(Translation from the Italian original which remains the definitive version)

Renexia

Company Registration no. 02192110696
REA no. 159285

RENEXIA S.p.A.

Registered office in VIALE ABRUZZO 410
66100 CHIETI (CH)
Share capital € 5,000,000.00 fully paid up
Managed and coordinated by TOTO Holding S.p.A.

Financial statements as at and for the year ended 31 December 2017

Balance sheet - assets		31/12/2017	31/12/2016
A) Share capital proceeds to be received			
(of which already called up)			
B) Fixed assets			
I. Intangible fixed assets	2,358,720		2,335,924
- (Amortisation)	(60,595)		(45,120)
		2,298,125	2,290,804
II. Tangible fixed assets	147,151		142,620
- (Depreciation)	(104,122)		(91,977)
		43,029	50,643
III. Financial fixed assets	26,007,620		19,968,593
		26,007,620	19,968,593
Total fixed assets		**28,348,774**	**22,310,040**
C) Current assets			
I. Inventory		0	0
II. Receivables			
- due within one year	7,091,534		5,737,383
- due after one year			
		7,091,534	5,737,383
III. Current financial assets		3,061,500	3,061,500
IV. Liquid funds		117,902	43,692
Total current assets		**10,270,936**	**8,842,575**
D) Prepayments and accrued income		**47,123**	**56,956**
Total assets		**38,666,833**	**31,209,571**

Balance sheet liabilities		31/12/2017	31/12/2016
A) Net equity			
I. Share capital		5,000,000	5,000,000
II. Share premium reserve		528,216	528,216
IV. Legal reserve		449,512	449,512
Euro rounding difference			
Capital injections for future share capital increases	10,800,000		9,300,000
		10,800,000	9,300,000
VIII. Losses carried forward		(8,806,741)	(2,069,277)
IX. Net profit for the year			
IX. Net loss for the year		(1,376,596)	(6,737,465)
Total net equity		**6,594,391**	**6,470,986**
B) Provisions for risks and charges		**3,377,176**	**3,313,340**
C) Employees' leaving entitlement		**102,194**	**61,257**
D) Payables			
- due within one year	28,592,797		21,363,986
- due after one year			
		28,592,797	21,363,986
E) Accrued expenses and deferred income		**275**	**2**
Total liabilities		**38,666,833**	**31,209,571**

Profit and loss account		2017	2016
A) Production revenues			
1) *Turnover from sales and services*		770,652	864,922
2) *Change in work in progress, semi-finished products and finished goods*			
3) *Change in contract work in progress*			
4) *Internal work capitalised*			
5) *Other revenues and income*	47,215		6,278
		47,215	6,278
Total production revenues		**817,867**	**871,200**
B) Production cost			
6) *Raw materials, consumables, supplies and goods*		24,780	44,611
7) *Services*		1,580,839	1,737,623
8) *Use of third party assets*		272,690	212,446
9) *Personnel expenses*			
a) Wages and salaries	905,345		1,058,964
b) Social security contributions	180,691		177,698
c) Employees' leaving entitlement	56,947		50,584
d) Pension and similar costs			
e) Other costs	14,025		155
		1,157,008	1,287,401
10) *Amortisation, depreciation and write-downs*			
a) Amortisation of intangible fixed assets	15,475		9,289
b) Depreciation of tangible fixed assets	12,144		25,404
c) Other write-downs of fixed assets			109,667
d) Write-downs of current receivables and liquid funds			
		27,619	144,360
11) *Change in raw materials, consumables, supplies and goods*			
12) *Provisions for risks*		36,658	3,194,425
13) *Other provisions*			
14) *Other operating costs*		86,413	566,643
Total production cost		**3,186,007**	**7,187,509**
Operating loss (A-B)		**(2,368,140)**	**(6,316,309)**
C) Financial income and charges			
15) *Income from equity investments:*			
- subsidiaries	1,400,000		
- associates			
- other			
		1,400,000	
16) *Other financial income:*			
a) from financial receivables classified as fixed assets			
- subsidiaries	29,218		341,261
- associates			
- parents			

- subsidiaries of parents			
- other			
b) from securities classified as fixed assets			
c) from securities classified as current assets			
d) other income:			
- subsidiaries			
- associates			
- parents			
- subsidiaries of parents			
- other	9		10,768
		29,227	352,029
		29,227	352,029
17) Interest and other financial charges:			
- subsidiaries	(98,039)		(51)
- associates			
- parents	(803,592)		(968,376)
- other	(42,244)		(186,715)
		(943,875)	(1,155,142)
17-bis) net exchange rate losses		(224)	(576,702)
Net financial income (charges)		**485,128**	**(1,379,815)**
D) Adjustments to financial assets			
18) Write-backs:			
a) equity investments			
b) financial fixed assets			
c) securities classified as current assets			
19) Write-downs:			
a) equity investments			
b) financial fixed assets			
c) securities classified as current assets			
Total adjustments to financial assets		**0**	**0**
Loss before taxes (A-B±C±D±E)		**(1,883,012)**	**(7,696,124)**
22) Income taxes, current and deferred			
a) Current	0		0
b) Change in deferred tax liabilities			
c) Change in deferred tax assets	1,013		(34,046)
d) Income from participation in the tax consolidation scheme	(447,034)		(910,028)
e) Taxes relative to prior years	(60,395)		(14,585)
		(506,416)	(958,659)
23) Net loss for the year		**(1,376,596)**	**(6,737,465)**

Chairman of the Board of Directors

Carlo Toto

Cash flow statement

Cash flows from operations (indirect method)

Cash flow statement	2017	2016
A. Cash flows from operating activities (indirect method)		
Net loss for the year	**(1,376,596)**	**(6,737,465)**
Income taxes	(506,416)	(958,659)
Interest expense	914,872	1,379,816
(Dividends)		
(Gains)/losses on the sale of assets		
1. Loss for the year before income taxes, interest, dividends and gains/losses on sales	**(968,140)**	**(6,316,307)**
Adjustments for non-monetary items with no balancing entry in net working capital		
Accruals to provisions	36,658	3,194,425
Amortisation/depreciation	27,619	34,693
2. Cash flows before changes in net working capital	**(903,863)**	**(3,087,189)**
Changes in net working capital		
Decrease/(increase) in inventory	0	0
Decrease/(increase) in trade receivables	(170,040)	(279,100)
Increase/(decrease) in trade payables	(476,645)	(1,452,983)
Decrease/(increase) in prepayments and accrued income	9,833	10,611
Increase/(decrease) in accrued expenses and deferred income	273	(1,843)
Other changes in net working capital	3,543,319	(13,778,582)
3. Cash flows after changes in net working capital	**2,002,877**	**(18,589,086)**
Other adjustments		
Income taxes	664,930	1,009,365
Dividends received	1,400,000	0
Use of provisions	68,115	(173,473)
4. Cash flows after other adjustments	**4,135,922**	**(17,753,194)**
Cash flows from (used in) operating activities (A)	**4,135,922**	**(17,753,194)**
B. Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(4,530)	26,258
Intangible fixed assets		
(Investments)	(22,796)	219,334
Proceeds from the sale of tangible fixed assets		
Financial fixed assets		
(Investments)	(6,039,027)	(4,549,891)
Current financial assets		
(Investments)	0	1,684
Proceeds from the sale of financial fixed assets		3,143,771
Cash flows used in investing activities (B)	**(6,066,353)**	**(1,158,844)**
C. Cash flows from financing activities		
Third party funds		
Increase/(decrease) in short-term bank loans and borrowings	504,641	7,966
Own funds		
Share capital increase against consideration / Shareholder's waiver of receivable	1,500,000	9,300,000
Cash flows from financing activities (B)	**2,004,641**	**9,307,966**
Increase/(decrease) in liquid funds (A ± B ± C)	74,210	(9,604,072)
Liquid funds at 1 January 2017	**43,692**	**9,647,764**
Liquid funds at 31 December 2017	**117,902**	**43,692**

Chairman of the Board of Directors

Carlo Toto

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Company Registration no. 02192110696

REA no. 159285

RENEXIA S.p.A.

Registered office in VIALE ABRUZZO 410

66100 CHIETI (CH)

Share capital € 5,000,000.00 fully paid up

Managed and coordinated by TOTO Holding S.p.A.

Notes to the financial statements as at and for the year ended 31 December 2017

Board of directors

In office until the approval of the 2018 financial statements - Appointed on 10 May 2016

Carlo TOTO (Chairman)
Lino BERGONZI (Director and Managing director) [1]
Valentina TOTO (Director)[2]

Board of Statutory Auditors

(In charge of the statutory audit)

In office until the approval of the 2019 financial statements - Appointed on 8 August 2017

Francesco CANCELLI, Chairman
Paolo PALUMBO, Statutory Auditor
Giovanni D'AQUINO, Statutory Auditor
Giovanni DI TOMMASO, Alternate Auditor
Francesco PIETROCOLA, Alternate Auditor

Notes to the financial statements

[1] Appointed by the shareholders on 19 October 2017 to replace Vincenzo Soprano.
[2] Appointed by the shareholders on 19 October 2017.

Activities carried out

The company was set up in 2007 with the purpose of acquiring and managing equity investments.

It represents the "Energy" sub-holding of the Toto Group, responsible for all development, construction and management activities for projects in the renewable energy sector.

Group membership

The company belongs to the Toto Group which is responsible for its management and coordination via Toto Holding S.p.A.

The following table provides the key figures from the most recently approved financial statements of said company which carries out management and coordination activities and which prepares consolidated financial statements.

Description	31/12/2016	31/12/2015
BALANCE SHEET		
ASSETS		
A) Share capital proceeds to be received		
B) Fixed assets	360,021,202	359,095,619
C) Current assets	29,059,888	24,341,591
D) Prepayments and accrued income	689,462	48,873
Total assets	**389,770,552**	**380,516,083**
LIABILITIES:		
A) Net equity:	291,323,373	293,992,605
Share capital	100,000,000	100,000,000
Reserves	262,093,850	261,236,305
Losses carried forward	(77,071,243)	(79,373,146)
Net profit for the year	6,300,766	12,129,446
B) Provisions for risks and charges	51,363,620	33,466,015
C) Employees' leaving entitlement	212,408	189,152
D) Payables	46,860,529	55,835,368
E) Accrued expenses and deferred income	10,622	2,943
Total liabilities	**389,770,552**	**380,516,083**
PROFIT AND LOSS ACCOUNT		
A) Production revenues	4,804,105	3,135,925
B) Production cost	22,571,397	8,705,764
C) Net financial income	10,929,954	21,381,848
D) Adjustments to financial assets	(831,105)	7,743,099
Income taxes	(13,969,209)	(3,504,338)
Net profit for the year	**6,300,766**	**27,059,446**

Name and registered office of the company that prepares the consolidated financial statements

Pursuant to article 2427.22-quinquies and sexies of the Italian Civil Code, it is noted that Toto Holding S.p.A., with registered office in Viale Abruzzo 410 , Chieti, prepares the consolidated financial statements of the Group of which the company is part. These consolidated financial statements are available at Toto

Holding S.p.A.'s registered office in accordance with the terms and conditions governing the filing of financial statements.
In accordance with article 27.3 of Legislative decree no. 127/1991, as in the previous years, despite holding controlling interests, the company did not prepare consolidated financial statements. However, the section on equity investments shows the carrying amount of the investments held, calculated using the equity method.

Main events during the year

The company has focused its projects through the development of wind power technology, without excluding the possibility of evaluating the implementation of additional plants for the production of energy from alternative renewable sources in Italy or abroad.

Italy

In 2017, Renexia continued developing its portfolio of projects to support the various SPVs.
On 22 February 2017, the subsidiary Parco Eolico Casalduni House S.r.l. ("**PECH**") obtained the adjustment to the Single Authorisation by means of Executive decree no. 10, resolving a formal error made when the Single Authorisation was first issued.
PECH owns a wind plant made up of 12 3 MW wind generators, with an overall capacity of 36 MW, to be built in the Casalduni (BN) municipality.
Furthermore, on 13 January 2017, PECH requested and obtained the transfer of the Castelpagano-Pontelandolfo power line, through the Campania Region's Executive decree no. 17 of 10 March 2017, in order to construct such structure which, once completed, will be sold to Terna. The power line to be built (P-C 150kV) will enable the Circello wind farm and the future wind farm of PECH to connect to Terna's national transmission grid.
Renexia Services S.r.l., controlled by Renexia S.p.A., is completing the construction of the Circello wind farm, owned by Cogein S.r.l., and is building the above-mentioned 150 kV power line.
On 3 October 2017, the company acquired 100% of two companies (Indaco S.r.l., Volere Volare S.r.l.) which own the connection quotations for the installation of turbines (*mini wind turbines*) in the Melfi municipality.

Arbitration award

The arbitration award related to the dispute brought about by ETS against former Ponte Albanito S.r.l. (now C.v.a. S.p.A., following the merger of Ponte Albanito into CVA) was issued on 17 December 2016. In its award, the board of arbitrators ordered Ponte Albanito to pay ETS (i) the residual consideration assessed during the proceedings and (ii) damages for not having complied with some contractual provisions originally agreed at the time of their collaboration. The total amount to be paid by former Ponte Albanito is

approximately € 3.3 million, inclusive of legal and default interest and legal fees. 100% of Ponte Albanito's quota capital was sold by Renexia S.p.A. to C.v.a. S.p.A. in January 2015. Based on the compensation obligation assumed in Ponte Albanito's sale contract, since this dispute began well before its sale and pertains to facts which occurred when Ponte Albanito was a subsidiary of Renexia, in the event of final conviction, the latter shall compensate C.v.a S.p.A. for any amounts to be paid to ETS. In this respect, although according to Renexia, ETS' requests are groundless, the company prudently recognised an accrual reflecting the amount set out in the arbitration award in the provision for risks and charges. The arbitration award was appealed on 6 February 2017 and C.v.a. S.p.A. obtained a suspension of enforceability, subject to the provision of a guarantee of € 3.2 million (the"**Guarantee**"). C.v.a. S.p.A., in turn, was guaranteed by the company and, consequently, gave the Guarantee. Accordingly, the enforceability of the award is suspended pending the judgement on appeal.

The first appeal hearing (L'Aquila Court of appeal, RG 290/17), which was held on 13 June 2017, resulted in the adjournment to the hearing for closing arguments of 9 April 2019, subject to suspension.

Foreign operations

Tunisia

On 15 November 2017, MedWind Sarl applied for the granting of a construction permit, inclusive of an incentive tariff blocked for 20 years, for the El Haouaria Ovest wind farm, consisting of 10 turbines for a total of 30 MW.

The two successful bidders will be disclosed in the first half of 2018.

Furthermore, during the year, land leases for a total of 60 MW (20 WTG positions) were signed and land for an additional 30 MW (10 WTG positions) were optioned in view of new potential auctions.

United States

Upon completion of its staffing operations, the US subsidiary US Wind Inc. carried out geotechnical and geophysical surveys to obtain the preliminary permits required for the construction of the wind farm, in collaboration with specialised companies.

The US subsidiary delivered the S.A.P. (Site Assesment Plant), approved by B.O.E.M., the grantor, which required a decommissioning bond before the beginning of the installation of the Met Tower.

Furthermore, in May 2017, the Public Service Commission of Maryland granted the company 913,845 MWh/year for twenty years. OREC is a feed-in tariff (USD 166/MWh per OREC) introduced in 2013 by the state of Maryland ("Maryland Offshore Wind Energy Act") to support the production of energy from renewable sources.

These large projects of great importance in the development of the renewable energy sector in the USA, are extremely attractive to qualified international financial and industrial investors.

Significant events after the reporting date and outlook

In 2018, Renexia intends to continue developing its portfolio of projects, optimising human, economic and financial resources to support the various SPVs.

Within the framework of its development projects in Italy, the company intends to exploit the market that has primarily developed in Italy and is attracting institutional investors willing to acquire turnkey projects, once the necessary authorisations have been obtained, even prior to the commencement of works. This is also supported by the new draft of the FER decree which envisages seven new dates to obtain feed-in tariffs between November 2018 and the end of 2020.

Consequently, the company is considering the possibility of acquiring further wind projects in southern Italy which already have the necessary authorisations. If acquired, these projects should begin and end in the 2018-2019 two-year period.

In 2018, Renexia S.p.A. intends to acquire the company which owns the "Beleolico" ("**BEL**") wind farm. BEL owns *(i)* the Single Authorisation from the Puglia region, *(ii)* the concession for the relevant body of water and (iii) won a feed-in tariff (FiT) in the latest FER2016 auction.

By the end of 2018, Parco Eolico Casalduni House S.r.l. will participate in the second auction procedure to obtain the incentive tariffs envisaged by the new ministerial decree which is being issued. The possibility of building the wind park with no incentive tariff and to sell it on a turn-key basis (also prior to the commencement of works) or to build it and manage it directly is being considered. The overall investment will exceed € 45 million.

The companies involved in the domestic market are Renexia S.p.A. and Renexia Services S.r.l. They identify and develop small and medium-sized projects of the type mentioned above, which can represent sources of funds following the sale of the turnkey project.

The aim of the Group is to develop and sell at least one project a year in order to recover investments in development and use surplus liquidity to replicate other operations with the same characteristics.

Tunisia

The outcome of the application filed in 2017 is expected to be revealed in the second quarter of 2018. If successful, the aim is to start the worksite by the end of 2018.

United States

In 2018, US Wind will continue activities to complete the authorisation process for the off-shore wind project in Maryland with a potential capacity of approximately 722 MW.

These large projects of great importance in the development of the renewable energy sector in the USA, are extremely attractive to qualified international financial and industrial investors.

In striving to achieve the best balance between investments, profitability and management of sources-uses of funds, the Group examines all the partnership proposals it receives and/or other opportunities offered by the market. Top Management will therefore adopt the most appropriate strategies at each stage of the development, construction and management of projects, which may lead to different solutions (equity partnerships, sale of investments in SPVs upon obtaining building permits, in-house construction of projects, etc.).

Basis of preparation

The financial statements at 31 December 2017 have been prepared in accordance with the provisions of the Italian Civil Code on financial statements as amended by Legislative decree no. 139/15 which implemented EU directive no. 2013/34.

These financial statements have been prepared in a condensed format as the requirements specified by article 2435 bis.1 of the Italian Civil Code have been met. Therefore, no directors' report was prepared.

Pursuant to article 2428.3 and 4 of the Italian Civil Code, it is noted that there are no treasury shares or shares or quotas of parents held by the company or through trustees or nominees and no treasury shares or shares or quotas of parents were purchased and/or sold by the company during the year, including through trustees or nominees.

The financial statements consist of:

- a balance sheet;
- a profit and loss account;
- a cash flow statement;
- these notes.

These notes describe, analyse and, in some cases, supplement financial statements figures and provide the information required by article 2427 of the Italian Civil Code. They reflect the legislative changes introduced by Legislative decree no. 139/15 and the reporting standards issued by the OIC (the Italian accounting standard setter).

Measurement criteria

(Ref. art. 2427.1.1, Italian Civil Code)

The measurement criteria applied to the preparation of these financial statements at 31 December 2017 are unchanged from those used in the previous year.

Financial statements captions have been measured in accordance with the general principles of prudence and accruals on a going-concern basis as well as the principle of substance over form.

Under the prudence principle, the items making up each asset or liability caption are measured individually to avoid offsetting losses which should have been recognised against unrealised profits not to be recognised.

In accordance with the accruals-based accounting principle, the effect of transactions and other events was recognised and allocated to the year to which these transactions and events relate and not to the one in which the related cash flows took place (receipts and payments).

The application of the same measurement criteria over time is essential for the company's financial statements to be compared over the various years.

By taking into account the economic function of the asset or liability in question which expresses the principle of substance over form - mandatory when not expressly in conflict with other specific rules on financial statements - transactions are represented according to the economic reality underlying the legal

aspects.

The following basic assumptions were followed when preparing the financial statements:

- understandability (clarity);
- neutrality (impartiality);
- periodicity in the measurement of the company's financial performance and assets;
- consistency;
- comparability;
- accruals basis;
- relevance and materiality of the economic facts for the purpose of their presentation in the financial statements;
- cost as a basic criterion for measuring the financial statements of the going concern;
- informative function and completeness of the notes to the financial statements and the other necessary information;
- verifiability of the information.

If the information required by specific legal provisions is not enough to provide a true and fair view, all the information necessary for that purpose has been provided.

Waivers

(Ref. art. 2423.4, Italian Civil Code)

There were no exceptional cases requiring the company to have recourse to any of the exemptions under article 2423.4 of the Italian Civil Code.

The measurement criteria adopted in preparing the financial statements are as follows.

Fixed assets

Intangible fixed assets

These are recognised at their historical purchase cost and are shown net of accumulated amortisation, which is directly charged to the individual items.

Industrial patents and, in particular, the software purchased for the study concerning energy production capacity of the current projects are amortised over 3 years.

Trademarks are amortised over 10 years.

"Assets under development" include the costs incurred over the years by the company for the development of projects (design, feasibility studies, research studies for suitable sites, etc.); these costs are not amortised, but will be contributed or re-invoiced to the SPV (Special Purpose Vehicle) once the company obtains the

authorisations needed to construct the various plants. These costs pertain to several years and will be recovered once the construction permit is obtained for the plant.
If, regardless of the amortisation already charged, an impairment loss exists, the asset is written down accordingly. If, in following years, the reasons for the write-down no longer apply, the original value is reinstated adjusted by amortisation only.

Tangible fixed assets

These are recognised at purchase cost and adjusted by the corresponding accumulated depreciation.
The carrying amount takes into account ancillary charges and costs incurred for using the asset, less any material trade or cash discounts.
The depreciation charges, taken to the profit and loss account, are calculated according to the use, allocation and expected useful life of the assets. The following depreciation rates are believed to reflect the effective useful life of the assets, and are unchanged from the previous year. They are halved in the year in which the asset comes into use. The rates applied are:

- Plant and machinery (anemometers): 10%;
- Industrial and commercial equipment (sundry and minor): 40%;
- Other assets (office and electronic equipment, etc.): 20%;
- Other assets (motor vehicles): 25%.

If, regardless of the depreciation already charged, an impairment loss exists, the asset is written down accordingly. If, in following years, the reasons for the write-down no longer apply, the original value is reinstated adjusted by depreciation only.

Receivables

These are stated at their estimated realisable value.
A specific bad debt provision is accrued to cover possible insolvency risks. The accrued amount is checked periodically and, in any case, at each reporting date, considering existing or probable bad debts and the general economic, sector and country risk conditions.
As the company prepared condensed financial statements, the amortised cost method and the discounting of recognised receivables under OIC 15. 46 and 47 were not applied. Consequently, any initial transaction costs were recognised under prepayments, item D of balance sheet assets.
Pursuant to article 2427.6-ter, it is noted that there are no receivables related to repurchase transactions.

Payables

These are recognised at their nominal amount, adjusted in the event of returns or invoicing adjustments.
As the company prepared condensed financial statements, the amortised cost method and the discounting of recognised payables under OIC 19. 54 and 55 were not applied. Consequently, any initial transaction costs (incurred, for example, to raise loans) were recognised under prepayments, item D of balance sheet assets.
Pursuant to article 2427.6-ter, it is noted that there are no receivables related to repurchase transactions.

Provisions for risks and charges

These are set aside to cover losses or payables which are certain or likely to occur, but the amount or due date of which is undetermined at the reporting date. The amounts set aside represent the best possible estimate based on the data available at the time the financial statements were prepared.
These provisions are measured in accordance with the general criteria of prudence and on an accruals basis.
No generic provision for risks has been set up, as there are no economic reasons for doing so.
Risks for which a liability is only possible are disclosed in the notes if significant, without any amount being accrued to the provision for risks and charges.

Employees' leaving entitlement (TFR)

This represents the actual amounts due to employees in accordance with law and current national labour agreements, taking into account all forms of remuneration of an ongoing nature.
Since the company has fewer than 50 employees, it is not required to allocate the amounts to supplementary pension schemes under Legislative decree no 252 of 5 December 2005 (or to transfer these to the INPS treasury), unless designated by the employee to do so.

Prepayments and accrued income, accrued expenses and deferred income

These are determined on an accruals basis.

Equity investments

Investments in subsidiaries and associates, recognised under financial fixed assets, are recognised at subscription cost, including any ancillary charges. This cost cannot be maintained and, consequently, the item is written down in accordance with article 2426.1.3 of the Italian Civil Code, when, at the reporting date, the carrying amount of the equity investment is permanently below its cost.
Where the cost of the equity investment is greater than the relevant portion of net equity, the greater carrying amount is not considered a permanent impairment based on the plans and programs which confirm the

recoverability of the financial balance in the near future.
Equity investments classified as fixed assets represent the company's long-term, strategic investments.

Revenue and cost recognition

Revenues of a financial nature and those deriving from the provision of services are recognised on an accrual basis.
Revenues and income, costs and charges relating to transactions in foreign currency are calculated at the exchange rate ruling on the date the relevant transaction is completed.
Costs of a financial nature and those deriving from the purchasing of services are recognised on an accrual basis.
Costs for the purchase of materials are recognised upon transfer of title, which generally takes place at the time of delivery or shipment.

Translation of foreign currency amounts

Receivables and payables originally expressed in foreign currencies, recognised at the exchange rates in force on the date they arose, are adjusted to closing rates or, in the event of hedges, at the contractual forward rate.
In particular, current assets and liabilities and financial receivables recognised under fixed assets are recognised at the spot exchange rate applicable at the reporting date. Exchange rate gains and losses arising from the translation of receivables and payables are taken to the profit and loss account item 17-bis Exchange rate gains and losses.

Income taxes

Taxes are provided for on an accruals basis. Therefore, they reflect accruals for taxes paid or to be paid during the year, calculated in accordance with applicable rates and laws.
From 2011 the company, as consolidated company, has opted to participate in the national tax consolidation scheme – which allows for IRES (corporate income tax) to be calculated using a taxable base corresponding to the total of positive and negative taxable amounts of the individual participating companies – together with TOTO HOLDING S.p.A., the latter acting as consolidating parent.
Financial transactions, liabilities and mutual obligations between the consolidating parent and the consolidated companies are set out in the Consolidation regulation for group companies signed on 14 June 2014.
“Receivables from the parent” include the receivable for offsetting the loss which the consolidating parent must pay the company under the terms of the consolidation contract.
Current and deferred IRAP (regional tax on production) is calculated solely with reference to the company.
Deferred tax assets are recognised in a corresponding item under current assets on the temporary differences

between the carrying amount of the assets and liabilities and the tax value of the same (e.g. trademarks) to the extent the Directors consider their absorption by future taxable income to be reasonable, within the time limits set out by current tax law.

Guarantees, commitments, third party assets and risks

Guarantees, commitments and third-party assets are shown at their contractual value.
Risks for which a liability is probable are described in the notes and allocated to the provision for risks in accordance with the criteria of adequacy.
Risks for which a liability is only possible are described in the notes, but no amount is allocated to the provision for risks in accordance with the applicable accounting standards. Remote risks have not been taken into account.

Related party transactions

Pursuant to article 2427. 22-bis of the Italian Civil Code, it is noted that transactions with parents, subsidiaries of the latter, subsidiaries, associates and related parties took place under normal market conditions; reference should be made to the last section of this document for additional information.

Workforce

Changes in the workforce during the year are shown in the table below, broken down by category.

Workforce at 31 December 2016 and 2017

Breakdown	31/12/2017	31/12/2016	Change in the year
Managers	1	1	0
Junior managers	3	0	3
White collars	10	10	0
Total	**14**	**11**	**3**

Average workforce for 2016 and 2017

Breakdown	2017	2016	Change in the year
Managers	1.0	1.0	0.0
Junior managers	3.0	0.0	3.0
White collars	9.5	10.0	(0.5)
Total	**13.5**	**11.0**	**2.5**

Assets

B) Fixed assets

31/12/2017	31/12/2016	Change in the year
28,348,774	22,310,040	6,038,734

I. Intangible fixed assets

31/12/2017	31/12/2016	Change in the year
2,298,125	2,290,804	7,321

Description	31/12/2017	31/12/2016	Change in the year
Industrial patents	16,610	4,158	12,452
Concessions, licences, trademarks and similar rights	18,916	24,047	(5,131)
Assets under development and payments on account	2,262,599	2,262,599	0
Total	**2,298,125**	**2,290,804**	**7,321**

Change in intangible fixed assets

Industrial patents and intellectual property rights

Description	31/12/2016	Increases	Transferred balance	Amortisation	31/12/2017
Software licences	4,158	22,796	0	(10,344)	16,610
Total	**4,158**	**22,796**	**0**	**(10,344)**	**16,610**

The € 23 thousand increase refers to the investments in applications of the year.

Concessions, licenses, trademarks and similar rights

Description	31/12/2016	Increases	Transferred balance	Amortisation	31/12/2017
Concessions, licences, trademarks and similar rights	24,047	0	0	(5,131)	18,916
Total	**24,047**	**0**	**0**	**(5,131)**	**18,916**

The item includes the capitalisations over the previous years for the study aimed at enhancing the company's brand in order to make it recognisable and appealing to the market.
Amortisation is calculated over ten years.

Assets under development

Description	31/12/2016	Increases	Reclassification	Decrease	Amortisation	31/12/2017
Pre-operating costs	2,262,599	0		0	0	2,262,599
Total	**2,262,599**	**0**	**0**	**0**	**0**	**2,262,599**

The balance of this item, equal to € 2,263 thousand, represents the preliminary development costs required in order to obtain the authorisations for constructing the wind farms in the municipalities of:

i. Lucera (FG), a project for which costs of € 710 thousand have been incurred;
ii. Troia (FG), a project for which costs of € 1,333 thousand have been incurred;
iii. Santa Croce del Sannio (BN) and Alberona (FG), a project for which costs of € 219 thousand have been incurred.

These amounts will be re-invoiced to the SPVs already set up or will be transferred to the SPVs once the company obtains the authorisations necessary for construction. These costs pertain to several years and will be recovered once the construction permit is obtained for the plant.

For the Lucera (FG) and Troia (FG) projects, the development activity slowed down in 2014 after the Single Authorisation was not granted for the construction of the two wind power plants in question (Apulia Region notes no. 4025 and 4026 dated 8 July 2014). The company, which is certain of its position, has contested these measured by filing an appeal to the competent TAR (Regional Administrative Court). As a result, the Apulia Region ordered the cancellation of the final rejection measures on 9 December 2014 as a result of internal review (notes no. 4025 and 4026 dated 8 July 2014) pursuant to article 21 octies and following of Law no. 241 of 7 August 1990, allowing at the same time the company's request to wait for the settlement of the outstanding disputes referred to in appeal RG 170/2014. The related hearings for handling the appeals have not yet been scheduled. The company, which is supported by the legal opinion of its consultants, believes that, due to the cancellation under internal review of the rejection measures, its objections concerning the reasons that led to the refusal itself are legitimate; therefore, even if theoretically possible, the company considers the risk that the TAR will confirm the negative opinion regarding the issue of the authorisations as being remote.

II. Tangible fixed assets

31/12/2017	31/12/2016	Change in the year
43,029	50,643	(7,614)

Description	31/12/2017	31/12/2016	Change in the year
Plant and machinery	35,857	43,697	(7,840)
Other assets	7,172	6,946	226
Total	**43,029**	**50,643**	**(7,614)**

As required by OIC 16. 84, it is noted that there are no mortgages, pledges, liens or any other encumbrances of any kind on tangible fixed assets. In addition, no financial charges incurred for purchasing fixed assets were capitalised.

Change in tangible fixed assets

Plant and machinery

Description	Amount
31/12/2016	**43,697**
Increases	0
Depreciation for the year	(7,840)
31/12/2017	**35,857**

The item includes the anemometers the company purchased over the previous years.
These assets, necessary for the preparatory studies for the development of projects, are depreciated over ten years.
No new investments were made during the year.

Other assets

Description	Amount
31/12/2016	**6,946**
Increases	4,530
Depreciation for the year	(4,304)
31/12/2017	**7,172**

The item comprises "Office equipment" with a residual value of € 7 thousand, depreciated at 20% (rate halved during the first year in which the asset comes into use).

III. Financial fixed assets

31/12/2017	31/12/2016	Change in the year
26,007,620	19,968,593	6,039,027

Description	31/12/2017	31/12/2016	Change in the year
Equity investments	25,648,168	19,257,678	6,390,490
Financial receivables	359,452	710,915	(351,463)
Total	**26,007,620**	**19,968,593**	**6,039,027**

Equity investments

Company	31/12/2016	Increases	Reclassifications	Write-downs	31/12/2017
Subsidiaries	19,257,678	6,390,490	0	0	25,648,168
Total	**19,257,678**	**6,390,490**	**0**	**0**	**25,648,168**

Equity investments are recognised at purchase cost (including any ancillary charges).

The increase of € 6,390 thousand relates to the following companies:

- US Wind Inc.: € 5,673 thousand contributed for future share capital increases during the year;
- Circello S.r.l.: € 5 thousand for the waiver of the financial receivable from the company to cover the loss it incurred during the year;
- Good Wind S.r.l.: € 5 thousand for the waiver of the financial receivable from the company to cover the loss it incurred during the year;
- Spartivento S.r.l.: € 5 thousand for the waiver of the financial receivable from the company to cover the loss it incurred during the year;
- Calabria Energia S.r.l.: € 5 thousand for the waiver of the financial receivable from the company to cover the loss it incurred during the year;
- Indaco S.r.l. and Volere Volare S.r.l.: € 696 thousand which refers to the cost, inclusive of additional charges (e.g., notary fees), incurred to acquire these two companies which own the projects for the mini wind turbines in the Melfi municipality.

Information is provided below on the investees and the activities they carried out in 2017. Furthermore, pursuant to article 2426.3 of the Italian Civil Code, it is noted that the difference between the carrying amount of the equity investments and that determined using the equity method is justified (with the possible elimination of intragroup items). The amounts in the following table refer to the financial statements of the subsidiaries at 31 December 2017.

Company	City or foreign country	Share/quota capital	% of invest.	Net equity/deficit	Profit/(loss)	Equity method	Carrying amount
InterSun S.r.l.	Chieti	€ 30,000	100.00%	30,289	(93,062)	30,289	761,372
Renexia Services S.r.l.	Chieti	€ 100,000	70.00%	5,219,516	4,477,851	3,653,661	170,000
US Wind	USA	$ 100,000	100.00%	19,076,201	(2,244,497)	19,076,201	23,299,148
Medwind	Tunisia	5,000 dinars	80.00%	(317,854)	(328,131)	(317,854)	352,920
Circello 2 S.r.l.	Chieti	€ 10,000	100.00%	11,249	(1,537)	11,249	15,000
Good Wind S.r.l.	Chieti	€ 10,000	100.00%	8,448	(1,140)	8,448	117,888
Spartivento S.r.l.	Chieti	€ 10,000	100.00%	7,510	(1,119)	7,510	117,888
Calabria Energia S.r.l.	Chieti	€ 10,000	100.00%	13,877	(871)	13,877	117,888
Indaco S.r.l.	Chieti	€ 10,000	100.00%	8,892	(2,479)	8,892	348,941
Volere Volare S.r.l.	Chieti	€ 10,000	100.00%	15,850	(2,550)	15,850	347,123
Total							**25,648,168**

The quotas of Intersun S.r.l. have been pledged as a guarantee for the obligations of the subsidiary vis-à-vis third parties regarding the loans received for the construction of the photovoltaic park owned by the company.

1) Intersun S.r.l.

The business purpose of the company is the design, construction, management and maintenance of plants for the production of energy, regardless of the generating source, in accordance with current rules and

regulations, on land, plants and structures which are part of the Interporto D'Abruzzo (freight terminal) in Manoppello (PE).

The company constructed and connected a photovoltaic plant with a 3.5 MW capacity to the national power grid.

The investment is measured at purchase cost and is recognised at a value that is higher than the amount resulting from application of the adjusted equity method. This is justified by the expected future profitability.

2) US Wind Inc.

The company is based in Boston (Massachusetts) and has an operating office in Baltimore (Maryland). It was incorporated in 2011 for the design, construction, management and maintenance of wind power production plants in accordance with current US rules and regulations.

The investment is measured at purchase cost and is recognised at a value that is higher than the amount resulting from application of the adjusted equity method. This is justified by the fact that the company is in the start-up stage and the expected future profitability that will be generated once the construction permits are obtained.

3) Medwind

The Tunisian company is developing projects for the construction of two on-shore wind power plants.

The investment is measured at purchase cost and is recognised at a value that is higher than the amount resulting from application of the adjusted equity method. This is justified by the fact that the company is in the start-up stage and the expected future profitability that will be generated once the construction permits are obtained.

4) Good Wind S.r.l. – Calabria Energia S.r.l. – Spartivento S.r.l. – Indaco S.r.l. – Volere Volare S.r.l.

The five companies acquired in 2016 and 2017 are developing five projects for the installation of mini wind turbines in the south of the Apulia region.

They are measured at purchase cost and recognised at a value that is higher than the amount resulting from application of the adjusted equity method. This is justified by the fact that the companies are in the start-up stage and the expected future profitability that will be generated once the construction permits are obtained.

Receivables

Description	31/12/2017	31/12/2016	Change in the year
From subsidiaries	348,193	468,215	(120,022)
From parents	1,059	0	1,059
From others	10,200	242,700	(232,500)
Total	**359,452**	**710,915**	**(351,463)**

Description	31/12/2016	Increases	Reclassifications	Decreases	31/12/2017
From subsidiaries	468,215	195,658		(315,680)	348,193
From parents	0	1,059		0	1,059
From others	242,700	467,500		(700,000)	10,200
Total	**710,915**	**664,217**	**0**	**(1,015,680)**	**359,452**

"From subsidiaries" increased during the year by € 195 thousand and relates to loans granted to the Tunisian subsidiary Medwind (€ 170 thousand).

The € 315 thousand decrease in this item is substantially due to the repayments received from Renexia Services S.r.l. (€ 295 thousand).

Financial transactions, both with the parent and the subsidiaries, are regulated by contracts signed between the parties. Interest, calculated according to current market conditions, accrues on these financial transactions.

"From others" (€ 10 thousand) comprises guarantee deposits at the reporting date. The changes in this item, which rose by € 468 thousand and fell by € 700 thousand, refer to the advances paid during the year to acquire Indaco S.r.l. and Volere Volare S.r.l., as described earlier.

Receivables at 31 December 2017 are broken down by geographical area as follows (article 2427.1.6, Italian Civil Code).

Description	From subsidiaries	From parents	From others	Total
Italy	2,893	1,059	10,200	14,152
Non-EEC	345,300			345,300
Total	**348,193**	**1,059**	**10,200**	**359,452**

C) Current assets

II. Receivables

31/12/2017	31/12/2016	Change in the year
7,091,534	5,737,383	1,354,151

Description	31/12/2017	31/12/2016	Total
Trade receivables	2,605,306	2,435,266	170,040
From subsidiaries	3,364,597	1,851,534	1,513,063
From parents	447,064	914,739	(467,675)
From subsidiaries of parents	7,653	7,692	(39)
Tax receivables	100,654	95,433	5,221
Deferred tax assets	37,742	38,755	(1,013)
From others	528,518	393,964	134,554
Total	**7,091,534**	**5,737,383**	**1,354,151**

Description	Due within one year	Due after one year	Due after 5 years	Total
Trade receivables	2,605,306			2,605,306
From subsidiaries	3,364,597			3,364,597
From parents	447,064			447,064
From subsidiaries of parents	7,653			7,653
Tax receivables	100,654			100,654
Deferred tax assets	37,742			37,742
From others	528,518			528,518
Total	**7,091,534**	**0**	**0**	**7,091,534**

"Trade receivables" (€ 2,605 thousand) mainly comprise:

- the receivable from CVA for € 2,120 thousand related to the amounts withheld from the sale price of the investment in Ponte Albanito S.r.l.;
- the receivable for the contract governing the services provided by the company to Compagnia Generale Investimenti S.r.l. (Cogein) for the construction of the wind farm in the Circello municipality (BN), worth € 485 thousand.

"From subsidiaries" (€ 3,364 thousand) include trade and financial receivables, the details of which are as follows:

- € 40 thousand from Intersun S.r.l., which refers to the fees accrued on the O&M contract signed by the parties covering the maintenance of the photovoltaic park owned by the company;
- € 432 thousand from Medwind consisting of trade receivables for the technical services provided to the Tunisian subsidiary;
- € 1,211 thousand from US Wind consisting of trade receivables for the technical and administrative services provided to the US subsidiary;
- € 309 thousand from Parco Eolico Casalduni House S.r.l. consisting of trade receivables for the technical and administrative services provided to the subsidiary;
- Euro 1,015 thousand from Parco Eolico Casalduni House S.r.l. which refers to the financial receivable governed by the intragroup current account contract signed by the subsidiary in 2016 on which interest accrues;
- € 336 thousand from Renexia Services S.r.l. consisting of trade receivables for the technical and administrative services provided to the subsidiary;
- € 21 thousand from Calabria Energia S.r.l., Good Wind S.r.l. and Spartivento S.r.l. for the technical and administrative services provided to the subsidiaries.

"From parents" (€ 447 thousand) mainly represents the tax benefit for the tax loss transferred to the consolidating company following participation in the National Tax Consolidation Scheme, as described in the section on measurement criteria.

"From subsidiaries of parents" (€ 8 thousand) comprises receivables from other group companies related to the recharging of the costs incurred on their behalf and not yet collected.

"Tax receivables" (€ 100 thousand) essentially comprise the VAT credit accrued at the reporting date, inclusive of the definitive effect of the proportional VAT of the year.

"Deferred tax assets" (€ 38 thousand) comprise the deferred tax assets calculated on non-deductible amortisation charges for trademarks and default interest determined on the basis of the tax rates presumably in force during the tax periods in which they will reverse.

"From others" (€ 529 thousand) comprises the receivables from employees of € 222 thousand, advances to suppliers for services and sundry services already paid by the company of € 195 thousand and other receivables of € 111 thousand.

Receivables at 31 December 2017 are broken down by geographical area as follows (article 2427.1.6, Italian Civil Code).

Description	Trade receivables	From subsidiaries	From parents	From subsidiaries of parents	Tax receivables	Deferred tax assets	From others	Total
Italy	2,605,306	1,721,866	447,064	7,653	100,654	37,742	528,518	5,448,803
EEC								0
Non-EEC		1,642,731						1,642,731
Total	**2,605,306**	**3,364,597**	**447,064**	**7,653**	**100,654**	**37,742**	**528,518**	**7,091,534**

III. Current financial assets

Equity investments

Description	31/12/2017	31/12/2016	Change in the year
Equity investments	3,061,500	3,061,500	0
Total	**3,061,500**	**3,061,500**	**0**

Company	31/12/2016	Purchases	Transfers	31/12/2017
Subsidiaries				
Parco Eolico Casalduni S.r.l.	3,061,500	0	0	3,061,500
Total	**3,061,500**	**0**	**0**	**3,061,500**

The € 3,061 thousand balance refers to the carrying amount of the equity investment in Parco Eolico Casalduni House S.r.l. acquired on 17 November 2016, inclusive of ancillary charges (notary deed).

The highlights of the subsidiary Parco Eolico Casalduni House S.r.l. at 31 December 2017 and its carrying amount calculated using the equity method are given below:

Company	City	Quota capital	% of invest.	Net equity	Loss	Equity method	Carrying amount
Parco Eolico Casalduni House S.r.l.	Chieti	€ 40,000	100.00%	245,771	(6,254)	245,771	3,061,500
Total							**3,061,500**

The carrying amount exceeds the related amount calculated using the equity method. The company did not write it down since, given the expressions of interest received, the amount acknowledged by the possible buyers as the price is above the carrying amount.

IV. Liquid funds

31/12/2017	31/12/2016	Change in the year
117,902	43,692	74,210

Description	31/12/2017	31/12/2016	Change in the year
Bank and postal accounts	113,616	42,589	71,027
Cash-in-hand and cash equivalents	4,286	1,103	3,183
Total	**117,902**	**43,692**	**74,210**

The balance represents cash and cash equivalents at the reporting date.

E) Prepayments and accrued income

31/12/2017	31/12/2016	Change in the year
47,123	56,956	(9,833)

Description	31/12/2017	31/12/2016	Change in the year
Prepayments	47,123	56,956	(9,833)
Total	**47,123**	**56,956**	**(9,833)**

This item reflects income and expenses pertaining to previous or future years with respect to the related payment or collection. These are recognised regardless of the date of payment or receipt of the respective income and expenses, which relate to two or more years and can be allocated over time. The carrying amount at 31 December 2017 consists of insurance costs and registration fees for leases which expire the following year. The costs recognised at 31 December 2017 are within one year.

Liabilities

A) Net equity

(Ref. article 2427.1.4, 7 and 7-*bis*, Italian Civil Code)

31/12/2017	31/12/2016	Change in the year
6,594,391	6,470,986	123,405

Description	31/12/2016	Increases	Decreases	31/12/2017
Share capital	5,000,000	0		5,000,000
Share premium reserve	528,216	0		528,216
Legal reserve	449,512	0	0	449,512
Reserve for future capital increases	9,300,000	1,500,000		10,800,000
Losses carried forward	(2,069,277)	(6,737,464)		(8,806,741)
Net loss for the year	(6,737,465)	0	5,360,869	(1,376,596)
Total	**6,470,986**	**(5,237,464)**	**5,360,869**	**6,594,391**

Changes in net equity may be analysed as follows.

Description	Share capital	Share premium reserve	Legal reserve	Reserve for future capital increases	Losses carried forward	Net loss for the year	Total
31 December 2015	**5,000,000**	**528,216**	**449,263**	**0**	**(2,074,002)**	**4,974**	**3,908,451**
Allocation of the net profit for 2015			249		4,725	(4,974)	0
Shareholder's waiver of receivable				9,300,000			9,300,000
Net loss for the current year						(6,737,465)	(6,737,465)
Rounding							0
31 December 2016	**5,000,000**	**528,216**	**449,512**	**9,300,000**	**(2,069,277)**	**(6,737,465)**	**6,470,986**
Allocation of the net loss for 2016			0		(6,737,465)	6,737,465	0
Shareholder's waiver of receivable				1,500,000			1,500,000
Net loss for the current year						(1,376,596)	(1,376,596)
Rounding					1		1
31 December 2017	**5,000,000**	**528,216**	**449,512**	**10,800,000**	**(8,806,741)**	**(1,376,596)**	**6,594,391**

During the year, in order to provide the company with financial support, the majority shareholder, Toto Holding S.p.A., waived € 1.5 million of its financial receivable from the company. The related amount was allocated to the specific "Reserve for future capital increases".

Shares	No.	Nominal amount in €
Ordinary shares	50,000	100
Total	**50,000**	**100**

Net equity items are broken down as follows by origin, possible utilisation, distribution and utilisation in the previous three years:

Type / description	Amount	Possible use (*)	Available portion	Utilisation in the past three years to cover losses	Utilisation in the past three years for other reasons
Share capital	5,000,000				
Share premium reserve	528,216	A,B,C	528,216		
Legal reserve	449,512	B	449,512		
Reserve for capital increase	10,800,000	A,B,C	10,800,000		
Retained earnings			0		
Total	**16,777,728**		**11,777,728**	**0**	**0**
Non-distributable amount			8,806,741		
Residual distributable amount			2,970,987		

(*) A: to increase capital; B: to cover losses; C: dividends

B) Provisions for risks and charges

31/12/2017	31/12/2016	Change in the year
3,377,176	3,313,340	63,836

Description	31/12/2017	31/12/2016	Change in the year
Provisions for risks and charges			
Tax provision, including deferred tax liabilities	2,520	2,520	0
Other provisions	3,374,656	3,310,820	63,836
Total	**3,377,176**	**3,313,340**	**63,836**

"Other provisions" (€ 3,375 thousand) refer to the prudential accrual recognised in relation to the compensation, if any, that the company may pay C.v.a. S.p.A. following the sale of the investment in Ponte Albanito S.r.l. (January 2015) in connection with the dispute commenced by Energy & Tecnical Services S.r.l. ("ETS").

For additional information, reference should be made to the section on "Main events of the year – Arbitration award".

C) Employees' leaving entitlement

31/12/2017	31/12/2016	Change in the year
102,194	61,257	40,937

Description	31/12/2016	Increase	Transferred balance	Advances/payments	31/12/2017
Employees' leaving entitlement	61,257	40,937		0	102,194
Total	**61,257**	**40,937**	**0**	**0**	**102,194**

The provision represents the actual amount due to employees in accordance with the law and current employment contracts, taking into account all forms of remuneration of an ongoing nature at 31 December 2017.

D) Payables

(Ref. article 2427.1.4, Italian Civil Code)

31/12/2017	31/12/2016	Change in the year
28,592,797	21,363,986	7,228,811

Description	31/12/2017	31/12/2016	Changes
Bank loans and borrowings	514,520	9,880	504,640
Trade payables	1,938,787	2,415,432	(476,645)
Payables to subsidiaries	8,341,728	293	8,341,435
Payables to parents	17,211,823	18,587,816	(1,375,993)
Payables to subsidiaries of parents	42,315	34,704	7,611
Tax payables	239,955	81,441	158,514
Social security charges payable	68,170	53,354	14,816
Other payables	235,499	181,066	54,433
Total	**28,592,797**	**21,363,986**	**7,228,811**

The payables are measured at their nominal amount and they fall due as follows (article 24271.6, Italian Civil Code).

Description	Due within one year	Due after one year	Due after 5 years	Total
Bank loans and borrowings	514,520			514,520
Trade payables	1,938,787	0		1,938,787
Payables to subsidiaries	8,341,728			8,341,728
Payables to parents	17,211,823			17,211,823
Payables to subsidiaries of parents	42,315			42,315
Tax payables	239,955			239,955
Social security charges payable	68,170			68,170
Other payables	235,499			235,499
Total	**28,592,797**	**0**	**0**	**28,592,797**

The main items are detailed below.

"Bank loans and borrowings" (€ 514 thousand) essentially comprise advances on invoices for contracts signed during the year.

"Trade payables" amount to € 1,939 thousand This item includes trade payables for goods and services purchased during the year for the performance of ordinary business activities. The residual balance (€ 1,610 thousand) refers to the investment in Parco Eolico Casalduni House S.r.l.

"Payables to subsidiaries" (€ 8,342 thousand) refer to the year-end balance of the loans received from Renexia Services S.r.l. and from Intersun S.r.l. (€170 thousand). Interest accrues on the loans received in accordance with the contract signed between the parties, which regulates intragroup money remittances.

"Payables to parents" of € 17,212 thousand (31 December 2016: € 18,587 thousand) are of a trade (€ 363 thousand) and financial nature (€ 16,849 thousand). Those of a trade nature are mainly represented by costs

for services received from the parent. In relation to the loans received, interest accrues in accordance with the contract signed between the parties, which regulates the intercompany remittances. The decrease of the year (€ 1,376 thousand) is mainly due to the parent's partial waiver of the financial receivable (€ 1.5 million) in order to provide the company with financial support.

"Payables to subsidiaries of parents" (€ 42 thousand) comprise:

- trade payables to the related company TOTO S.p.A. Costruzioni Generali amounting to € 5 thousand;
- trade payables to the related company Ambra S.r.l. amounting to € 26 thousand;
- trade payables to the related company Toto Tech S.r.l. amounting to € 8 thousand.

"Tax payables" of € 240 thousand mainly refer to the amount due to the tax authorities for withholdings on employees' remuneration and freelancers' fees.

"Social security charges payable" of € 68 thousand refer to the amounts payable to INPS, INAIL and PREVINDAI social security institutes and supplementary pension funds accrued during the year.

"Other payables" of € 235 thousand mainly include:

- the board of statutory auditors' fees of € 49 thousand;
- payables to employees for December 2017 remuneration, paid in January 2018, the 14th-month pay, holiday and leave pay accrued at the reporting date and still to be paid (€ 185 thousand);
- other payables of € 1 thousand.

Payables at 31 December 2017 are broken down by geographical area as follows (article 2427.1.6, Italian Civil Code).

Description	Bank loans and borrowings	Trade payables	Payables to subsidiaries	Payables to parents	Payables to subsidiaries of parents	Tax payables	Social security charges payable	Other payables	Total
Italy	514,520	1,938,787	8,341,728	17,211,823	42,315	239,955	68,170	235,499	28,592,797
EEC		0							0
Non-EEC		0							0
Total	**514,520**	**1,938,787**	**8,341,728**	**17,211,823**	**42,315**	**239,955**	**68,170**	**235,499**	**28,592,797**

E) Accrued expenses and deferred income

31/12/2017	31/12/2016	Change in the year
275	2	273

Description	31/12/2017	31/12/2016	Change in the year
Accrued expenses	275	2	273
Total	**275**	**2**	**273**

These are adjusting entries for the year calculated on an accruals basis.

Profit and loss account

A) Production revenues

2017	2016	Change in the year
817,867	871,200	(53,333)

Description	2017	2016	Change in the year
Turnover from sales and services	770,652	864,922	(94,270)
Internal work capitalised	0	0	0
Other revenues and income	47,215	6,278	40,937
Total	**817,867**	**871,200**	**(53,333)**

Turnover from sales and services of € 770 thousand comprises:

- services provided to the US subsidiary US Wind amounting to € 240 thousand;
- services provided to the subsidiary Renexia Services S.r.l. amounting to € 216 thousand;
- services provided to the Tunisian subsidiary MedWind amounting to € 113 thousand;
- services provided to the subsidiary Parco Eolico Casalduni House amounting to € 96 thousand;
- services provided to other group companies amounting to € 7 thousand;
- revenues from other services to third parties amounting to € 98 thousand.

Revenues by business segment

Description	2017	2016	Change in the year
Work tender services	0	0	0
Other	770,652	34,950	735,702
Total	**770,652**	**34,950**	**735,702**

Revenues by geographical segment

Description	Other	Total
Italy	417,896	417,896
EEC	0	0
Non-EEC	352,756	352,756
Total	**770,652**	**770,652**

B) Production cost

2017	2016	Change in the year
3,186,007	7,187,509	(4,001,502)

Production cost may be analysed as follows:

Description	2017	2016	Change in the year
Raw materials, supplies and goods	24,780	44,611	(19,831)
Services	1,580,839	1,737,623	(156,784)
Use of third party assets	272,690	212,446	60,244
Wages and salaries	905,345	1,058,964	(153,619)
Social security contributions	180,691	177,698	2,993
Employees' leaving entitlement	56,947	50,584	6,363
Other costs	14,025	155	13,870
Amortisation of intang. fixed assets	15,475	9,289	6,186
Depreciation of tang. fixed assets	12,144	25,404	(13,260)
Other write-downs of fixed assets	0	109,667	(109,667)
Provision for risks and charges	36,658	3,194,425	(3,157,767)
Other operating costs	86,413	566,643	(480,230)
Total	**3,186,007**	**7,187,509**	**(4,001,502)**

The main changes compared to the previous year refer to services (down by € 157 thousand), provisions for risks and charges (down by € 3,157 thousand) and other operating costs (down by € 480 thousand).

The provisions for risks and charges which had a significant impact on the previous year are entirely related to the compensation the company may be required to paid C.v.a. S.p.A. as described in the note to "Provisions for risks and charges". In 2017, this item decreased considerably as it was entirely related to the interest accrued and prudentially provided for in relation to the above compensation.

The considerable decrease in other operating costs is mainly due to the proportional share of VAT that had an approximately € 14 thousand impact.

The main cost items are described below.

Raw materials, supplies and goods (€ 25 thousand)

Costs for raw materials, supplies and goods mainly consist of fuel (€ 19 thousand) and other electrical, electronic material and office supplies (€ 5 thousand).

Services (€ 1,581 thousand)

Costs for services consist primarily of:

- Administrative services for € 413 thousand;
- Legal advisory services for € 46 thousand;
- Business and technical advisory services for € 411 thousand;
- Commissions on sureties for € 274 thousand;
- Fees paid to the Board of Statutory Auditors for € 25 thousand;

- Directors' fees for € 77 thousand;
- Fees for the Supervisory Body for € 32 thousand;
- Travel, food and lodging expenses for € 120 thousand;
- Misc. insurance for € 15 thousand;
- Others for € 167 thousand.

Use of third party assets (€ 273 thousand)

This item is essentially related to the lease of the offices used by the company and the related utility charges.

Personnel expenses (€ 1,157 thousand)

This item comprises all personnel expenses, including promotions, seniority raises, paid holidays accrued but not taken and accruals required by law and collective employment contracts.

Amortisation/depreciation of intangible (€ 15 thousand) and tangible (€ 12 thousand) fixed assets

Reference should be made to the relevant notes which provide details on the changes and rates used.

Other operating costs (€ 86 thousand)

The balance of this item comprises:

- the VAT proportional amount of the year with a € 14 thousand impact;
- fines and penalties of € 56 thousand;
- other costs of € 16 thousand.

C) Financial income and charges

2017	2016	Change in the year
485,128	(1,379,815)	1,864,943

Description	2017	2016	Change in the year
Income from investments (dividends)	1,400,000	0	1,400,000
Income from financial receivables classified as fixed assets	29,218	341,261	(312,043)
Other income	9	10,768	(10,759)
(Interest and financial charges to parents)	(803,592)	(968,376)	164,784
(Interest and financial charges to subsidiaries)	(98,039)	(51)	(97,988)
(Interest and other financial charges)	(42,244)	(186,715)	144,471
Net exchange rate losses	(224)	(576,702)	576,478
Total	**485,128**	**(1,379,815)**	**1,864,943**

"Income from equity investments" amounts to € 1.4 million and comprises the dividend paid by the subsidiary Renexia Services S.r.l. in 2017.

Income from financial receivables classified as fixed assets includes the interest accrued on loans granted on

behalf of the subsidiaries (€ 341 thousand).

Financial charges mainly consist of interest expense accrued during the year on the loan received from the parent and the commissions calculated on guarantees provided by it (€ 804 thousand).

"Interest and other financial charges" comprise legal and default interest (€ 20 thousand) to be paid as compensation to C.v.a. S.p.A. as part of the sale of Ponte Albanito, described earlier (see the note to "Provisions for risks and charges").

D) Adjustments to financial assets

During 2017, it was not necessary to make adjustments to financial assets.

Income taxes

2017	2016	Change in the year
(506,416)	(958,659)	452,243

Taxes	2017	2016	Change in the year
Current taxes:	**0**	**0**	**0**
IRES (corporate income tax)	0	0	0
IRAP (regional tax on production)	0	0	0
Changes in deferred taxes	**1,013**	**(34,046)**	**35,059**
IRES (corporate income tax)	1,013	(34,046)	35,059
IRAP (regional tax on production)	0	0	0
Income from participation in the tax consolidation scheme	(447,034)	(910,028)	**462,994**
Prior year taxes	(60,395)	(14,585)	**(45,810)**
Total	**(506,416)**	**(958,659)**	**498,053**

2017 ended with a negative taxable basis for both IRES and IRAP purposes.

Deferred tax assets are calculated on the non-deductible portions of the amortisation of trademarks and default interest on the basis of tax the rates presumably in force during the tax periods in which they will reverse.

"Income from participation in the tax consolidation scheme" represents the tax benefit for the tax loss transferred to the consolidating parent as a result of participation in the National Tax Consolidation Scheme.

Below is the reconciliation between the tax charge in the financial statements and the theoretical tax charge:

Reconciliation between tax charge shown in the financial statements and the theoretical tax charge (IRES)

Description	2017	Taxes
Pre-tax loss	(1,883,013)	
Theoretical tax charge (%)	24.00%	(451,923)
Temporary differences that will reverse in subsequent years:		
Non-deductible amortisation/depreciation	2,427	
Unrealised exchange rate losses	61,471	
	63,898	
Differences that will not reverse in subsequent years		
Non-deductible write-downs and provisions	38,034	
Unrecognised revenues (parameters and studies)	1,142,574	
Other increases	201,144	
	1,445,650	
Gain on the sale of investments	0	
Gain on contribution	0	
ACE (aid to economic growth) base	0	
Other decreases	1,425,280	
	1,425,280	
Taxable base	**(1,862,643)**	
Income arising from consolidation	**24.00%**	**(447,034)**

Other information

Commitments, guarantees given and contingent liabilities

31/12/2017	31/12/2016	Change in the year
10,066,037	14,532,213	(4,466,175)

Description	2017	2016	Change in the year
Risks	10,066,037	14,532,213	(4,466,175)
Commitments	0	0	0
Total	**10,066,037**	**14,532,213**	**(4,466,175)**

The balances that comprise this item are described below:

Risks

These include:

- € 5,066 thousand related to the residual value at 31 December 2017 of the surety issued by the company in favour of the subsidiary Intersun S.r.l. as a guarantee for the loan granted to said subsidiary by Banca Popolare di Bari for the construction of the photovoltaic field;
- € 5 million for the guarantee requested of the company by the purchaser for the sale of Ponte Albanito S.r.l. as the "*maximum liability*" for violation of contractual representations and warranties.

Revenue or cost components of a significant amount or unusual impact

Pursuant to article 2427.13 of the Italian Civil Code, it is noted that no such components were recognised during the year.

Derivatives

Pursuant to article 2427-bis.1.1 of the Italian Civil Code, it is noted that the company did not enter into any derivatives.

Financial instruments issued by the company

(Ref. article 2427.1.18 and 19, Italian Civil Code)

The company did not issue any financial instruments.

Related-party transactions

(Ref. article 2427.122-bis, Italian Civil Code)

Company	Trade receivables	Trade payables	Financial revenues/income	Financial costs/charges
Parent				
TOTO HOLDING S.p.A.	28	362,601	23	1,427,744
Subsidiaries				
Intersun S.r.l.	40,234		32,979	
U.S. Wind Inc.	1,211,078		240,194	
Medwind Sarl	431,653		112,562	
Renexia Services S.r.l.	336,189	2,086	228,338	98,541
Parco Eolico Casalduni House S.r.l.	308,908		122,809	
Calabria Energia S.r.l.	7,210		1,584	
Good Wind S.r.l.	7,861		2,661	
Spartivento S.r.l.	6,240		2,470	
Indaco S.r.l.				
Volere Volare S.r.l.				
Related companies				
TOTO S.p.A. Costruzioni Generali	1,678	25,812	1,100	16,907
TOTO TECH S.r.l.		8,267		6,881
Azienda Aviagricola Abruzzese S.r.l.	456			
Ambra S.r.l.	100	8,236		
Parchi Global Services S.p.A.				
Infraengineering S.r.l.				
TOTO Real Estate S.r.l.	5,420			207,142
Total	**2,357,055**	**407,002**	**744,720**	**1,757,215**

Company	Financial receivables	Financial receivables – tax consolidation	Financial payables	Dividends
Parent				
TOTO HOLDING S.p.A.	1,059	447,036	16,849,223	0
Subsidiaries				
Intersun S.p.A.	93		171,128	
U.S. Wind Inc.				
Medwind Sarl	345,300			
Renexia Services S.r.l.			8,168,515	
Parco Eolico Casalduni House S.r.l.	1,015,225			
Circello 2 S.r.l.				
Calabria Energia S.r.l.				
Good Wind S.r.l.				
Spartivento S.r.l.				
Indaco S.r.l.	455			
Volere Volare S.r.l.	2,345			
Related companies				
TOTO S.p.A. Costruzioni Generali				
TOTO TECH S.r.l.				
Azienda Aviagricola Abruzzese S.r.l.				
Ambra S.r.l.				
Parchi Global Services S.p.A.				
Infraengineering S.r.l.				
TOTO Real Estate S.r.l.				
Total	**1,364,477**	**447,036**	**25,188,866**	**0**

All related-party transactions were carried out at market conditions.

Assets and loans earmarked for a specific transaction

(Ref. article 2427.1.20 and 21, Italian Civil Code)

The company has no assets or loans earmarked for a specific transaction.

Off-balance sheet transactions

There are no off-balance sheet transactions which may have a significant impact on the company's financial position and results of operations pursuant to article 2427.22-ter of the Italian Civil Code.

Directors' and statutory auditors' fees

The table below shows the fees paid to directors and statutory auditors pursuant to article 2427.16 of the Italian Civil Code.

Position	2017	2016
Directors	€ 73,906	€ 70,000
Board of Statutory Auditors	€ 24,960 (*)	€ 24,960 (*)

(*) of which € 12,480 related to audit fees

Proposed allocation of the net profit for the year or coverage of the net loss for the year

Based on the provisions of article 2427.22-septies of the Italian Civil Code, it is proposed that the net loss for the year of € 1,376,596 be carried forward.

These financial statements, consisting of a balance sheet, a profit and loss account, a cash flow statement and these notes, give a true and fair view of the company's financial position, performance and cash flows for the year and are consistent with the accounting records.

As required by the law, this document will be filed under the double filing mechanism. These notes to the financial statements will thus be prepared using the so-called "XBRL taxonomy" to enable digital processing (as required by the Register of Companies managed by the Chambers of Commerce in compliance with art. 5.4 of Prime Minister decree no. 304 of 10 December 2008). The double filing mechanism is necessary since the notes to the financial statements prepared under the "XBRL taxonomy" are not sufficient to present the company's position in accordance with the principles of clarity, fairness and truthfulness as set forth under article 2423 of the Italian Civil Code.

We thank you for the trust placed in us and invite you to approve the financial statements as they stand.

Chairman of the Board of Directors

Carlo Toto

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS

To the Shareholders of Renexia S.p.A.

Foreword

During the year ended 31 December 2017, we acted in accordance with article 2403 and following articles and article 2409-*bis* of the Italian Civil Code.

Section A) of this report comprises the "*Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010*", while section B) refers to the "*Report pursuant to article 2429.2 of the Italian Civil Code*".

A) Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Renexia S.p.A., which comprise the balance sheet as at 31 December 2017, the profit and loss account, the cash flow statement for the year then ended and notes thereto.

In our opinion, the financial statements give a true and fair view of the company's financial position as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with the Italian regulations governing their preparation.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements.

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

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The Board of statutory auditors (*Collegio Sindacale)* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

B) Report on the supervisory activities carried out pursuant to article 2429.2 of the Italian Civil Code

During the year ended 31 December 2017, we operated in accordance with the law and the rules of conduct issued by the Italian Accounting Profession.

B1) Supervisory activities pursuant to article 2403 and following articles of the Italian Civil Code

We monitored compliance with the law and the by-laws and the principles of sound administration.

We participated in shareholders' meetings. In this respect, based on the information available, we did not identify any violation of the law or the by-laws or transactions that are patently imprudent, risky, in potential conflict of interest or such to jeopardise the integrity of company assets.

During the meetings held, the directors provided us with information about the general performance of operations and the outlook and the most significant transactions, in terms of size or characteristics, carried out by the company. Based on the information available, we have nothing to report in this respect.

We examined and monitored, within the scope of our duties, the adequacy and operation of the company's organisational structure, including by collecting information from the department heads. We have nothing to report in this respect.

We examined and monitored, within the scope of our duties, the adequacy and operation of the company's administrative/accounting system and the latter's reliability in fairly presenting the events, by collecting information from the department heads and examining the company's documentation. We have nothing to report in this respect.

No claims pursuant to article 2408 of the Italian Civil Code were received from the shareholders.

During the year, we did not issue any of the opinions required by the law.

During the performance of the supervisory activities, as described above, no other significant facts were noted which require disclosure in this report;

B2) Remarks about the financial statements

As far as we are aware, the board of directors did not avail of any of the waivers permitted by article 2423.4 of the Italian Civil Code in the preparation of the financial statements;

The findings of the legally-required audit performed by us are disclosed in section A) of this report.

B3) Remarks and proposals about financial statements approval

Based on the findings of our work, we recommend approving the financial statements at 31 December 2017 as they stand.

We are in favour of the proposed coverage of the net loss for the year put forward by the board of directors in the notes to the financial statements.

Chieti, 11 April 2018

The Board of Statutory Auditors
Francesco Cancelli (Chairman)

Giovanni d'Aquino (Standing Auditor)

Paolo Palumbo (Standing Auditor)