189	38	(193)		147.234	127.183
Cost of sales	(29.777)	(27.197)	(51.202)	(45.308)	(4.391)				183	52	(85.187)	(72.453)
Gross profit/(loss)	**(1.307)**	**3.205**	**63.247**	**51.435**	**(72)**		**189**	**38**	**(10)**	**52**	**62.047**	**54.730**
Other income	1.494	531	502	2.938	33		4.283	3.924	(3.275)	(3.069)	3.037	4.324
Administrative expenses	(4.205)	(3.220)	(7.133)	(7.423)	(66)		(11.967)	(11.762)	4.307	3.013	(19.064)	(19.392)
Operating profit/(loss)	**(4.018)**	**516**	**56.616**	**46.950**	**(105)**		**(7.495)**	**(7.800)**	**1.022**	**(4)**	**46.020**	**39.662**
Finance income/(costs) - net	(2.142)	(2.612)	(25.192)	(24.384)	(32)		2.457	1.466	408	235	(24.501)	(25.295)
Investment income/(expenses)	1.299	1.047	156	(722)	13		1.840	1.594	(1.462)	(1.159)	1.846	760
Profit/(loss) before income tax	**(4.861)**	**(1.049)**	**31.580**	**21.844**	**(124)**		**(3.198)**	**(4.740)**	**(32)**	**(928)**	**23.365**	**15.127**
Income tax expense	1.017	(24)	(11.513)	(11.227)	(24)		1.954	1.813	(10)	(6)	(8.576)	(9.444)
Profit/(loss) for the period	**(3.844)**	**(1.073)**	**20.067**	**10.617**	**(148)**		**(1.244)**	**(2.927)**	**(42)**	**(934)**	**14.789**	**5.683**
Profit/(loss) attributable to non-controlling interests	(584)	11	6.632	2.955					1	2	6.049	2.968
Profit/(loss) attributable to owners of the parent	**(3.260)**	**(1.084)**	**13.435**	**7.662**	**(148)**		**(1.244)**	**(2.927)**	**(43)**	**(936)**	**8.740**	**2.715**
Ebitda	**6.639**	**7.421**	**84.353**	**72.142**	**241**		**(4.403)**	**(7.194)**	**(1.704)**	**(306)**	**85.126**	**72.063**

(Euro thousands)

	WtE, biomass, photovoltaic		Wind		Services		Holding		Elimination		Consolidated	
Balance sheet	30.6.2015	30.6.2014	30.6.2015	30.6.2014	30.6.2015	30.6.2014	30.6.2015	30.6.2014	30.6.2015	30.6.2014	30.6.2015	30.6.2014
Intangible assets	2.775	3.244	96.813	87.097	11.863		738	861			112.189	91.202
Property, plant and equipment	103.218	111.463	875.722	851.899	901		612	455	(1.216)	(1.316)	979.237	962.501
Net financial position	167.907	174.976	763.876	724.244	203		(228.639)	(221.441)	(79.953)	(79.845)	623.394	597.934
Capital expenditure	850	1.323	14.382	20.133	215		340	193	1		15.788	21.649

5.6.5 Balance sheet content and movements

Assets

A Non-current assets

1 Intangible assets

Movements during the period were as follows:

(Euro thousands)

		At 31.12.2014	Acquisi-tions	Foreign exchange differences	Reclass-ification	Disposals	Other move-ments	Impair-ment losses	Amorti-sation	At 30.6.2015
1.1	Industrial patent rights	423			372				(105)	690
1.2	Concessions, licences, trademarks and similar	3,022			11				(238)	2,795
1.3	Goodwill	96,007		7,557				(900)		102,664
1.4	Other intangibles	6,202	22		(11)				(223)	5,990
1.5	Assets under construction and advances	354	68		(372)					50
Total		**106,008**	**90**	**7,557**				**(900)**	**(566)**	**112,189**

Goodwill principally consists of the differences arising on first time consolidation between the book value of the investments and the corresponding share of net equity of the consolidated companies that is attributable to the Group.

Since 1 January 2005, goodwill has not been amortised but is subjected to an annual impairment test.
The goodwill resulting from business combinations has been allocated to separate cash generating units (CGUs) in order to identify any reduction in value. The cash generating units identified are:

-Actelios Solar SpA (photovoltaic plants in Sicily)
-Assel Valley Wind Energy Ltd (Assel Valley wind farm)
-Auchrobert Wind Energy Ltd (Auchrobert wind farm)
-Ben Aketil Wind Energy Ltd (Ben Aketil wind farm)
-Boyndie Wind Energy Ltd (Boyndie wind farm)
-Cambrian Wind Energy Ltd (Cefn Croes wind farm)
-Earlsburn Wind Energy Ltd (Earlsburn wind farm)
-Ecosesto SpA (Rende hybrid plant)
-Ecosesto SpA (Rende photovoltaic plant)
-Eolica Cabezo San Roque Sau (Cabezo wind farm)
-Eolica Petralia Srl (Petralia Sottana wind farm)
-Eolica Sud Srl (San Sostene wind farm)
-Eolo 3W Minervino Murge Srl (Minervino Murge wind farm)
-Esposito Servizi Ecologici Srl (Gorle waste treatment plants)
-Esquennois Energie Sas (Oise wind farm)
-Falck Renewables Wind Ltd (wind sector parent company)
-Frullo Energia Ambiente Srl (Granarolo dell'Emilia WtE plant)
-Geopower Sardegna Srl (Buddusò-Alà dei Sardi wind farm)
-Vector Cuatro group Slu (services)
-Kilbraur Wind Energy Ltd (Kilbraur wind farm)

-Kingsburn Wind Energy Ltd (Kingsburn wind farm)
-Millennium Wind Energy Ltd (Millennium wind farm)
-Nutberry Wind Energy Ltd (Nutberry wind farm)
-Parc Eolien du Fouy Sas (Maine et Loire wind farm)
-Parc Eolien des Cretes Sas (Maine et Loire wind farm)
-Prima Srl (Trezzo sull'Adda WtE plant)
-Solar Mesagne Srl (Mesagne photovoltaic plants)
-Spaldington Airfield Wind Energy Ltd (Spaldington wind farm)
-Ty Ru Sas (Plouigneau wind farm)
-West Browncastle Wind Energy Ltd (West Browncastle wind farm)

Purchase price allocation
Falck Renewables SpA acquired a 100% stake in the Spanish Company Vector Cuatro SLU, a parent company with subsidiaries in Spain, Italy, France, Japan, Canada, Mexico and Bulgaria, on 15 September 2014 in accordance with the terms of the agreement signed on 31 July 2014.
The total purchase price was determined at Euro 11,222 thousand, of which Euro 8,417 thousand was paid on 15 September 2014 and Euro 2,805 thousand on 30 June 2015. The net equity of the Vector Cuatro group amounted to Euro 1,259 thousand at the acquisition date, giving rise to a difference of Euro 9,962 thousand that has been provisionally allocated to goodwill.
The acquisition of the controlling interest was recorded in accordance with the requirements of IFRS 3 on business combinations using the purchase method by determining the fair value of the assets acquired and liabilities assumed and recognition of goodwill representing the difference between this value and the total purchase price paid for the acquisition as detailed in the table below:

(Euro thousands)

Net assets acquired	Carrying value of the acquired entity at the acquisition date (provisional allocation)	Adjustment on final allocation	Carrying value of the acquired entity at the acquisition date (final allocation)
Contract portfolio		5,958	5,958
Customer Relationship		22	22
Intangible assets	362		362
Property, plant and equipment	602		602
Receivables/(trade payables)	1,671		1,671
Other assets/liabilities	(1,059)	(1,878)	(2,937)
Net financial position	(317)		(317)
Total net assets acquired	**1,259**	**4,102**	**5,361**
Goodwill			**5,861**
Total acquisition cost			**11,222**

In order to allocate the purchase price to the current values attributable to the net assets acquired, together with an independent expert, the specific intangible assets identified and valued in respect of the long-term contract portfolio and customer relationships amounted to Euro 5,980 thousand with corresponding deferred income tax liabilities of Euro 1,878 thousand. The useful life of the contract portfolio was estimated at 20 years based on the technical characteristics of the contracts where fees are also linked to performance and the useful life of the plant to which the contract relates.

The total fair value of the net assets acquired, net of deferred income taxes recognised on the higher current values attributed to the intangible assets identified at the time of the purchase price allocation, amounts to Euro 5,361 thousand.

The difference between the total purchase price of Euro 11,222 thousand and the fair value of the identifiable net acquired assets of Euro 5,361 thousand gave rise to the recognition of goodwill amounting to Euro 5,861 thousand.

No adjustment was made to the carrying value of goodwill recorded in the 2014 consolidated financial statements.

No indicators of impairment arose in the course of the 2015 half-year in relation to the Falck Renewables Group's plants therefore no further impairment testing was performed on the goodwill of the Falck Renewables Group.

The Group's market capitalisation at 30 June 2015 was Euro 329,881 thousand and was below the total equity of Euro 480,949 thousand. The impairment test carried out for the purpose of preparing the 2014 Annual Report did not identify impairment and presented a significant margin even compared to total equity at 30 June 2015.

Goodwill at 30 June 2015 comprised:

	(Euro thousands)
Ben Aketil Wind Energy Ltd	12,308
Boyndie Wind Energy Ltd	5,139
Cambrian Wind Energy Ltd	15,606
Earlsburn Wind Energy Ltd	12,109
Eolica Sud Srl	2,435
Eolo 3W Minervino Murge Srl	2,162
Falck Renewables Wind Ltd	10,222
Geopower Sardegna Srl	20,089
Kilbraur Wind Energy Ltd	4,672
Millennium Wind Energy Ltd	11,736
Vector Cuatro SLU	5,861
Ty Ru	325
Total	**102,664**

Acquisitions principally relate to expenditure on software licenses by the parent company Falck Renewables SpA totalling Euro 68 thousand and Vector Cuatro SLU for Euro 22 thousand.

Impairment losses relate to the goodwill of Verus Energy Oak Ltd as this was written down following the resale of the interest to the developer.

2 Property, plant and equipment

Movements during the period were as follows:

(Euro thousands)

	At 31.12.2014	Additions	Change in scope of consol.n	Capital.n and reclass.n	Exchange differences	Disposals	Other move-ments	Impair-ment losses	Deprec-iation	At 30.6.2015
Gross value										
2.1 Land	9.323	112			25					9.460
2,2 Buildings	1.699	134								1.833
2,3 Plant and machinery	1.182.251	349		343	45.830	(73)	(983)	(4.044)		1.223.673
2,4 Industrial and office equipment	2.924	5								2.929
2,5 Other assets	5.050	60		188	28	(259)	4			5.071
2,6 Assets operated under concession	90.129			466						90.595
2,7 Assets under construction and adv.	25.672	15.038		(997)	2.248	(1.184)	983	(133)		41.627
Total gross value	**1.317.048**	**15.698**			**48.131**	**(1.516)**	**4**	**(4.177)**		**1.375.188**
Accumulated depreciation										
2.1 Land										
2,2 Buildings	(868)								(28)	(896)
2,3 Plant and machinery	(287.689)				(12.574)	59			(29.903)	(330.107)
2,4 Industrial and office equipment	(1.882)								(151)	(2.033)
2,5 Other assets	(3.568)				(26)	221			(300)	(3.673)
2,6 Assets operated under concession	(57.309)								(1.933)	(59.242)
Total depreciation	**(351.316)**				**(12.600)**	**280**			**(32.315)**	**(395.951)**
Net book amounts										
2.1 Land	9.323	112			25					9.460
2,2 Buildings	831	134							(28)	937
2.3 Plant and machinery	894.562	349		343	33.256	(14)	(983)	(4.044)	(29.903)	893.566
2.4 Industrial and office equipment	1.042	5							(151)	896
2.5 Other assets	1.482	60		188	2	(38)	4		(300)	1.398
2.6 Assets operated under concession	32.820			466					(1.933)	31.353
2.7 Assets under construction and adv.	25.672	15.038		(997)	2.248	(1.184)	983	(133)		41.627
Total net book amounts	**965.732**	**15.698**			**35.531**	**(1.236)**	**4**	**(4.177)**	**(32.315)**	**979.237**

Additions – these comprise:

	(Euro thousands)
Kingsburn wind farm	3,413
Spaldington wind farm	906
West Browncastle wind farm	349
Auchrobert wind farm	2,210
Assel Valley wind farm	7,471
Motor vehicles	125
Improvements to Trezzo sull'Adda WtE plant	850
Other minor wind sector additions	33
Other minor services sector additions	193
Other minor parent company additions	148
Total	**15,698**

Property, plant and equipment at 30 June 2015 did not include amounts relating to revaluations carried out in accordance with local monetary revaluation legislation or arising from economic revaluations.

The impairment loss of Euro 4,177 thousand comprises the loss on the Rende hybrid plant (Euro 4,044 thousand) that was recognised following the impairment test carried out for the purpose of preparing the half-year financial report.

This was considered necessary due to actual levels of biomass consumption and new incentivised electricity production estimates, which required several months due to the complexity and will be reviewed at the year-end. The sale of the interest in Verus Energy Oak Ltd back to the developer resulted in a loss on assets under construction of Euro 133 thousand.

Borrowing costs allocated during the year to property, plant and equipment amounted to Euro 211 thousand relating to wind farms under construction.

3 Investments

There were no investments at the period-end.

4 Investments accounted for using the equity method

(Euro thousands)

	At 31.12.2014	Revaluations/ write-downs	Adjustment to fair value through equity	Dividends	Other movements	At 30.6.2015
Frullo Energia Ambiente Srl	19,579	1,300		(980)		19,899
Palermo Energia Ambiente ScpA in liq.		378			(378)	
Parque Eolico La Carracha Sl						
Parque Eolico Plana de Jarreta Sl						
Nuevos Parque Eolicos La Muela AIE						
Vector Cuatro Servicios SL	16	12			1	29
Total	**19,595**	**1,690**		**(980)**	**(377)**	**19,928**

These comprise the 49% stake in Frullo Energia Ambiente Srl, the 23.27% interest in Palermo Energia Ambiente ScpA (in liquidation) and the 26% holdings in Parque Eolico La Carracha Sl and Parque Eolico Plana de Jarreta Sl, each of which have a 50% stake in Nuevos Parque Eolicos La Muela AIE and the 50% stake in Vector Cuatro Servicios Slu
The disclosures regarding non-controlling interests valued using the equity method are set out below in accordance with IFRS 12:

	Registered office	Currency	Share capital	% Direct holding	Parent company
Frullo Energia Ambiente Srl	Bologna	Euro	17,139,000	49.000	Falck Renewables SpA
Palermo Energia Ambiente ScpA in liq.	Palermo	Euro	120,000	23.273	Falck Renewables SpA
Nuevos Parque Eolico La Muela AIE	Saragozza (Spain)	Euro	10,000	50.000	Parque Eolico La Carracha SL
				50.000	Parque Eolico Plana de Jarreta SL
Parque Eolico La Carracha SL	Saragozza (Spain)	Euro	100,000	26.000	Falck Renewables Wind Ltd
Parque Eolico Pla na de Jarreta SL	Saragozza (Spain)	Euro	100,000	26.000	Falck Renewables Wind Ltd
Vector Cuatro Servicios SL	Madrid (Spain)	Euro	30,000	50.000	Vector Cuatro SLU

Key balance sheet information:

(Euro thousands)

	Non-current assets	Current assets	Total equity	Non-current liabilties	Current liabilities
Frullo Energia Ambiente Srl	80,801	22,018	40,176	31,313	31,330
Nuevos Parque Eolicos La Muela AIE	2	38	38		2
Palermo Energia Ambiente ScpA (in liquidation)	43,022	3,654	(57,144)	79,693	24,127
Parque Eolico La Carracha Sl	16,632	6,552	171	17,965	5,048
Parque Eolico Plana de Jarreta Sl	16,464	6,228	(570)	18,220	5,042
Vector Cuatro Servicios SL	32	72	64	30	10

Key income statement information:

(Euro thousands)

	Revenue	Cost of sales	Gross profit	Operating profit	Profit before income tax	Profit for the period
Frullo Energia Ambiente Srl	16,244	13,458	2,786	2,665	2,117	1,457
Nuevos Parque Eolicos La Muela AIE	169	169				
Palermo Energia Ambiente ScpA (in liquidation)				2,957	2,534	2,534
Parque Eolico La Carracha Sl	2,583	(2,729)	(146)	(129)	(600)	(450)
Parque Eolico Plana de Jarreta Sl	2,466	(2,680)	(214)	(161)	(621)	(466)
Vector Cuatro Servicios SL	86	(57)	29	28	27	27

The 26% interests in both Parque Eolico La Carracha Sl and Parque Eolico Plana de Jarreta Sl, each of which own 50% of the share capital of Nuevos Parque Eolicos La Muela AIE, were written down to a nil carrying value as for the 23.27% interest in Palermo Energia Ambiente ScpA (in liquidation).

5 Financial receivables

Financial receivables at 30 June 2015 may be analysed as follows:

(Euro thousands)

	30.6.2015			31.12.2014			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	826	763	63	738		738	88	763	(675)
Amounts owed by subsidiaries									
Amounts owed by associates	15		15	25	25		(10)	(25)	15
Amounts owed by parent company companies									
Derivative financial instruments	13		13	118		118	(105)		(105)
Total	**854**	**763**	**91**	**881**	**25**	**856**	**(27)**	**738**	**(765)**

Financial receivables are disclosed net of the provision for doubtful accounts of Euro 9,380 thousand.

Non-current amounts owed by third parties relate to loans for new projects in the UK.
Falck SpA and Falck Renewables Wind Ltd took out third party derivative contracts to hedge the foreign exchange risk associated with foreign currency current accounts that have a positive fair value of Euro 13 thousand at 30 June 2015.

Amounts owed by associates include the financial receivable of Euro 8,703 thousand due from Palermo Energia Ambiente ScpA in liquidation, Euro 231 thousand due from Parque Eolico La Carracha Sl and Euro 446 thousand due from Parque Eolico Plana de Jarreta Sl, all of which have been written down to nil.

6 Trade receivables

Trade receivables at 30 June 2015 may be analysed as follows:

(Euro thousands)

	30.6.2015			31.12.2014			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Trade receivables	117,927		117,927	117,033		117,033	894		894
Amounts owed by subsidiaries									
Amounts owed by associates	68		68	81		81	(13)		(13)
Amounts owed by parent company	478		478	306		306	172		172
companies	68		68	107		107	(39)		(39)
Total	**118,541**		**118,541**	**117,527**		**117,527**	**1,014**		**1,014**

The analysis of trade receivables by geographical location is as follows:

Italy	Euro 84,357 thousand
Great Britain	Euro 27,855 thousand
Spain	Euro 976 thousand
France	Euro 1,010 thousand
Austria	Euro 3,329 thousand
Japan	Euro 280 thousand
Other	Euro 120 thousand

Trade receivables are disclosed net of the provision for doubtful accounts of Euro 5,938 thousand at 30 June 2015, recorded in order to adjust them to recoverable value.

Amounts owed by associates comprise trade receivables of Euro 5,269 thousand due from Palermo Energia Ambiente ScpA in liquidation, which has been written off in full.

7 Other receivables

Other receivables at 30 June 2015 consisted of the following:

(Euro thousands)

	30.6.2015			31.12.2014			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts owed by third parties	3,019		3,019	4,252		4,252	(1,233)		(1,233)
Amounts owed by subsidiaries									
Amounts owed by associates	2,940		2,940	5,390		5,390	(2,450)		(2,450)
Amounts owed by parent company	3,895		3,895	5,929		5,929	(2,034)		(2,034)
Amounts owed by other Falck Group companies									
Advances	3,803		3,803	3,481		3,481	322		322
Tax credits	20,101	7,203	12,898	21,319	7,203	14,116	(1,218)		(1,218)
Guarantee deposits	2,369	2,306	63	2,118	2,117	1	251	189	62
Accrued income and prepayments	5,982		5,982	5,434	281	5,153	548	(281)	829
Total	**42,109**	**9,509**	**32,600**	**47,923**	**9,601**	**38,322**	**(5,814)**	**(92)**	**(5,722)**

Amounts owed by third parties largely relates to the payment of Euro 2,686 thousand made by Eolica Sud Srl to the Catanzaro Tax Authorities in relation to the tax assessment notice which the company has appealed against.

The amounts owed by parent company principally relate to tax income due from Falck SpA in relation to the Group consolidated tax regime and the sale of VAT recoverable under the Group VAT return.
The amount due from associates principally relates to current and prior year dividends of Euro 2,940 thousand approved by the AGM of Frullo Energia Ambiente Srl but not yet paid.
Current tax credits principally relate to the VAT recoverable on capital expenditure incurred by the Group companies, while the non-current amounts relate to the VAT recoverable of Eolica Sud that has been classified prudently as non-current following the dispute that has arisen with the tax authorities as detailed on page 38 above.

Accrued income and prepayments largely relate to plant maintenance prepayments, deferred charges on the cost to secure guarantees, insurance premiums and royalties payable to local authorities in the areas in which the Group's plants are located.

8 Deferred income tax assets and liabilities

Deferred income tax assets at 30 June 2015 amounted to Euro 23,947 thousand, representing an increase of Euro 5,298 thousand on the balance at 31 December 2014. Deferred income tax liabilities amounted to Euro 20,460 thousand, an increase of Euro 1,633 thousand.

Deferred income tax assets and liabilities, arising on temporary differences, are only offset when there is a legally enforceable right of offset and relate to the same tax jurisdiction.

Deferred tax assets are recognised only when they are considered recoverable.

Deferred income tax assets had not been recognised on the charges made to the sundry risks provision in respect of the Sicily Projects as they would only be recoverable (i) as part of the Group consolidated tax regime, (ii) against sufficient Group taxable income and (iii) once the conditions allowing their deductibility are realised.
With regard to the invitation to settle in court pursuant to article 185 of the Italian Code of Civil Procedure (c.p.c.) issued by the Milan Court on 27 March 2015, in the hearings that took place on 8 June 2015 Falck Renewables, Falck SpA, Elettroambiente SpA, Tifeo, Platani and Pea settled the disputes with the Department and the Presidency of the Sicily Region in relation to the projects initiated in 2002 to construct WtE plants (the Sicily Projects). This resulted, inter alia, in the mutual waiver of all demands arising from the disputes, the 2002 tenders and subsequent relations between the parties in relation to the proceedings (including the administrative proceedings pending before the CGARS that will be dropped) [3]. The liquidator of Tifeo and Platani, which are part of the Group's consolidated tax regime while Pea is not as it is not controlled by the Falck Group, is currently determining the value of the amounts charged to the above-mentioned sundry risks provision that are deductible and the losses recoverable within the Group consolidated tax regime. Following this analysis that will be finalised before the year-end, both the deductible amount and the losses recoverable will be identified based on the Group's results following which the relevant deferred income tax asset will be recorded.

B Current assets

9 Inventories

Inventories at 30 June 2015 may be detailed as follows:

[3] For further details refer to note "4.1.10 Risks and uncertainties b) Legal – Sicily Projects.

(Euro thousands)

	30.6.2015	31.12.2014	Change
Raw materials and consumables	2,686	2,762	(76)
Semi-finished goods			
Work in progress			
Finished goods	1,632	2,551	(919)
Advances			
Total	**4,318**	**5,313**	**(995)**

Raw materials comprise biomass stocks while finished goods include the spare parts of plants in service.

10 Cash and cash equivalents

(Euro thousands)

	30.6.2015	31.12.2014	Change
Short-term bank and post office deposits	179,852	207,586	(27,734)
Cash in hand	23	20	3
Total	**179,875**	**207,606**	**(27,731)**

Cash and cash equivalents may be detailed as follows:

(Euro thousands)

	30.6.2015	31.12.2014	Change
Cash at bank and in hand	179,875	207,606	(27,731)
Bank overdrafts			
Invoice advances			
Group current accounts			
Total cash and cash equivalents	**179,875**	**207,606**	**(27,731)**

The bank accounts of companies that have entered into project financing contracts are restricted by the covenants imposed by the contracts. The balances involved amount to Euro 107,898 thousand including Euro 105,313 thousand in respect of the wind sector and Euro 2,585 thousand for the WtE, biomass and photovoltaic sector.

The cash balances linked to project financing contracts analysed by company are as follows:

(Euro thousands)

	30.6.2015	31.12.2014
Actelios Solar SpA	2,585	4,227
Total WtE, biomass and photovoltaic	**2,585**	**4,227**
Cambrian Wind Energy Ltd	6,530	3,595
Boyndie Wind Energy Ltd	3,830	1,693
Earlsburn Wind Energy Ltd	8,320	4,666
Ben Aketil Wind Energy Ltd	4,863	2,629
Millennium Wind Energy Ltd	7,796	7,231
Kilbraur Wind Energy Ltd	3,936	3,762
Nutberry Wind Energy Ltd	2,910	2,810
Eolica Sud Srl	17,494	20,216
Eolo 3W Minervino Murge Srl	9,626	10,726
Geopower Sardegna Srl	22,510	23,068
Eolica Petralia Srl	4,097	4,353
SE Ty Ru Sas	3,975	3,856
Parc Eolien du Fouy Sas	1,220	1,351
Parc Eolien des Crêtes Sas	1,093	1,250
Esquennois Energie Sas	2,257	1,899
Eolica Cabezo San Roque Sau	4,856	5,488
Total wind sector	**105,313**	**98,593**
Total liquidity linked to project financing	**107,898**	**102,820**

Cash in hand held by the parent company Falck Renewables SpA amounted to Euro 69,593 thousand at 30 June 2015.

Liabilities

D Equity

11 Share capital

Share capital consists of 291,413,891 issued and fully paid ordinary shares, with a nominal value of Euro 1 each.
Falck Renewables SpA holds 460,000 own shares with a face value of Euro 460,000.
Movements in equity during 2014 and 2015 were as follows:

(Euro thousands)

	Share capital	Reserves: Share premium account	Reserves: Demerger reserve under common control	Reserves: Translat-ion reserve	Reserves: Cash flow hedge reserve	Reserves: Actuarial gains/losses reserve	Reserves: Other reserves	Profit for the year	Equity attributable to owners of the parent	Non-controlling interests	Total
31.12.2013	**291,414**	**620,976**	**(371,598)**	**(9)**	**(40,636)**	**(163)**	**(142,768)**	**15,089**	**372,305**	**6,527**	**378,832**
Appropriation of 2013 profit of the parent to reserves							15,089	(15,089)			
Dividends distributed							(9,310)		**(9,310)**	(7,889)	**(17,199)**
Sale of non-controlling interest in wind companies							111,858		**111,858**	23,729	**135,587**
Own shares held											
Acquisition of non-controlling interests											
Other movements				10,593	(19,515)	(149)	(489)		**(9,560)**	3,136	**(6,424)**
Profit for the year								3,300	**3,300**	5,612	**8,912**
31.12.2014	**291,414**	**620,976**	**(371,598)**	**10,584**	**(60,151)**	**(312)**	**(25,620)**	**3,300**	**468,593**	**31,115**	**499,708**

(Euro thousands)

	Share capital	Reserves: Share premium account	Reserves: Demerger reserve under common control	Reserves: Translat-ion reserve	Reserves: Cash flow hedge reserve	Reserves: Actuarial gains/losses reserve	Reserves: Other reserves	Profit for the year	Equity attributable to owners of the parent	Non-controlling interests	Total
31.12.2014	**291,414**	**620,976**	**(371,598)**	**10,584**	**(60,151)**	**(312)**	**(25,620)**	**3,300**	**468,593**	**31,115**	**499,708**
Appropriation of 2014 profit of the parent to reserves							3,300	(3,300)			
Dividends distributed							(18,039)		**(18,039)**	(1,589)	**(19,628)**
Other movements				14,470	7,389	(73)	(131)		**21,655**	4,069	**25,724**
Profit for the period								8,740	**8,740**	6,049	**14,789**
30.06.2015	**291,414**	**620,976**	**(371,598)**	**25,054**	**(52,762)**	**(385)**	**(40,490)**	**8,740**	**480,949**	**39,644**	**520,593**

Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period. Own shares held are excluded.
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.
Diluted earnings per share is in line with basic earnings per share as there are no dilutive potential shares or options in circulation.
The data used to calculate basic earnings per share were as follows.

	30.6.2015	31.12.2014
Weighted average number of ordinary shares in issue (number)	290,953,891	290,953,891
Profit attributable to ordinary equity holders of the parent (Euro thousands)	8,740	3,300
Basic earnings per share (Euro per share)	**0.030**	**0.011**

	30.6.2015	31.12.2014
Weighted average number of ordinary shares in issue (number)	290,953,891	290,953,891
Profit attributable to ordinary equity holders of the parent (Euro thousands)	8,740	3,300
Diluted earnings per share (Euro per share)	**0.030**	**0.011**

12 Provisions for other liabilities and charges

(Euro thousands)

	31.12.2014	Change in scope of consolidation	Charges	Credited	Other movements	Foreign exchange differences	30.6.2015
Provisions for pensions and similar obligations							
Other provisions							
- litigation	108						108
- investments	1,309			(378)	(291)		640
- environmental	31,216			(79)	1	1,011	32,149
- restructuring and liquidation							
- sundry risks provision	4,581		755			22	5,358
Total other provisions	37,214		755	(457)	(290)	1,033	38,255

All provisions are non-current.

The environmental provision comprises future obligations in relation to the decommissioning of power plants at the end of their useful life that are calculated based on independent expert valuations. The corresponding charges are not expensed in the income statement but recorded as an increase in the book value of the asset to which the obligation relates.
The provision also includes amounts provided to meet future commitments in relation to the redevelopment of landfills in accordance with the obligations undertaken on receipt of authorisations from the relevant authorities. These are also based on estimates prepared by specialist enterprises.

The litigation provision has been recognised in order to cover probable liabilities that may arise on pending legal proceedings.

The investment provision relates to the investment in the associate Palermo Energia Ambiente ScpA which is in liquidation.
The sundry risks provision largely comprises the charge of Euro 3,974 thousand made subsequent to publication of the Ministry of Economic Development Decree of 20.11.2012 regarding the «*Adjustment of the prices applicable to electricity sold to GSE in 2010, 2011 and 2012 under sales agreements governed pursuant to CIP 6/92*» and relating to revenue for the period January 2010 to November 2012.
A charge of Euro 545 thousand was made to the sundry risks provision in the half-year by the companies operating in the photovoltaic sector (Actelios Solar SpA and Ecosesto SpA) following the process launched by GSE on 17 March 2015, in order to recalculate the incentive tariff and recover some of the sums paid, following exclusion from the 2005 ISTAT revaluation of the said incentive tariff in accordance with ruling 9 of the Italian Council of State dated 4 May 2012 that upheld the amendments introduced by MD 6 February 2006 to MD 28 July 2005 that cancelled the first instance ruling that had recognised the revaluation. This process was challenged by the Group companies involved as the underlying factual and law assumptions are considered invalid. Despite this challenge and the fact that the Group considers its motives to be valid, the companies involved included the amount requested by the GSE in the half-year financial report.

13 Staff leaving indemnity

(Euro thousands)

	31.12.2014	Charges	Interest cost	Other movements	Actuarial gains/losses	Used or paid	30.6.2015
Managers	694	123	9		36	(117)	745
White and blue collar staff	3.126	257	46		49	(352)	3.126
Total	**3.820**	**380**	**55**		**85**	**(469)**	**3.871**

The Trattamento di Fine Rapporto, "TFR" (staff leaving indemnity provision), represents the discounted obligation due to employees. Actuarial losses of Euro 85 thousand were recorded at 30 June 2015 that were recognised in total equity and disclosed in the statement of comprehensive income in accordance with amended IAS 19R.

14 Financial liabilities

Financial liabilities at 30 June 2015 consisted of the following:

(Euro thousands)

	30.6.2015			31.12.2014			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Due to third parties	71,803	57,992	13,811	94,549	58,196	36,353	(22,746)	(204)	(22,542)
Due to subsidiaries									
Due to associates									
Due to parent company									
Due to other Group companies									
Project financing	665,172	601,893	63,279	673,866	623,230	50,636	(8,694)	(21,337)	12,643
Derivative financial instruments	67,148	64,719	2,429	78,201	77,214	987	(11,053)	(12,495)	1,442
Total	**804,123**	**724,604**	**79,519**	**846,616**	**758,640**	**87,976**	**(42,493)**	**(34,036)**	**(8,457)**

The corporate loan of Euro 165 million taken out by the parent company in 2011 was repaid in advance of the maturity date of 30 June 2015 and a new loan contract was entered into on 12 June 2015 with a pool of leading banks. The loan contract comprises a Euro 150 million revolving credit facility that matures on 30 June 2020 and enjoys more favourable economic terms both in terms of spread and covenants that will contribute to a significant decrease in finance costs compared to the previous corporate loan. The loan is aimed at supporting the Group's financial requirements and business development activities. The loan had not been drawn down at 30 June 2015.

The parent company has placed a pledge on the shares held in Falck Renewables Wind Ltd corresponding to a nominal value of GBP 37,755 thousand.

The contract is subject to, inter alia, financial covenants comprising the ratios of net financial position/Ebitda and net financial position/total equity based on the amounts in the consolidated financial statements: these covenants were met at 30 June 2015.

Third party financial liabilities comprise:

(Euro thousands)

	30.6.2015	31.12.2014
Banca Popolare di Sondrio loan to revamp Rende plant		
Banca Popolare di Sondrio mortgage	7,087	7,875
Prima Srl shareholders' loan	1,305	1,289
Sicily Projects' loan	1,446	1,433
Corporate loan		23,116
Other minor parent company loans		133
Vector Cuatro group bank loans		861
Shareholders' loans for wind farms	47,645	46,662
Loan interest matured and not paid	1,175	1,243
Royalty instruments payable	13,102	11,937
Other minor amounts	43	
Total	**71,803**	**94,549**

Liabilities supported by real guarantees include all project financing contracts, which are secured by pledges on the shares of the financed companies.

An analysis of all project financing contracts at 30 June 2015 is as follows:

(Euro thousands)

	30.6.2015			
	Interest rate (%)	Carrying amount	Current portion	Non-current portion
Project financing Actelios Solar SpA	Euribor 6 m + spread	33,262	5,042	28,220
Project financing Millennium Wind Energy	Libor 3 m + spread	59,840	4,600	55,240
Project financing Kilbraur Wind Energy	Libor 3 m + spread	64,198	4,147	60,051
Project financing Ben Aketil Wind Energy	Libor 3 m + spread	25,145	2,200	22,945
Project financing Earlsburn Wind Energy	Libor 3 m + spread	26,194	2,935	23,259
Project financing Boyndie Wind Energy	Libor 3 m + spread	1,375	1,002	373
Project financing Cambrian Wind Energy	Libor 3 m + spread	16,103	3,882	12,221
Project financing Nutberry Wind Energy	Libor 3 m + spread	30,438	1,322	29,116
Project financing Eolica Cabezo	Euribor + spread	5,657	5,657	
Project financing Eolo 3W	Euribor + spread	59,571	8,896	50,675
Project financing Crêtes	Euribor + spread	8,572	607	7,965
Project financing Fouy	Euribor + spread	8,224	584	7,640
Project financing Ty Ru	Euribor + spread	11,861	881	10,980
Project financing Esquennois	Euribor + spread	10,586	754	9,832
Project financing Eolica Petralia	Euribor + spread	22,815	2,695	20,120
Project financing Eolica Sud	Euribor + spread	102,213	7,975	94,238
Project financing Geopower	Euribor + spread	179,118	10,100	169,018
Total project financing		**665,172**	**63,279**	**601,893**

In order to hedge the interest rate risk on project financing, the entities in question have entered into interest rate swap contracts (IRS) for the portion of the interest linked to project financing, with the purpose of rendering variable rates fixed at conditions that are substantially in line with market rates.

Details of the Falck Renewables Group's outstanding IRSs and foreign exchange hedges at 30 June 2015 are disclosed in the table below:

(Euro thousands)

	31.12.2014	Change through profit or loss	Change through equity	Change in scope of consolidation	Foreign exchange	30.6.2015
Falck Renewables SpA	574	(379)	(195)			-
Actelios Solar SpA	4.677		(787)			3.890
Cambrian Wind Energy Ltd	1.366		(427)		130	1.069
Kilbraur Wind Energy Ltd	3.174	(23)	(967)		302	2.486
Millennium Wind Energy Ltd	3.398	(29)	(1.047)		322	2.644
Ben Aketil Wind Energy Ltd	4.179		(703)		397	3.873
Boyndie Wind Energy Ltd	65		(30)		6	41
Earlsburn Wind Energy Ltd	1.461	(15)	(363)		138	1.221
Nutberry Wind Energy Ltd	2.691	(2)	(680)		255	2.264
Eolica Petralia Srl	1.452		(350)			1.102
Eolo 3W Minervino Murge Srl	8.755		(1.211)		(1)	7.543
Eolica Cabezo San Roque Sau	537	116	(111)			542
Parc Eolien des Cretes Sas	1.448	(1)	(192)			1.255
Esquennois Energie Sas	1.772	(2)	(236)			1.534
Parc Eolien du Fouy Sas	1.395	(1)	(186)			1.208
Eolica Sud Srl	14.985		(2.173)			12.812
Geopower Sardegna Srl	25.544		(4.009)			21.535
SE Ty Ru Sas	315		(73)			242
Total IRS	**77.788**	**(336)**	**(13.740)**	**-**	**1.549**	**65.261**
Foreign exchange derivatives of Falck Renewable	256	(250)				6
Foreign exchange derivatives of Kingsburn	157	40	1.668		16	1.881
Total foreign exchange derivates	**413**	**(210)**	**1.668**	**-**	**16**	**1.887**
Total	**78.201**	**(546)**	**(12.072)**	**0**	**1.565**	**67.148**

The derivative instruments and the related financing contracts are listed below:

(Euro thousands)

Company	Type of derivative instrument	Contract maturity	Original currency	Notional value	Fair value
Actelios Solar SpA	Interest rate swap	30/06/2026	EURO	30,013	3,890
Cambrian Wind Energy Ltd	Interest rate swap	30/06/2016	GBP	18,165	1,069
Kilbraur Wind Energy Ltd	Interest rate swap	15/10/2019	GBP	49,146	2,486
Millennium Wind Energy Ltd	Interest rate swap	15/04/2019	GBP	45,798	2,644
Ben Aketil Wind Energy Ltd	Interest rate swap	31/12/2024	GBP	22,981	3,873
Boyndie Wind Energy Ltd	Interest rate swap	30/06/2016	GBP	1,011	41
Earlsburn Wind Energy Ltd	Interest rate swap	18/04/2017	GBP	17,389	1,221
Nutberry Wind Energy Ltd	Interest rate swap	31/03/2029	GBP	26,869	2,264
Eolica Petralia Srl	Interest rate swap	30/06/2027	EURO	15,713	1,102
Eolo 3W Minervino Murge Srl	Interest rate swap	31/12/2023	EURO	47,929	7,543
Eolica Cabezo San Roque Sau	Interest rate swap	31/12/2018	EURO	3,786	542
Parc Eolien des Cretes Sas	Interest rate swap	15/01/2024	EURO	6,761	1,255
Esquennois Energie Sas	Interest rate swap	15/01/2024	EURO	8,395	1,534
Parc Eolien du Fouy Sas	Interest rate swap	15/01/2024	EURO	6,509	1,208
Eolica Sud Srl	Interest rate swap	31/12/2024	EURO	83,475	12,812
Geopower Sardegna Srl	Interest rate swap	30/06/2027	EURO	138,902	21,535
SE Ty Ru Sas	Interest rate swap	30/06/2030	EURO	1,260	242
Total derivative financial instruments					**65,261**

The lending banks have imposed covenants on the above borrowings that the companies are obliged to meet for the entire contract period and are verified by the banks every six months.

More specifically the project financing contracts require the Group companies to satisfy certain obligations and parameters including:

- The obligation to bind part of settled revenue to guarantee repayment of the outstanding debt on specific projects;
- The requirement to issue mortgages on properties or pledges on shares to the financial institutions that are party to the projects;
- The satisfaction of certain debt service cover ratios between expected cash flows arising on the financed project over a certain period and the interest and principal of the outstanding debt in the same period;
- The satisfaction of total equity/net financial debt ratios;
- The possibility of distributing dividends only where: i) established debt service cover ratios are met, and ii) on settlement of outstanding payments arising on the project financing contracts.

15 Trade payables

Trade payables at 30 June 2015 compared to the previous year end may be analysed as follows:

(Euro thousands)

	30.6.2015			31.12.2014			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Trade payables	53,295	1,014	52,281	51,375	1,046	50,329	1,920	(32)	1,952
Amounts due to subsidiaries									
Amounts due to associates									
Amounts due to parent company	779		779	434		434	345		345
Amounts due to other Group companies	18		18	11		11	7		7
Total	**54,092**	**1,014**	**53,078**	**51,820**	**1,046**	**50,774**	**2,272**	**(32)**	**2,304**

Amounts due to the parent company principally relate to amounts due to Falck SpA by Falck Renewables SpA to use the Falck trademark and the charge for services of the Chairman and Chief Executive Officer.

16 Other payables

Other payables at 30 June 2015 compared to 31 December 2014 are as follows:

(Euro thousands)

	30.6.2015			31.12.2014			Change		
	Total	Non-current	Current	Total	Non-current	Current	Total	Non-current	Current
Amounts due to third party creditors	32,017		32,017	31,178		31,178	839		839
Amounts due to subsidiaries									
Amounts due to associates									
Amounts due to parent company	7,046		7,046	9,979		9,979	(2,933)		(2,933)
Amounts due to other Group companies									
Accruals and deferred income	541		541	668		668	(127)		(127)
Total	**39,604**		**39,604**	**41,825**		**41,825**	**(2,221)**		**(2,221)**

Third party creditors may be detailed as follows:

(Euro thousands)

	30.6.2015	31.12.2014
Amounts due to Ministry of Economic Development	14,236	14,236
Tax payables	9,662	4,977
Withholding taxes due	408	753
Amount due for acquisition of Vector Cuatro		2,805
Environmental contribution	873	851
Amounts due to employees and holiday pay	2,676	3,130
Interest for late payment in respect of Enna Court ruling	1,034	1,034
Dividends to be distributed by Prima Srl	1,758	1,747
Social security payables	684	849
Amount due for acquisition of Solar Mesagne business	276	276
Insurance excess		200
Other minor amounts	410	320
Total	**32,017**	**31,178**

The amounts due to the Ministry of Economic Development relate to the grant awarded pursuant to Law 488, which has been recorded in other payables awaiting final confirmation of the amount following which the balance will be deducted from the cost of the plant.

The amount due to the parent company relates to IRES (corporation tax) payable under the Group taxation regime with the parent company Falck SpA.

Commitments and contingencies

Guarantees issued at 30 June 2015 amounted to Euro 166,238 thousand. Guarantees relating to subsidiary undertakings principally consist of performance bonds to guarantee completion of work in progress and to participate in tenders for contracts, for a total of Euro 58,832 thousand and guarantees issued to the VAT authorities in relation to requests for repayment of VAT receivables for Euro 16,090 thousand. Also included are Euro 12,886 thousand of bank guarantees and other guarantees of Euro 78,430 thousand.

With regard to the Sicily Project companies currently in liquidation (Elettroambiente SpA in liquidation and its subsidiaries Tifeo Energia Ambiente ScpA in liquidation and Platani Energia Ambiente ScpA in liquidation), guarantees have been issued to cover certain creditors subject to specific conditions being met. These obligations are recorded in liabilities in the half-year financial report.

Falck Renewables SpA issued a bank guarantee of Euro 867 thousand in respect of the commitment to meet Palermo Energia Ambiente ScpA's third party creditors and will be reduced as the outstanding liabilities amount to Euro 640 thousand and are reflected in the sundry risks provision in the half-year report.

Related party transactions

In compliance with Consob's circulars of 20 February 1997, 27 February 1998, 30 September 1998, 30 September 2002 and 27 July 2006, no uncharacteristic or uncommon transactions take place with related parties that are beyond the normal business operations or are detrimental to the Group's results of operations, state of affairs and financial position.
Related party transactions represent the day to day business activities that are carried out at arm's length. These comprise the recharge of costs between Group companies and intercompany current accounts that give rise to finance income and costs.
Relations with directors and statutory auditors only regard their respective roles in the company.
In accordance with IAS 24 Related Party Disclosures and the disclosures pursuant to Consob circular 6064293 of 28 July 2006, all related party transactions and the corresponding incidence on the Falck Renewables Group's balance sheet headings are provided below.

(Euro thousands)

	Trade		Financial		Other	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Parent company						
Falck SpA	478	779			3,895	7,046
Total parent company	**478**	**779**			**3,895**	**7,046**
Associates						
Frullo Energia Ambiente Srl	68				2,940	
Parque Eolico La Carracha Sl						
Parque Eolico Plana de Jarreta Sl						
Vector Cuatro Servicios Sl			15			
Total associates	**68**		**15**		**2,940**	
Other Group companies						
Sesto Siderservizi Srl	31	18				
Falck Energy SpA	37					
Total other Group companies	**68**	**18**				
Other related parties						
CII Holdco						
Total other related parties						
Total	**614**	**797**	**15**		**6,835**	**7,046**
% incidence on balance sheet heading	**0.5%**	**1.5%**	**1.8%**		**16.2%**	**17.8%**

Net financial position

The net financial position is disclosed pursuant to Consob Communication DEM/6064293 of 28 July 2006.

(Euro thousands)

	30.6.2015	31.12.2014	Change
Short-term third party financial liabilities	(79,519)	(87,976)	8,457
Short-term Group financial liabilities			
Short-term third party financial receivables	76	856	(780)
Short-term Group financial receivables	15		15
Other securities			
Cash and cash equivalents	179,875	207,606	(27,731)
Short-term net financial position	**100,447**	**120,486**	**(20,039)**
Medium/long-term third party financial liabilities	(724,604)	(758,640)	34,036
Medium/long-term Group financial liabilities			
Other securities			
Medium/long-term financial position	**(724,604)**	**(758,640)**	**34,036**
Net financial position pursuant to Consob circular DEM/6064293/2006	**(624,157)**	**(638,154)**	**13,997**
Medium/long-term third party financial receivables	763		763
Medium/long-term Group financial receivables		25	(25)
Total net financial position	**(623,394)**	**(638,129)**	**14,735**
- of which non-recourse financing	**(665,172)**	**(673,866)**	**8,694**

Disclosures relating to electric power plants

The disclosures made in accordance with Consob Recommendation of 28 February 2013 in relation to information to be provided in financial reports and press releases of listed issuers in the renewable energy and real estate industries, are summarised in the tables below:

Disclosures relating to electric power plants in service at 30 June 2015

Plant	Owner	Percentage ownership	Date entered into service	Installed capacity (MW)	Electricity generated by the plant in first half of 2015 (GWh)	Net book value (Euro thousands)
Trezzo (MI) WtE plant **	Prima Srl	85%	Sept.2003	20	45	33,102
Rende hybrid plant (CS) ***	Ecosesto SpA	100%	Revamping Jan. 2011 / Thermodynamic Jan. 2014	14	52	16,572
Rende photovoltaic plant (CS)	Ecosesto SpA	100%	July 2007	1	1	3,748
Sicily photovoltaic plants*	Actelios Solar SpA	100%	April 2011	13	10	38,590
Mesagne (BR) photovoltaic plant*	Solar Mesagne Srl	100%	July 2009 May 2010	2	2	5,613
Cefn Croes (Wales) wind farm	Cambrian Wind Energy Ltd	51%	April 2005	58	73	38,891
Boyndie (Scotland) wind farm	Boyndie Wind Energy Ltd	51%	June 2006 June 2010	17	24	13,301
Earlsburn (Scotland) wind farm	Earlsburn Wind Energy Ltd	51%	Dec. 2007	38	64	34,273
Ben Aketil (Scotland) wind farm	Ben Aketil Wind Energy Ltd	51%	June 2008 Jan. 2011	28	38	25,748
Millennium (Scotland) wind farm	Millennium Wind Energy Ltd	51%	March 2009 Feb. 2011	65	100	81,730
Kilbraur (Scotland) wind farm	Kilbraur Wind Energy Ltd	51%	Feb. 2009 Sept. 2011	68	111	87,638
Nutberry (Scotland) wind farm	Nutberry Wind Energy Ltd	100%	Oct. 2013	15	28	36,411
West Browncastle (Scotland) wind farm	West Browncastle Wind Energy Ltd	100%	June 2014	30	42	62,926
San Sostene (CZ) wind farm	Eolica Sud Srl	100%	Oct. 2009 Oct. 2010	80	89	113,298
Minervino Murge (BT) wind farm *	Eolo 3W Minervino Murge Srl	100%	Dec. 2008	52	52	69,924
Buddusò - Alà dei Sardi (OT)	Geopower Sardegna Srl	100%	July 2011 Dec. 2011	159	169	183,573
Adjustment for production limit				(21)		
Petralia Sottana (PA) wind farm*	Eolica Petralia Srl	100%	July 2012	22	24	33,230
Plouigneau (France) wind farm	SE Ty Ru Sas	100%	July 2012	10	12	15,548
Maine et Loire (France) wind farm	Parc Eolien du Fouy Sas	100%	April 2009	10	10	8,976
Maine et Loire (France) wind farm	Parc Eolien des Cretes Sas	100%	April 2009	10	10	9,474
Oise (France) wind farm	Esquennois Energie Sas	100%	July 2009	12	13	12,631
Saragozza (Spain) wind farm	Eolica Cabezo San Roque Sau	100%	Jan. 2004	23	32	8,901
Total				**726**	**1,001**	**934,098**

* The net book value comprises the plant's carrying value and the value of the land owned by the project company
** The net book value comprises the plant's carrying value and the value of the building owned by the project company
*** The net book value comprises the plant's carrying value and the value of the land and buildings owned by the project company

Plant	Owner	Financing				
		Financial liability 30.06.2015	Nature of finance	Maturity	Commitments, guarantees issued to financial inst. (see footnote)	Significant contractual conditions (see footnote)
Rende hybrid (CS)	Ecosesto SpA	(7,088)	Medium-long/term loan	31/07/2014 31/07/2019	B	N.A.
Rende photovoltaic (CS)	Ecosesto SpA		N.A.	N.A.	N.A.	N.A.
Sicily photovoltaic plants	Actelios Solar SpA	(33,262)	Project financing	30/06/2026	A	C
Mesagne (BR) photovoltaic plant	Solar Mesagne Srl	D	Current account with the parent company	N.A.	N.A.	N.A.
Cefn Croes wind farm (Wales)	Cambrian Wind Energy Ltd	(16,103)	Project financing	31/12/2019	A	C
Boyndie wind farm (Scotland)	Boyndie Wind Energy Ltd	(1,375)	Project financing	31/12/2019	A	C
Earlsburn wind farm (Scotland)	Earlsburn Wind Energy Ltd	(26,194)	Project financing	15/04/2022	A	C
Ben Aketil wind farm (Scotland)	Ben Aketil Wind Energy Ltd	(25,145)	Project financing	30/06/2025	A	C
Millennium wind farm (Scotland)	Millennium Wind Energy Ltd	(59,840)	Project financing	15/04/2024	A	C
Kilbraur wind farm (Scotland)	Kilbraur Wind Energy Ltd	(64,198)	Project financing	15/04/2024	A	C
Nutberry wind farm (Scotland)	Nutberry Wind Energy Ltd	(30,438)	Project financing	31/03/2029	A	C
West Browncastle wind farm (Scotland)	West Browncastle Wind Energy Ltd	E	Current account with the parent company	N.A.	N.A.	N.A.
San Sostene wind farm (CZ)	Eolica Sud Srl	(102,213)	Project financing	31/12/2024	A	C
Minervino Murge wind farm (BT)	Eolo 3W Minervino Murge Srl	(59,571)	Project financing	31/12/2023	A	C
Buddusò - Alà dei Sardi wind farm (OT)	Geopower Sardegna Srl	(179,118)	Project financing	30/06/2027	A	C
Petralia Sottana wind farm (PA)	Eolica Petralia Srl	(22,815)	Project financing	30/06/2027	A	C
Plouigneau wind farm (France)	SE Ty Ru Sas	(11,861)	Project financing	30/06/2030	A	C
Maine et Loire wind farm (France)	Parc Eolien du Fouy Sas	(8,224)	Project financing	15/07/2027	A	C
Maine et Loire wind farm (France)	Parc Eolien des Cretes Sas	(8,572)	Project financing	15/07/2027	A	C
Oise wind farm (France)	Esquennois Energie Sas	(10,586)	Project financing	15/07/2027	A	C
Saragozza wind farm (Spain)	Eolica Cabezo San Roque Sau	(5,657)	Project financing	31/12/2018	A	C
Total project financing		**(665,172)**				
Total others		**(7,088)**				
Total financing		**(672,260)**				

A Security package standard for project finance transactions
B Patronage letters
C Financial covenants that determine default events and increase in margins
D Amount not included in consolidation Euro 5,600 thousand at 30.06.2015
E Amount not included in consolidation Euro 73,219 thousand at 30.06.2015

The standard security package envisaged by the Falck Renewables Group's project financing contracts comprises: mortgage, special privileges, the disposal of receivables under guarantee, pledges on shares, pledges on current accounts and in certain cases the sale of shareholder loans.
All amounts secured under project financing transactions have been received and the equity portion (share capital and shareholders' loans) has been paid in full.

Disclosures relating to electric power plants not yet in service at 30 June 2015

Plant	Owner	Stage of completion	Installed capacity (MW)	Estimated date of entry into service	Net book value at 30.06.2015 (Euro thousands)
Spaldington wind farm (England)	Spaldington Wind Energy Ltd	Start of construction	11.75	II half 2016	9,058
Kingsburn wind farm (Scotland)	Kingsburn Wind Energy Ltd	In construction	22.5	II half 2016	14,299
Seine Maritime wind farm (France)	Parc Eolien d'Illois Sarl	Authorised	Up to 12	Depends on appeal by third parties	Not material
Assel Valley wind farm (Scotland)	Assel Valley Wind Energy Ltd	Start of construction	25	I quarter 2017	15,137
Auchrobert wind farm (Scotland)	Auchrobert Wind Energy Ltd	Authorised	Up to 36	I quarter 2017	3,685

5.6.6 Income statement content and changes

16 Revenue

Revenue consisted of the following:

(Euro thousands)

	30.6.2015	30.6.2014
Revenue from sales of goods	131,483	115,805
Revenue from the provision of services	15,751	11,378
Total	**147,234**	**127,183**

Revenue arising from the sale of goods, compared to the previous period, may be attributed to the following business segments:

(Euro thousands)

	30.6.2015	30.6.2014
Sale of electrical energy	131,340	115,595
Sale of thermal energy	143	210
Total	**131,483**	**115,805**

Revenue arising from the provision of services, compared to the previous period, is attributable to the following business segments:

(Euro thousands)

	30.6.2015	30.6.2014
Waste treatment and disposal	9,901	9,682
Renewable energy plant services and management	4,319	
Operation and maintenance		678
Other operating income	1,531	1,018
Total	**15,751**	**11,378**

Revenue analysed by geographical location is as follows:

- Italy Euro 77,934 thousand
- Great Britain Euro 60,840 thousand
- France Euro 4,379 thousand
- Spain Euro 3,191 thousand
- Japan Euro 286 thousand
- Holland Euro 260 thousand
- Bulgaria Euro 112 thousand
- Other Europe Euro 152 thousand
- Other America Euro 80 thousand

18 Employee costs

Employee costs may be analysed as follows:

(Euro thousands)

	30.6.2015	30.6.2014
Cost of production employees	5,818	3,395
Cost of administrative staff	7,017	8,266
Total	**12,835**	**11,661**

Total employee costs analysed by nature of expense are as follows:

(Euro thousands)

	30.6.2015	30.6.2014
Wages and salaries	9,622	8,311
Social security costs	2,744	2,504
Staff leaving indemnity (TFR)	380	344
Other costs	89	502
Total	**12,835**	**11,661**

The average number of employees was as follows:

(Number)

	30.6.2015	30.6.2014
Managers	36	28
White-collar workers	216	134
Blue-collar workers	46	52
Total average number of employees	**298**	**214**

Employee costs increased by Euro 1,174 thousand principally due to the increase in employee numbers (+84) following the acquisition and consolidation of the Vector Cuatro group.
The first half of 2014 included Euro 896 thousand representing payments made under the Long Term Incentive Plan relating to 2011-2013 as the required targets had been achieved.

19 Direct costs

An analysis of direct costs is provided together with the amounts for the same period last year:

(Euro thousands)

	30.6.2015	30.6.2014
Materials	6,955	8,911
Services	21,776	18,597
Other costs	12,834	10,315
Change in inventories	995	(301)
Charges to operating provisions	(372)	(104)
Amortisation of intangibles	458	236
Impairment of intangibles	900	
Depreciation of property, plant and equipment	32,179	29,533
Impairment of property, plant and equipment	4,177	1,871
Costs capitalised on assets under construction	(533)	
Total	**79,369**	**69,058**

Direct costs comprise the impairment loss of Euro 4,044 thousand recognised on the Rende thermodynamic plant identified on impairment testing carried out for the purpose of preparing the half-year financial report. Following the sale back of the interest in Verus Energy Oak Ltd to the developer, impairment losses of Euro 900 thousand against goodwill and Euro 133 thousand against property, plant and equipment were recorded.

Excluding the above impairment losses, the increase in direct costs is attributable to the increased installed capacity compared to the first half of 2014 (30 MW relating to West Browncastle only entered into service in the last month of the 2014 half-year), which is reflected in an increase in services and amortisation/depreciation, and the consolidation of the Vector Cuatro group.

20 Other income

Other income consisted of the following:

		(Euro thousands)
	30.6.2015	30.6.2014
Income from operating activities	864	408
Income from non-operating activities	2,173	3,916
Total	**3,037**	**4,324**

Income from operating activities may be further detailed as follows:

		(Euro thousands)
	30.6.2015	30.6.2014
Income from services	768	322
Other	96	86
Total	**864**	**408**

Income from non-operating activities may be further detailed as follows:

		(Euro thousands)
	30.6.2015	30.6.2014
Non-recurring income	1,411	3,610
Gain on disposal of property, plant and equipment	59	4
Insurance compensation	682	174
Other	21	128
Total	**2,173**	**3,916**

Non-recurring income comprises Euro 1,002 thousand relating to the amount no longer due by Platani and Tifeo to Zurich insurance following settlement of the dispute with the Sicily Region on 8 June 2015.

21 Administrative expenses

Administrative expenses may be analysed as follows:

		(Euro thousands)
	30.6.2015	30.6.2014
Consumables	494	735
Services	6,281	6,352
Other costs	2,923	3,167
Non-operating expenses	1,350	493
Amortisation of intangible assets	108	115
Impairment of intangible assets		
Depreciation of property, plant and equipment	136	281
Impairment of property, plant and equipment		
Charges to sundry risks provision	755	(17)
Total	**12,047**	**11,126**

Administrative expenses have increased by Euro 921 thousand compared to the first half of 2014 principally due to higher non-operating expenses in respect of non-recurring costs and losses on trade receivables.

A charge of Euro 545 thousand was made to the sundry risks provision in the half-year by the companies operating in the photovoltaic sector in light of the process launched by GSE on 17 March 2015 to recalculate the incentive tariff and recover some of the sums paid, following exclusion from the 2005 ISTAT revaluation of the said incentive tariff in accordance with ruling 9 of the Italian Council of State dated 4 May 2012 that upheld the amendments introduced by MD 6 February 2006 to MD 28 July 2005 that cancelled the first instance ruling that had recognised the revaluation. This process was challenged by the Group companies involved as the underlying factual and legal assumptions are considered invalid. Despite this challenge and the fact that the Group considers its motives to be valid, the companies involved included the amount requested by the GSE in the half-year financial report.

22 Finance costs - net

Finance income and costs may be analysed as follows:

(Euro thousands)

	30.6.2015	30.6.2014
Finance costs	(26,271)	(27,155)
Foreign exchange losses	(9,578)	(6,052)
Finance income	1,710	1,441
Foreign exchange gains	9,427	5,623
Interest capitalised on assets under construction	211	848
Total	**(24,501)**	**(25,295)**

Finance costs may be further analysed as follows:

(Euro thousands)

	Debenture loans	Bank loans	Others	Total
Payable to others		22,378	3,893	26,271
Total		**22,378**	**3,893**	**26,271**

Finance income at 30 June 2015 may be analysed as follows:

(Euro thousands)

	30.6.2015	30.6.2014
Bank interest and commission	910	783
Third party interest and commission and other income	800	658
Total	**1,710**	**1,441**

23 Investment costs - net

This heading comprises the deconsolidation of the interests in Ezse Elektrik Uretim Ltd (Euro 125 thousand) and Verus Energy Oak Ltd (Euro 31 thousand) following their disposal.

24 Share of profit of investments accounted for using the equity method

This comprises the share of the results of associates accounted for using the equity method:

(Euro thousands)

	30.6.2015	30.6.2014
Frullo Energia Ambiente Srl	1,300	1,047
Palermo Energia Ambiente ScpA in liquidation	378	435
Parque Eolico La Carracha Sl		(375)
Parque Eolico Plana de Jarreta Sl		(346)
Vector Cuatro Servicios Sl	12	
Total	**1,690**	**761**

The positive result relating to Palermo Energia Ambiente reflects the reversal of amounts charged to the sundry risks provision in previous financial periods.

25 Income tax expense

The income tax expense for the six-months to 30 June 2015 amounted to Euro 8,576 thousand and was determined applying the tax rate for the year ended 31 December 2014 to taxable income for the half-year taking into account the impact of new tax legislation and specific events that would impact the normal tax rate.

The Italian companies are no longer subject to the Robin Hood Tax, which impacted the 2014 tax rate.

Deferred income tax assets had not been recognised on the charges made to the sundry risks provision in respect of the Sicily Projects as they would only be recoverable (i) as part of the Group consolidated tax regime, (ii) against sufficient Group taxable income and (iii) once the conditions allowing their deductibility are realised.
With regard to the invitation to settle in court pursuant to article 185 of the Italian Code of Civil Procedure (c.p.c.) issued by the Milan Court on 27 March 2015, in the hearings that took place on 8 June 2015 Falck Renewables, Falck SpA, Elettroambiente SpA, Tifeo, Platani and Pea settled the disputes with the Department and the Presidency of the Sicily Region in relation to the projects initiated in 2002 to construct WtE plants (the Sicily Projects). This resulted, inter alia, in the mutual waiver of all demands arising from the disputes, the 2002 tenders and subsequent relations between the parties in relation to the proceedings (including the administrative proceedings pending before the CGARS that will be dropped) [4]. The liquidator of Tifeo and Platani, which are part of the Group's consolidated tax regime while Pea is not as it is not controlled by the Falck Group, is currently determining the value of the amounts charged to the above-mentioned sundry risks provision that are deductible and the losses recoverable within the Group consolidated tax regime. Following this analysis that will be finalised before the year-end, both the deductible amount and the losses recoverable will be identified based on the Group's results following which the relevant deferred income tax asset will be recorded.

[4] For further details refer to note "4.1.10 Risks and uncertainties b) Legal – Sicily Projects.

Related party transactions

(Euro thousands)

	Revenue from sale of goods	Revenue from services	Other income	Direct costs	Admin. expenses	Finance costs	Finance income	Income from investments
Parent company								
Falck SpA			573		749			
Total parent company			**573**		**749**			
Associates								
Frullo Energia Ambiente Srl			58					1,300
Palermo Energia Ambiente ScpA			79		15		131	378
Parque Eolico La Carracha Sl							1	
Parque Eolico Plana de Jarreta Sl								
Vector Cuatro Servicios Sl								12
Total associates			**137**		**15**		**132**	**1,690**
Group companies								
Sesto Siderservizi Srl			31		18			
Falck Energy SpA			37					
Total Group companies			**68**		**18**			
Other related companies								
CII Holdco								
Total other related companies								
Total			**778**		**782**		**132**	**1,690**
% incidence on income statement heading			**25.6%**		**6.5%**		**1.2%**	**100.0%**

5.7 Additional disclosures on financial instruments

IAS 34.16A(j), which was amended following publication of IFRS 13, requires entities to provide disclosures on the fair value of financial instruments required by IFRS 7 and IFRS 13. Disclosures relate to 30 June 2015 and 31 December 2014.

Detailed information on financial assets and liabilities is provided in respect of their classification in accordance with IAS 39 and the related impact on profit for the period and their fair value.

Prior to presenting the detailed disclosures, a summary of the principal disclosures is provided as follows.

The Falck Renewables Group has third party financial liabilities principally comprising project financing, which results in an overall net indebtedness. Financial assets and liabilities are almost entirely measured at cost or amortised cost in the financial statements, with the exception of certain derivative instruments on interest rates that are measured at fair value. These transactions are measured in accordance with hedge accounting with all changes in fair value recorded in equity with the exception of a number of these transactions that although undertaken to hedge exposure cannot be accounted for in accordance with hedge accounting.
The main impact of the derivative instruments on the income statement does not arise from changes in the value of the principal financial assets and liabilities recorded on the balance sheet, but from the interest income and expense (in respect of interest rate swaps) and the foreign exchange gains and losses (in relation to foreign exchange forward contracts).

1. *Balance sheet*

The tables below illustrate the carrying values at 30 June 2015 and 31 December 2014 of the financial assets and liabilities classified in accordance with IAS 39.
In order to reconcile with the balance sheet totals the penultimate column sets out the values of the assets and liabilities that are not included in the scope of IFRS 7.

At 30 June 2015 the total financial assets of the Falck Renewables Group amounted to Euro 299,547 thousand and financial liabilities totalled Euro 872,775 thousand, compared to a total balance sheet value of Euro 1,480,998 thousand. The financial assets and liabilities are almost entirely measured at cost and amortised cost. The financial impact of financial assets and liabilities measured at fair value through profit or loss or equity, consisting of derivative financial instruments, is also significant.

5.7 Additional disclosures on financial instruments

(Euro thousands)

30 June 2015	Amortised cost			Fair value through profit or loss		Fair value against equity or cost	Total FA/FL within scope of IFRS7	A/L not within scope of IFRS7	Balance sheet total
	Loans and receiv.bls	Financial assets held-to-maturity	Financial liabilities at amortised cost	FA/FL designation on initial recognition	FA/FL held for trading	FA available for sale/other FL			
Assets									
Property, plant and equipment and intangibles								1,091,426	**1,091,426**
Securities and investments								19,928	**19,928**
Financial receivables	841					13	**854**		**854**
Inventories								4,318	**4,318**
Trade receivables	118,541						**118,541**		**118,541**
Deferred income tax assets								23,947	**23,947**
Other receivables	276	1					**277**	41,832	**42,109**
Cash and cash equivalents	179,875						**179,875**		**179,875**
Total	**299,533**	**1**				**13**	**299,547**	**1,181,451**	**1,480,998**
Liabilities									
Total equity								520,593	**520,593**
Financial payables			736,975			67,148	**804,123**		**804,123**
Trade payables			54,092				**54,092**		**54,092**
Other payables			14,560				**14,560**	25,044	**39,604**
Deferred income tax liabilities								20,460	**20,460**
Provisions for other liabilities and charges								38,255	**38,255**
Staff leaving indemnity								3,871	**3,871**
Total			**805,627**			**67,148**	**872,775**	**608,223**	**1,480,998**

5.7 Additional disclosures on financial instruments

(Euro thousands)

31.12.2014	Amortised cost			Fair value through profit or loss		Fair value against equity or cost	Total FA/FL within scope of IFRS7	A/L not within scope of IFRS7	Balance sheet total
	Loans and receiv.bls	Financial assets held-to-maturity	Financial liabilities at amortised cost	FA/FL designation on initial recognition	FA/FL held for trading	FA available for sale/other FL			
Assets									
Property, plant and equipment and intangibles								1,071,740	**1,071,740**
Securities and investments								19,595	**19,595**
Financial receivables	763					118	**881**		**881**
Inventories								5,313	**5,313**
Trade receivables	117,527						**117,527**		**117,527**
Deferred income tax assets								29,245	**29,245**
Other receivables	3,889	11					**3,900**	44,023	**47,923**
Cash and cash equivalents	207,606						**207,606**		**207,606**
Total	**329,785**	**11**				**118**	**329,914**	**1,169,916**	**1,499,830**
Liabilities									
Total equity								499,708	**499,708**
Financial payables			768,415			78,201	**846,616**		**846,616**
Trade payables			51,820				**51,820**		**51,820**
Other payables			14,778				**14,778**	27,047	**41,825**
Deferred income tax liabilities								18,827	**18,827**
Provisions for other liabilities and charges								37,214	**37,214**
Staff leaving indemnity								3,820	**3,820**
Total			**835,013**			**78,201**	**913,214**	**586,616**	**1,499,830**

2. ***Income statement and total equity***

2.1 *Impact of financial assets and liabilities on the income statement and net equity*

The table below illustrates the net gains or losses generated in the first half of 2015 from the financial assets/liabilities reclassified according to IAS 39.
The only amount relates to the gains and losses deriving from the increase in value of derivative financial instruments.

5.7 Additional disclosures on financial instruments

(Euro thousands)

30 June 2015	Gains/(losses) through profit or loss	Gains/(losses) reversed from equity to profit or loss	Gains/(losses) recorded against equity	Total
FA at fair value through profit or loss	(105)			**(105)**
FA held for trading				
FL at fair value through profit or loss	589			**589**
FL held for trading				
Available-for-sale FA/other FL			12,072	**12,072**
FA held-to-maturity				
Loans and receivables				
FL at amortised cost				
Total	**484**		**12,072**	**12,556**

(Euro thousands)

31 December 2014	Gains/(losses) through profit or loss	Gains/(losses) reversed from equity to profit or loss	Gains/(losses) recorded against equity	Total
FA at fair value through profit or loss	917			**917**
FA held for trading				
FL at fair value through profit or loss	(8)			**(8)**
FL held for trading				
Available-for-sale FA/other FL		955	(23.386)	**(22.431)**
FA held-to-maturity				
Loans and receivables				
FL at amortised cost				
Total	**909**	**955**	**(23.386)**	**(21.522)**

The net losses arising on financial assets at fair value through profit or loss amount to Euro 105 thousand at 30 June and relate to the change in fair value of contracts entered into to hedge foreign exchange risk.
The net gain arising on financial liabilities at fair value through profit or loss amount to Euro 589 thousand and comprise Euro 210 thousand in relation to the fair value of contracts entered into to hedge foreign exchange risk and the positive change in fair value in the IRS of Falck Renewables SpA not accounted for under hedge accounting amounting to Euro 379 thousand.
The gain of Euro 12,072 thousand recorded against equity relates to the change in fair value of derivative financial instruments accounted for under hedge accounting. The other items of comprehensive income at 30 June 2015 include unrealised losses of Euro 1,668 thousand relating to forward currency contracts and unrealised gains of Euro 13,740 thousand relating to interest rate derivatives.

2.2 *Provision for doubtful accounts*

In the first half of 2015, Euro 77 thousand of the provision for trade receivables was used as follows:

- Write-down of Euro 216 thousand against receivables of Falck Renewables SpA due from Palermo Energia Ambiente ScpA in liquidation, which was recorded in the share of profits of investments accounted for using the equity method in the income statement;
- Write-down of a number of trade receivables of the Vector Cuatro group totalling Euro 13 thousand, which is classified in direct costs in the income statement;
- Euro 306 thousand utilised and recorded in direct costs.

Moreover in the course of the half-year, Euro 75 thousand was charged to the provision for doubtful financial receivables relating to the amounts due to Falck Renewables SpA by Palermo Energia Ambiente ScpA in liquidation. This charge was classified in the income statement in share of profit of investments accounted for using the equity method.

3 ***Further additional disclosures***

3.1 *Accounting policies*

The accounting policies adopted for the recognition and measurement of financial assets and liabilities are presented in the notes on page 54 of the condensed consolidated interim financial statements**.**

3.2 *Risk management*

The Group's risk management activities are set out in note 4.1.10 a) Risks and uncertainties – Financial, of the interim directors' report.

3.3 *Carrying and fair value*

The tables below discloses the fair value of the financial assets/liabilities and the related carrying amount at 30 June 2015 and 31 December 2014.

The carrying value of certain financial instruments (cash, trade receivables and payables and other receivables and payables) is a reasonable estimate of fair value, consequently in accordance with IFRS 7.29a) no specific disclosures are provided in respect of these financial instruments.

30 June 2015

(Euro thousands)

	Carrying amount	Fair value
Financial assets		
Medium/long-term financial receivables	763	763
Total medium/long-term financial receivables	**763**	**763**
Short-term financial receivables	91	91
Total short-term financial receivables	**91**	**91**
Total financial assets	**854**	**854**
Financial liabilities		
Medium/long-term financial liabilities	724,604	724,604
Total medium/long-term financial liabilities	**724,604**	**724,604**
Short-term financial liabilities	79,519	79,519
Total short-term financial liabilities	**79,519**	**79,519**
Total financial liabilities	**804,123**	**804,123**

5.7 Additional disclosures on financial instruments

31 December 2014

(Euro thousands)

	Carrying amount	Fair value
Financial assets		
Medium/long-term financial receivables	25	25
Total medium/long-term financial receivables	**25**	**25**
Short-term financial receivables	856	856
Total short-term financial receivables	**856**	**856**
Total financial assets	**881**	**881**
Financial liabilities		
Medium/long-term financial liabilities	758,640	758,640
Total medium/long-term financial liabilities	**758,640**	**758,640**
Short-term financial liabilities	87,976	87,976
Total short-term financial liabilities	**87,976**	**87,976**
Total financial liabilities	**846,616**	**846,616**

3.4 *Fair value – hierarchy*

All financial instruments measured at fair value are categorised into the three levels disclosed below that are based in their entirety on the level of the lowest level input that is significant to the entire measurement:

- Level 1: quoted prices (not adjusted) in active markets for identical assets or liabilities;
- Level 2: valuation techniques for which the lowest level of significant input in determining fair value is directly or indirectly observable;
- Level 3: valuation techniques for which the lowest level of significant input in determining fair value is not observable.

The table below illustrates the financial instruments measured at fair value held by the Group at 30 June 2015 and 31 December 2014:

30 June 2015

(Euro thousands)

	Level 1	Level 2	Level 3	**Total**
Financial assets valued at fair value				
Currency forward contracts		13		13
Total assets		**13**		**13**
Financial liabilities at fair value				
Currency forward contracts		1.887		1.887
Interest rate swaps		65.261		65.261
Total liabilities		**67.148**		**67.148**

5.7 Additional disclosures on financial instruments

31 December 2014

(Euro thousands)

	Level 1	Level 2	Level 3	**Total**
Financial assets valued at fair value				
Currency forward contracts		118		118
Total assets		**118**		**118**
Financial liabilities at fair value				
Currency forward contracts		413		413
Interest rate swaps		77.788		77.788
Total liabilities		**78.201**		**78.201**

At the end of each accounting period, the Group identifies any changes in the fair value hierarchy levels and reviews the relevant categorisation (based on the lowest level of input significant to determining the entire fair value measurement). No changes in levels were identified in the 2015 first half-year.

3.3 *Fair value – valuation techniques*

The fair value of interest rate swaps at the balance sheet date is equal to the discounted future cash flows applying the curve of forward rates at 30 June 2015.

The fair value of forward exchange contracts is calculated using the spot rate at the balance sheet date (30 June 2015), and spot forward rates and the yield curve of interest rates on foreign currencies.

6. Supplementary information to the condensed consolidated interim financial statements

6.1 *List of investments in subsidiaries and associates*

	Registered offices	Currency	Share capital	% Direct holding	Indirect holding %	Indirect holding Subsidiary
. Companies consolidated applying the line-by-line method						
Falck Renewables SpA	Milan	Euro	291,413,891			
Actelios Solar SpA	Catania	Euro	120,000	100.000		
Ambiente 2000 Srl	Milan	Euro	103,000	60.000		
Assel Valley Wind Energy Ltd	Inverness (UK)	GBP	100		75.000	Falck Renewables Wind Ltd
Auchrobert Wind Energy Ltd	Inverness (UK)	GBP	100		75.000	Falck Renewables Wind Ltd
Beaumont Wind Energy Ltd	London (UK)	GBP	50		100.000	Falck Renewables Wind Ltd
Ben Aketil 2 Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
Ben Aketil Wind Energy Ltd	Inverness (UK)	GBP	100		51.000	Falck Renewables Wind Ltd
Boyndie Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	FRUK Holdings (No.1) Ltd
Cambrian Wind Energy Ltd	London (UK)	GBP	100		100.000	FRUK Holdings (No.1) Ltd
Dunbeath Wind Energy Ltd	Inverness (UK)	GBP	100		52.000	Falck Renewables Wind Ltd
Earlsburn Mezzanine Ltd	London (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
Earlsburn Wind Energy Ltd	Inverness (UK)	GBP	100		51.000	Earlsburn Mezzanine Ltd
Ecosesto SpA	Rende (Cosenza)	Euro	5,120,000	100.000		
Elettroambiente SpA in liquidation	Sesto S. Giovanni (Mi)	Euro	245,350	100.000		
Elektrownie Wiatrowe Bonwind Łyszkowice Sp.Z.o.o.	Łódź (Poland)	PLN	132,000		50.000	Falck Renewables Wind Ltd
Eolica Cabezo San Roque Sau	Saragozza (Spain)	Euro	1,500,000		100.000	Falck Renewables Wind Ltd
Eolica Petralia Srl	Sesto S. Giovanni (Mi)	Euro	2,000,000		100.000	Falck Renewables Wind Ltd
Eolica Sud Srl	Davoli Marina (Cz)	Euro	5,000,000		100.000	Falck Renewables Wind Ltd
Eolo 3W Minervino Murge Srl	Sesto S. Giovanni (Mi)	Euro	10,000		100.000	Falck Renewables Wind Ltd
Esposito Servizi Ecologici Srl	Sesto S. Giovanni (Mi)	Euro	10,000	100.000		
Esquennois Energie Sas	Paris (France)	Euro	37,000		100.000	Falck Renewables Wind Ltd
Falck Energies Renouvelables Sas	Rennes (France)	Euro	60,000		100.000	Falck Renewables Wind Ltd
Falck Renewables Finance Ltd	London (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
Falck Renewables Italia Srl in liquidation	Sesto S. Giovanni (Mi)	Euro	100,000		100.000	Falck Renewables Wind Ltd
Falck Renewables Wind Ltd	London (UK)	GBP	37,759,066	99.989		
Falck Renewables Energy Srl	Sesto San Giovanni	Euro	10,000	100.000		
Falck Renewables Polska Z o.o. in liquidation	Warsaw (Poland)	PLN	5,000	100.000		
FRUK Holdings (No.1) Ltd	London (UK)	GBP	1		51.000	Falck Renewables Finance Ltd
Geopower Sardegna Srl	Sesto S. Giovanni (Mi)	Euro	2,000,000		100.000	Falck Renewables Wind Ltd
Kilbraur 2 Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
Kilbraur Wind Energy Ltd	Inverness (UK)	GBP	100		51.000	Falck Renewables Wind Ltd
Kingsburn Wind Energy Ltd	Inverness (UK)	GBP	100		52.000	Falck Renewables Wind Ltd
Leadhills Wind Energy Ltd	Inverness (UK)	GBP	100		52.000	Falck Renewables Wind Ltd
Millennium Wind Energy Ltd	Inverness (UK)	GBP	100		51.000	Falck Renewables Wind Ltd
Millennium South Wind Energy Ltd	Inverness (UK)	GBP	100		52.000	Falck Renewables Wind Ltd
Mochrum Fell Wind Energy Ltd	Inverness (UK)	GBP	100		75.000	Falck Renewables Wind Ltd
Ness Wind Energy Ltd	London (UK)	GBP	50		100.000	Falck Renewables Wind Ltd

	Registered offices	Currency	Share capital	% Direct holding	Indirect holding %	Indirect holding Subsidiary
. Companies consolidated applying the line-by-line method continued						
Nutberry Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	Falck Renewables Wind Ltd
Ongarhill Wind Energy Ltd	London (UK)	GBP	100		75.000	Falck Renewables Wind Ltd
Parc Eolien Illois Sarl	Rennes (France)	Euro	1,000		100.000	Falck Energies Renouvelables Sas
Parc Eolien des Cretes Sas	Paris (France)	Euro	37,000		100.000	Falck Renewables Wind Ltd
Parc Eolien du Fouy Sas	Paris (France)	Euro	37,000		100.000	Falck Renewables Wind Ltd
Falck Renewables Gmbh and co.KG	Nuremberg (Germany)	Euro	5,000		100.000	Falck Energies Renouvelables Sas
Falck Renewables Verwaltungs Gmbh	Nuremberg (Germany)	Euro	25,000		100.000	Falck Energies Renouvelables Sas
Platani Energia Ambiente ScpA in liquidation	Sesto S. Giovanni (Mi)	Euro	3,364,264		86.770	Elettroambiente SpA
Prima Srl	Sesto S. Giovanni (Mi)	Euro	5,430,000	85.000		
PV Diagnosis Fotovoltaica SLU	Madrid (Spain)	Euro	3,100		100.000	Vector Cuatro SLU
PV Diagnosis Srl	Milan	Euro	10,000		100.000	Vector Cuatro SLU
SE Ty Ru Sas	Rennes (France)	Euro	1,009,003		100.000	Falck Renewables Gmbh and co.KG
Solar Mesagne Srl	Brindisi	Euro	50,000	100.000		
Spaldington Airfield Wind Energy Ltd	London (UK)	GBP	100		75.000	Falck Renewables Wind Ltd
Tifeo Energia Ambiente ScpA in liquidation	Sesto S. Giovanni (Mi)	Euro	4,679,829		96.350	Elettroambiente SpA
Vector Cuatro SLU	Madrid (Spain)	Euro	55,001	100.000		
Vector Cuatro Srl	Torino	Euro	25,000		100.000	Vector Cuatro SLU
Vector Cuatro France Sarl	Lyon (France)	Euro	50,000		100.000	Vector Cuatro SLU
Vector Cuatro EOOD	Sofia (Bulgaria)	BGN	2,000		100.000	Vector Cuatro SLU
Vector Cuatro Canada INC	Vaughan (Ontario, Canada)	CAD	100		100.000	Vector Cuatro SLU
Vector Cuatro Japan KK	Tokyo (Japan)	JPY	1,000,000		100.000	Vector Cuatro SLU
Vector Cuatro Energias Renovables Mèxico SA de CV	Miguel Hidalgo DF (Mexico)	MXN	50,000		98.000	Vector Cuatro SLU
Vector Cuatro Ingenieria Renovable SLU	Madrid (Spain)	Euro	3,006		100.000	Vector Cuatro SLU
West Browncastle Wind Energy Ltd	Inverness (UK)	GBP	100		100.000	Falck Renewables Wind Ltd

. Companies consolidated using the equity method

Frullo Energia Ambiente Srl	Bologna	Euro	17,139,100	49.000		
Palermo Energia Ambiente ScpA in liquidation	Sesto S. Giovanni (Mi)	Euro	120,000	23.273		
Nuevos Parque Eolicos La Muela AIE	Saragozza (Spain)	Euro	10,000		50.000	Parque Eolico La Carracha SL
					50.000	Parque Eolico Plana de Jarreta SL
Parque Eolico La Carracha Sl	Saragozza (Spain)	Euro	100,000		26.000	Falck Renewables Wind Ltd
Parque Eolico Plana de Jarreta Sl	Saragozza (Spain)	Euro	100,000		26.000	Falck Renewables Wind Ltd
Vector Cuatro Servicios SL	Madrid (Spain)	Euro	30,000		50.000	Vector Cuatro SLU

. Other investments in subsidiadiaries and associates valued at cost

FRI Energetica Srl	Cosenza	Euro	20,000		20.000	Falck Renewables Wind Ltd

7. Certification on the condensed consolidated interim financial statements pursuant to article 81-ter of Consob Regulation 11971 of 14 May 1999 and ensuing amendments

7 Certification on the condensed consolidated interim financial statements pursuant to article 81-ter of Consob regulation 11971 of 14 May 1999 and ensuing amendments

1. We, the undersigned Piero Manzoni, in my capacity as "Chief Executive Officer", and Paolo Rundeddu, in my capacity as "Corporate Accounting Documents Officer", of Falck Renewables SpA, taking into account the provisions of Article 154-bis, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998, certify that the administrative and accounting procedures applied to prepare the condensed consolidated interim financial statements for the first half of 2015:

   - were adequate in light of the Company's characteristics, and

   - were properly applied.

2. We further certify that:

   2.1 The condensed consolidated interim financial statements:

   a) were prepared in accordance with applicable international accounting standards (IAS/IFRSs), endorsed by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002;

   b) are consistent with the information in the accounting records and other corporate documents;

   c) give a true and fair presentation of the financial position and results of operations of the issuer and of all of the companies included in the scope of consolidation;

   2.2 The interim directors' report includes a reliable analysis of the Group's performance and results from operations in the first six months of the year and the impact on the condensed consolidated interim financial statements, together with a description of the main risks and uncertainties for the second half-year.
   The half-year financial report also presents accurate disclosures of related party transactions.

Chief Executive Officer | Corporate Accounting Documents Officer

Milan, 4 August 2015

8. Independent auditors’ report

8 Independent auditors' report