

Italeaf: Il Consiglio di Amministrazione approva la Relazione finanziaria semestrale al 30 giugno 2018

NAV pari a Euro 19 milioni. Ebitda in crescita del 12,2%. Risultato netto pari a Euro -0,2 milioni.

- I ricavi ammontano a Euro 1,5 milioni (Euro 10,9 milioni nel bilancio consolidato)
- L'EBITDA pari a Euro 0,5 milioni (Euro 0,5 milioni nel bilancio consolidato)
- L'EBIT è pari a Euro 0,25 milioni (Euro -2,2 milioni nel bilancio consolidato)
- L'EBT ammonta a Euro -0,2 milioni ((Euro -4,4 milioni nel bilancio consolidato)
- Risultato netto pari a -0,2 milioni (Euro -3,9 milioni bilancio consolidato)
- Patrimonio netto pari a Euro 27,7 milioni ((Euro 22,6 milioni nel bilancio consolidato)
- PFN di Euro 17,4 milioni ((Euro 77,8 milioni nel bilancio consolidato)

Il consiglio di amministrazione di Italeaf, holding di partecipazione e primo company builder italiano, attiva nei settori cleantech e smart innovation, quotata al NASDAQ OMX First North, ha approvato oggi la relazione finanziaria semestrale al 30 giugno 2018.

Dati economici e finanziari di sintesi*

	Sei mesi chiusi al 30.06.2018	Sei mesi chiusi al 30.06.2017	Var. %
<i>(in Euro)</i>			
Ricavi netti delle vendite e delle prestazioni	1.447.528	1.870.789	-22,6%
EBITDA	529.616	471.846	+12,2%
Risultato Operativo	246.145	165.820	+48,4%
Risultato prima delle imposte	(209.137)	(274.377)	+23,8%
Risultato netto	(147.269)	(177.433)	+17%
		Al 31.12.2017	
Patrimonio netto	27.656.697	27.803.967	-0,5%
Posizione finanziaria netta complessiva	17.369.422	16.878.275	+2,9%

*Resoconto intermedio di gestione separato redatto secondo i principi contabili ITALIAN GAAP

Il NAV di Italeaf è pari a Euro 19 milioni al 30 giugno 2018.

La Relazione finanziaria semestrale al 30 Giugno 2017 in versione completa e in lingua inglese sarà pubblicato sul sito internet della Società www.italeaf.com e diffuso su Nasdaq Inpublic in allegato al presente comunicato.

Il presente comunicato stampa è disponibile anche sul sito internet della Società: www.italeaf.com.

Italeaf S.p.A. è tenuta a rendere pubbliche queste informazioni ai sensi del regolamento sugli abusi di mercato UE. Tali informazioni sono state fornite per la pubblicazione, attraverso i referenti di seguito indicati, alle ore 18.00 CET del 31 Agosto 2018.

Certified Adviser

Mangold Fondkommission AB, +46 (0)8 5030 1550, è il Certified Adviser di Italeaf SpA su Nasdaq First North.

Per maggiori informazioni:

Claudio Borgna

CFO – Italeaf S.p.A.

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Italeaf S.p.A., costituita nel dicembre 2010, è una holding di partecipazione e un acceleratore di business per imprese e startup nei settori dell'innovazione e del cleantech. Italeaf opera come company builder, promuovendo la nascita e lo sviluppo di startup industriali nei settori cleantech, smart energy e dell'innovazione tecnologica.

Italeaf ha sedi operative in Umbria a Terni e Nera Montoro nel Comune di Narni, a Milano e Lecce; ha filiali internazionali a Londra e a Hong Kong. La società controlla TerniEnergia, quotata sul segmento STAR di Borsa Italiana e attiva nei settori delle energie rinnovabili, dell'efficienza energetica e del waste management, Skyrobotic, azienda di sviluppo e produzione di droni civili e commerciali nelle classi mini e micro per il mercato professionale, Numanova, attiva nella produzione di polveri metalliche per la manifattura additiva e l'industria metallurgica avanzata e Italeaf RE, società immobiliare. Italeaf detiene, inoltre, una partecipazione di minoranza in Vitruviano Lab, organismo di ricerca attivo nei settori dei materiali speciali, della chimica verde e del cleantech.



**CONSOLIDATE FINANCIAL
REPORT
AS AT JUNE 30, 2018
ITALEAF GROUP**

 **Nasdaq** First North

Italeaf in brief

Vision

We turn technological start-ups into successful global companies, through a “company builder” business model.

Business concept

Italeaf selects or creates new initiatives in cleantech and innovative industrial sectors. We offer to technological start-ups and innovative companies an integrated approach that puts together services, mentoring, expertise, instruments, and facilities, and namely, everything aimed transforming business ideas into real business. We provide initial equity and corporate assistance to launch our start-ups, making it possible for them to become sizeable businesses generating revenues, sharing profits, while operating within acceptable risk parameters.

Objective

The Company's investment policy is to generate returns, in the form of both capital appreciation and income to shareholders, through investing in a portfolio of businesses. While not limited geographically, the Company, in view of the background and experience of its management, is focused on investing the majority of capital in businesses operating in Europe, with a particular emphasis on Italy.

Investments outside Europe are considered where the board believes the opportunities are particularly attractive. The Company is interested in investing in businesses with underlying themes of strategic market position and strong growth.

Building net asset value

The net asset value amounted to Euro 18.9 million at the end of June 2018.

Dividend policy

Our dividend policy is to distribute a large percentage of the dividends received from the subsidiaries, as well as to provide a return on other net assets in line with returns achieved in the equity market.

CORPORATE DETAILS

Italeaf SPA

Registered Office:
Strada dello Stabilimento 1,
05035 Narni (TR)
Authorised, issued and paid-up
share capital: Euro 17,444,000
Terni Register of Companies: n.
01456730553

BRANCHED AND OFFICES

Narni - Strada dello
Stabilimento, 1
Milan - Corso Magenta, 85
Terni - Via Casale, 4
London - 78/79 New Bond
Street, United Kingdom
Hong Kong - Unit 905-6, 9th
Floor, Fook Yip Building - 53-57
Kwai Fung Crescent, Kwai Chung
- N.T. Hong Kong S.A.R.

BOARD OF DIRECTORS

Chairman

Stefano Neri

Managing directors

Monica Federici

Independent directors

Domenico De Marinis

Board of Statutory Auditors

Fausto Sciamanna (Chairman)

Andrea Bellucci

Caterina Brescia

Independent Auditors

EY SPA

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MANAGEMENT REPORT

BUSINESS AND MISSION

Italeaf is an Italian investment company and company builder that aims to transform technological start-ups into global companies. Italeaf identifies industrial initiatives within the cleantech sector and within the sphere of innovative industrial production, where the Company can leverage its strong expertise and track record.

In supporting new start-ups, Italeaf aims to replicate the success of TerniEnergia, a company established in 2005 and listed on the Italian Stock Exchange in 2008. Since the IPO after its start-up, TerniEnergia has become a leading global company in the field of renewable energy, waste management, and energy efficiency, with a market cap of over Euro 80 million.

With the creation of subsidiaries in London and Hong Kong, Italeaf intends to give an international flavor to its business, broadening the spectrum of the activity of scouting and looking for innovative companies.

The company has invested in three new industrial initiatives: GreenLed Industry, operating in innovative industrial lighting production; Skyrobotic, active in the production of commercial and civil drones; and WiSave, a producer of smart devices for the remote control of energy consumption.

Italeaf strives to develop an ideal environment to foster creation and growth of new companies, through three lines of business:

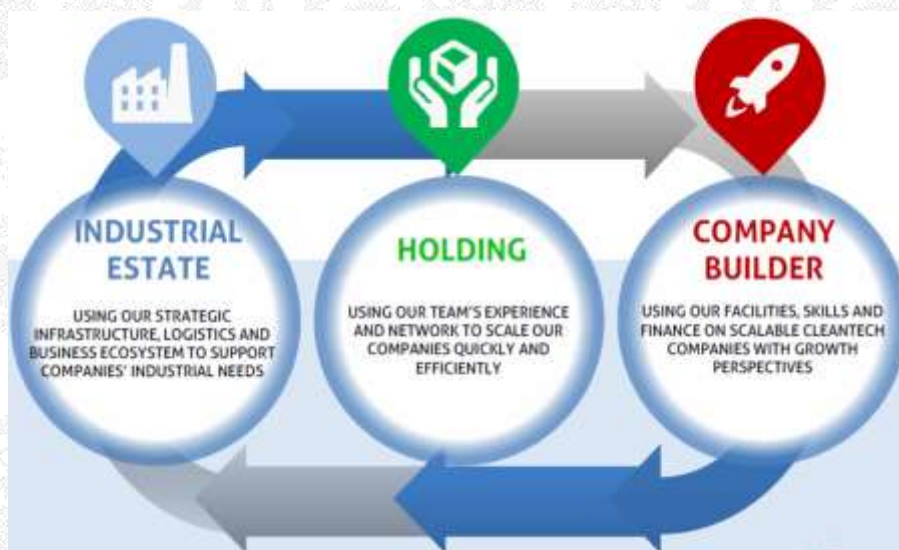
1. **Company Builder:** we co-found start-ups with direct investments, a proven business model and a strong focus on execution. Italeaf concentrates its activities on clearly defined market segments, such as the cleantech sector. We provide innovative incubation services with seed investments to create a breeding ground for a highly skilled company network.

2. **Holding:** we manage our investment portfolio and we provide centralized service activities to our Group companies (finance, treasury, IT, legal, corporate communication and logistics for administrative, managerial and commercial support) to facilitate value creation and growth for the portfolio companies.

3. **Real Estate:** we use our strategic infrastructure, logistics and business eco-system to support the companies' industrial needs. In particular, we are creating (with the consultative input of the Politecnico di Milano University) an eco industrial park in our facilities in the center of Italy. We own and manage an industrial area with a total area of about 24 hectares and co-working space of 1,800 square meters.

Each of these activities is functional to the others; our approach is something completely new compared to traditional incubators and other venture capital firms. The track record gained over the years (with the listing of TerniEnergia and TerniGreen on the Italian Stock Exchange and the constant value creation for shareholders) is proof of our passion and expertise.

The Company capitalization and its majority stake in TerniEnergia, listed on the Borsa Italiana's STAR segment (which entails rigorous requirements), are factors to mitigate the risk that is normally associated with start-up businesses. Value creation through industrial innovation is what we have achieved in recent years. Now, we intend to offer our vision to the market with a strong international expansion project. The listing of Italeaf on NASDAQ OMX First North is therefore an important starting point for innovatively responding to the new challenges of global change.



NET ASSET VALUE AND STATEMENTS FOR THE PARENT COMPANY

NET ASSET VALUE

At the end of June 2018, net asset value amounted to Euro 18.9 million.

NAV ITALEAF	(EURO/000)	NOTES
Tangible Assets:		
REAL ESTATE PROPERTY (Nera Montoro & Maratta)	19,543	Book Value
Controlling stake in:		
42,19% stake in TerniEnergia SpA	7,351	Calculated according with share price as at June 30, 2018, Euro 0,37
68,61% stake in Skyrobotic	3,720	Based on the price of latest funding round
85,58% stake in Numanova	3,125	Based on the price of latest funding round
Minority stake:	2,597	

GROSS ASSET VALUE	36,336	
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Net Financial Indebtedness (17,369) As at June 30, 2018

NET ASSET VALUE AS JUNE 30, 2018	18,966	
NAV PER SHARE AS JUNE 30, 2018 (€)	1.11	

* 45,44% of voting rights

** 50% stake in Opera Power (JV), the value the business unit of industrial water management in Italeaf RE and 10.67% stake in Vitruviano Lab

The NAV of Italeaf primarily consists of the investments in TerniEnergia and in the start-up companies (Skyrobotic and Numanova). NAV at June 30, 2018 amounted to Euro 18,966 million.

The value of the equity investment in TerniEnergia corresponds to the share value as at June 30, 2018, considering that the company is listed on Borsa Italiana (STAR segment). At the end of June 2018, Italeaf owned 19,867,102 ordinary shares, corresponding to 42.19% of the share capital and the 45.44% of the voting rights.

The balance of "real estate property" includes Euro 2.6 million representing 100% of the share capital of the subsidiary Italeaf RE Srl, which was established from the partial, non-proportional spin-off of Greenled Industry SpA. The equity of the new company consists of the value of the industrial facilities, located in the Nera Montoro facility, previously owned by Greenled Industry SpA.

The value of Skyrobotic and Numanova was calculated on the last share capital increase value in which new shareholders subscribed newly issued shares.

STATEMENTS FOR THE ITALEAF PARENT COMPANY

The separate financial statements of the parent company Italeaf were prepared according to the rules applicable to an Italian company listed on a multi-lateral trading platform (MTF), such as NASDAQ OMX First North (First North). Hence, while the Italeaf consolidated financial statements were prepared according to international accounting standards, considering that said financial statements include the consolidated data of TerniEnergia Group, listed on the STAR segment of Borsa Italiana, and therefore, prepared according to IFRS. The Italeaf separate financial statements were prepared in accordance with Italian accounting standards.

The table below shows the data of the separate financial statements prepared according to Italian accounting standards as at June 30, 2018:

<i>in Euro</i>	As at June 30, 2018	As at December 31, 2017	Change	Change %
Intangible assets	316,807	391,547	(74,740)	(19.1)%
Tangible assets	21,272,128	21,480,860	(208,732)	(1.0)%
Financial assets and other att.	28,079,847	28,177,524	(97,677)	(0.3)%
Fixed Assets	49,668,782	50,049,931	(381,149)	(0.8)%
Trade receivables	313,862	517,123	(203,261)	(39.3)%
other activities	4,082,967	2,756,438	1,326,529	48.1%
Trade payables	(1,819,949)	(1,751,271)	(68,678)	3.9%
Other liabilities	(2,333,674)	(1,930,647)	(403,027)	20.9%
Net working capital	243,206	(408,357)	651,563	n.a.
Provisions and other non-commercial	(4,885,869)	(4,959,332)	73,463	(1.5)%
Net Invested Capital	45,026,119	44,682,242	343,877	0.8%
Shareholders' Equity	27,656,697	27,803,967	(147,270)	n.a.
Net current financial position	17,369,422	16,878,275	491,147	2.9%
Total net financial position	17,369,422	16,878,275	491,147	n.a.
Net Invested Capital	45,026,119	44,682,242	343,877	0.8%

Tangible assets represents the value of the industrial site at Nera Montoro, the incubator at Maratta, as well as a some industrial plants present at the Nera Montoro site. Financial assets include the book value of the controlling interests in TerniEnergia (Euro 17.81 million), in Skyrobotic (Euro 2.06 million), in Numanova (Euro 2.8 million) and Italeaf RE (Euro 4.56 million); the account also includes the value of a Joint Venture called Opera Power Srl which holds of a PV plant of of about 1 MWp and the value of 10.67% in Vitruviano Lab Srl.

The Net Financial Position amounted to Euro 17.369 million. The current financial position includes a short-term credit line, amounting to Euro 4.0 million, collateralized by the pledge of TerniEnergia shares; the rest of the debt relates mainly to mid term loans.

<i>in Euro</i>	As at June 30, 2018	As at June 30, 2017	Change	Change %
Net revenues from sales and services	1,447,528	1,870,789	(423,261)	(22.6)%
Production costs	(702,652)	(982,113)	279,461	(28.5)%
Added value	744,876	888,676	(143,800)	(16.2)%
Personnel costs	(215,260)	(416,830)	201,570	(48.4)%
EBITDA	529,616	471,846	57,770	12.2%
Amortization, depreciation, provisions and write-downs	(141,758)	(283,471)	(306,026)	22,555
EBIT	246,145	165,820	80,325	48.4%
Financial income and charges	(455,282)	(440,197)	(15,085)	3.4%
EBT	(209,137)	(274,377)	65,240	(23.8)%
Income taxes	(61,868)	(96,944)	35,076	(36.2)%
Net profit for the period	(147,269)	(177,433)	30,164	n.a.

Revenues refer to service contracts between Italeaf and subsidiaries for availability of offices and industrial buildings, accounting and tax services, and so forth. The revenues also includes the remuneration on the guarantees given by Italeaf to TerniEnergia (Euro 0.6 million) in favor of certain banks that have financed TerniEnergia, taking account that it is an operating activity for the company. The costs relate mainly to personnel and the operation of the industrial site at Nera Montoro.

Financial income and expenses includes: cost of financial debt (Euro 0.4 million).

STATEMENTS FOR THE ITALEAF GROUP

<i>in Euro</i>	As at June 30, 2018	As at December 31, 2017	Change	Change %
Intangible assets	34,153,738	35,488,340	(1,334,603)	(3.8)%
Tangible assets	26,286,647	82,875,372	(56,588,725)	(68.3)%
Financial assets and other att.	22,669,307	34,720,710	(12,051,403)	(34.7)%
Fixed Assets	83,109,693	153,084,423	(69,974,730)	(45.7)%
Inventories	10,894,431	13,941,717	(3,047,286)	(21.9)%
Trade receivables	14,722,232	35,965,999	(21,243,768)	(59.1)%
other activities	4,652,197	16,523,013	(11,870,816)	(71.8)%
Trade payables	(29,858,515)	(54,247,907)	24,389,392	(45.0)%
Other liabilities	(24,575,299)	(21,217,665)	(3,357,634)	15.8%
Net working capital	(24,164,953)	(9,034,843)	(15,130,111)	n.a
Provisions and other non-commercial	(18,528,514)	(25,369,298)	6,840,785	(27.0)%
Net Invested Capital	40,416,226	118,680,282	(78,264,056)	(65.9)%
Shareholders' Equity	22,593,827	25,942,791	(3,348,963)	(12.9)%
Net current financial position	78,846,516	68,680,203	10,166,314	14.8%
Non-current net financial position	2,106,412	38,498,834	(36,392,422)	(94.5)%
Total net financial position	80,952,928	107,179,036	(26,226,108)	(24.5)%
(Assets) Net liabilities held for sale	(63,130,530)	(14,441,545)	(48,688,985)	n.a
Net Invested Capital	40,416,226	118,680,282	(78,264,056)	(65.9)%

<i>in Euro</i>	As at June 30, 2018	As at December 31, 2017	Change	Change %
Net revenues from sales and services	10,893,752	14,778,052	(3,884,300)	(26.3)%
Production costs	(3,252,757)	(6,119,949)	2,867,193	(46.8)%
Added value	7,640,995	8,658,103	(1,017,108)	(11.7)%
Personnel costs	(7,148,869)	(8,825,481)	1,676,612	(19.0)%
EBITDA	492,126	(167,378)	659,504	(394.0)%
Amortization, depreciation, provisions and write-downs	(2,657,584)	(3,511,408)	853,824	(24.3)%
EBIT	(2,165,458)	(3,678,786)	1,513,328	(41.1)%
Financial income and charges	(2,157,230)	(1,995,734)	(161,496)	8.1%
Portions of results attributable to the JV	(34,802)	(103,098)	68,296	n.a.
EBT	(4,357,490)	(5,777,617)	1,420,127	n.a.
Income taxes	948,255	3,941,567	(2,993,312)	(75.9)%
Ongoing activities result	(3,409,235)	(1,836,051)	(1,573,185)	85.7%
Asset for sales net result	(473,151)	(4,749,041)	4,275,890	(90.0)%
Net profit for the period	(3,882,386)	(6,585,092)	2,702,706	(41.0)%

OUR INVESTMENTS

TERNIENERGIA



OVERVIEW

Italeaf has a 42.19% shareholding in TerniEnergia and 45.44% of the voting rights.

TerniEnergia established in September 2005, and part of Italeaf Group, is the first Italian smart energy company, committed to bring worldwide integrated and sustainable energy solutions. Organized into four business lines (Technical services, Energy management, Energy efficiency and Cleantech), with about 500 employees and a geographic presence in almost the continents, with operational and sales offices, TerniEnergia develops solutions, innovative products and services based on digital and industrial technologies for the energy sector.

TerniEnergia, also through its subsidiaries, shall pursue the objectives of increasing energy production from renewable sources, energy efficiency and emissions reduction, as laid down by European environmental policy, and participates actively in the distributed power generation revolution and energy smart grids.

TerniEnergia is the ideal partner for large utilities, distributors and grid operators, power producers, public authorities, industrial customers and investors who intends to carry out large projects for the production of renewable energy plants and modern systems with high energy efficiency, solutions for the management and maintenance of the infrastructure and the electrical systems. TerniEnergia, through a complete technological and commercial offer, develops and provides technologies, turn-key services and solutions for energy consumers in the public and private sectors. The company is listed on the STAR segment of the Italian Stock Exchange.

KEY FIGURES FOR THE TERNIENERGIA GROUP AS AT JUNE 30, 2018

<i>(in Euro)</i>	As at June, 30 2018	As at June, 30 2017	Change	Change %
Intangible assets	30,828,732	32,092,177	(1,263,444)	(3.9)%
Property, plant and equipment	1,655,968	59,590,962	(57,934,994)	(97.2)%
Financial fixed assets and other intangible assets	20,459,664	32,487,736	(12,028,072)	(37.0)%
Fixed Assets	52,944,364	124,170,875	(71,226,510)	(57.4)%
Inventories	10,773,728	13,843,569	(3,069,841)	(22.2)%
Trade receivables	14,444,654	35,289,654	(20,845,000)	(59.1)%
Other assets	4,002,395	16,076,441	(12,074,045)	(75.1)%
Trade payables	(29,271,218)	(54,098,698)	24,827,480	(45.9)%
Other liabilities	(22,887,395)	(19,524,624)	(3,362,771)	17.2%
Net working capital	(22,937,836)	(8,413,659)	(14,524,177)	n.a.
				0.0%
Provisions and other non-trade liabilities	(14,462,305)	(19,374,854)	4,912,549	(25.4)%
Net Invested Capital	15,544,224	96,382,362	(80,838,138)	(83.9)%
Shareholders' Equity	17,377,403	21,034,123	(3,656,720)	(17.4)%
Current net financial position	59,832,839	64,654,119	(4,821,280)	(7.5)%
Non-current net financial position	195,232	25,135,665	(24,940,433)	(99.2)%
Total net financial position	60,028,071	89,789,784	(29,761,713)	(33.1)%
(Assets) Net liabilities held for sale	(61,861,250)	(14,441,545)	(47,419,705)	n.a.
Net Invested Capital	15,544,224	96,382,362	(80,838,138)	(83.9)%
<i>(in Euro)</i>	As at March, 31 2018	As at March, 31 2017	Change	Change %
Net revenues from sales and services	8,448,100	29,867,662	(21,419,563)	(71.7)%
Production costs	(2,614,560)	(21,713,185)	19,098,625	(88.0)%
Added value	5,833,539	8,154,477	(2,320,938)	(28.5)%
Personnel costs	(4,312,153)	(4,753,336)	441,183	(9.3)%
EBITDA	1,521,386	3,401,141	(1,879,755)	(55.3)%
Amortization, depreciation, provisions and write-downs	(2,484,505)	(2,009,210)	(475,295)	23.7%
EBIT	(963,119)	1,391,931	(2,355,050)	n.a.
Financial income and charges	(1,917,958)	(1,249,998)	(667,960)	53.4%
Portions of results attributable to the JV	(186,366)	(39,316)	(147,050)	n.a.
Pre-tax result	(3,067,443)	102,617	(3,170,060)	n.a.
Income taxes	646,041	125,878	520,163	n.a.
Net profit for the period	(2,421,402)	228,495	(2,649,897)	n.a.



OVERVIEW

As at June 30 2018, Italeaf owns 68.61% of the share capital of Skyrobotic.

The company was established on 20 December 2013 as a limited liability company, between the shareholders of Siralab Robotics S.r.l. and Italeaf S.p.A. The company combines the know-how and decades of experience in the sector of Siralab Robotics S.r.l., an advanced technology company, and the track record, operating experience and financial capacity of Italeaf S.p.A., a leading group in the cleantech and innovative industrial sectors.

Skyrobotic is active in the planning, development and industrial production of systems for UAV and UAS remote piloting, becoming, in just more than one year from its creation, the reference Italian company for the remote piloting systems sector.

From an industrial perspective, the company has recognised turnover of Euro 535 thousand through the sale of 16 remote piloting systems to leading operators in the sector, continuing at the same time to develop and engineer the product. The company achieved EN9100:2009 certification (equivalent in technical terms to AS 9100C and JISQ 9100:2009) for the facility at Nera Montoro, Italy, in the field of “planning, production, and post-sales assistance of remote aircraft piloting systems”.

This is the result of a two-year investment in the processes of preparation and auditing performed by the business, which qualifies Skyrobotic as the first independent company to produce drones under 25 kg in Italy to be certified based on the strict criteria of European regulations that form a system for ensuring quality in the aeronautics sector. It is similar to AS 9100 in America and JISQ 9100 in Asia.

The EN ISO 9100 qualification is specific to the aeronautics and space industry and fully encapsulates ISO 9001:2008 (certification obtained by Skyrobotic at the same time), but includes 30% more requirements and measurements that include documented control systems for processes used in developing, manufacturing and selling the products, and is applicable to manufacturers of aircraft and, increasingly, to their suppliers.

On 4 March 2016, the Skyrobotic shareholders’ meeting unanimously resolved to carry out a share capital increase offered in option to current shareholders for Euro 250 thousand, in order to support the growth of business activities. Once the share capital increase is subscribed, Skyrobotic will have a share capital of Euro 2,750,000. The same shareholders’ meeting appointed a new Board of Directors, composed of Stefano Neri (Chairman), Spartaco Franconi (Deputy Chairman and CEO) and Roberto Cecchin (Director).

On 30 December 2016, the Skyrobotic shareholders’ meeting unanimously resolved to carry out another share capital increase offered in option to current shareholders for Euro 250 thousand, in order to support the growth of business activities. Once the share capital increase is subscribed, Skyrobotic will have a share capital of Euro 3,000,000.



OVERVIEW

As of the drafting date of this report, Italeaf had an equity investment of 85,58% in Numanova.

Numanova was established on 25 January 2016. The new start-up was created from the sharing of know-how and economic-financial resources between the co-founders of Italeaf S.p.A. and Paolo Folgarait, physicist and holder of various patents in the metallurgical sector, as well as a manager with many years of experience in Lucchini Group, Allied International Group, Franchini Acciai and in the Materials Development Centre. Numanova was set up as a limited liability company with a share capital of Euro 2.35 million. It will have a governance model with a Board of Directors composed of Stefano Neri, Chairman, Paolo Folgarait, Executive Director and General Manager, and Corrado Giancaspro, CEO.

BUSINESS SECTORS

Numanova will produce high quality metallic powders of iron and other metal alloys for additive manufacturing (3D printing), metal injection moulding (MIM), hot isostatic pressing (HIP), and other more advanced uses in sectors such as aerospace, energy, mechanical and biomedical. The company will have the most advanced production technologies for metallic powders based in the principles of vacuum induction furnaces and ceramic-free inert gas atomisers. Plasma atomisation will also be introduced. The development phases for the company, whose production units will be located in the Italeaf industrial area of Nera Montoro (TR) are as follows: in the very short term, initiation of the authorisation process with the competent authorities; purchase of the production assets and systems; their enhancement and development of certification and quality activities; production go-live with the international marketing of products.

INVESTMENTS, PRODUCTION CAPACITY AND EMPLOYMENT IMPACTS

The Numanova investment plan envisages two-year commitments for a total of Euro 12 million, with full production employment (three shifts) for a total of 50 operations professionals, including human resources used for production, staff activities, commercial and marketing, testing, quality, logistics, purchasing, administration, HR and HSE. Production capacity is expected to be approximately 500 tonnes/year of metal powders for the additive manufacturing sector and for more advanced uses in sectors such as aerospace, energy, mechanics, and biomedical.

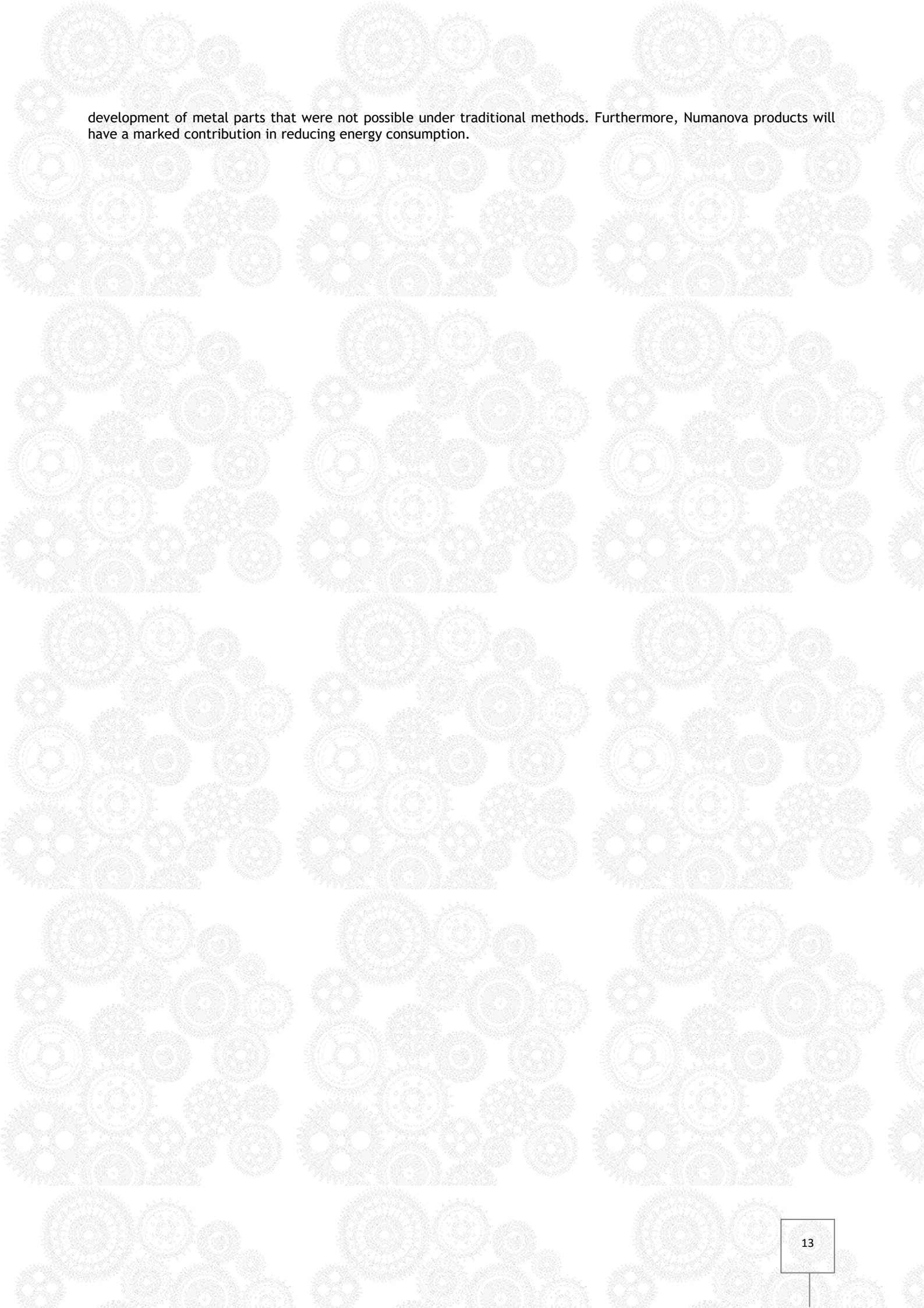
GLOBAL VISION

The new production initiative can use the opportunities offered by the corporate role of Italeaf, a company listed on the NASDAQ, the most technological international market, and by the Group's global presence, thereby allowing Numanova to have, from the very beginning, operations offices, branches and/or research centres in Milan, London, and Hong Kong, from the Italeaf Science and Technology Park. The mechanical engineering facilities of Italeaf are one of the strengths to be leveraged, through which the Group will bring to bear its decades of expertise, which can be re-positioned in an innovative environment with high growth prospects. Finally, Numanova has already signed framework agreements for commercial and technical-scientific collaboration with leading global companies in planning and producing systems for additive manufacturing of metallic powders and with businesses in the metallurgical sector, and has signed contracts with Italian and international universities and research centres.

INNOVATION AND SUSTAINABILITY

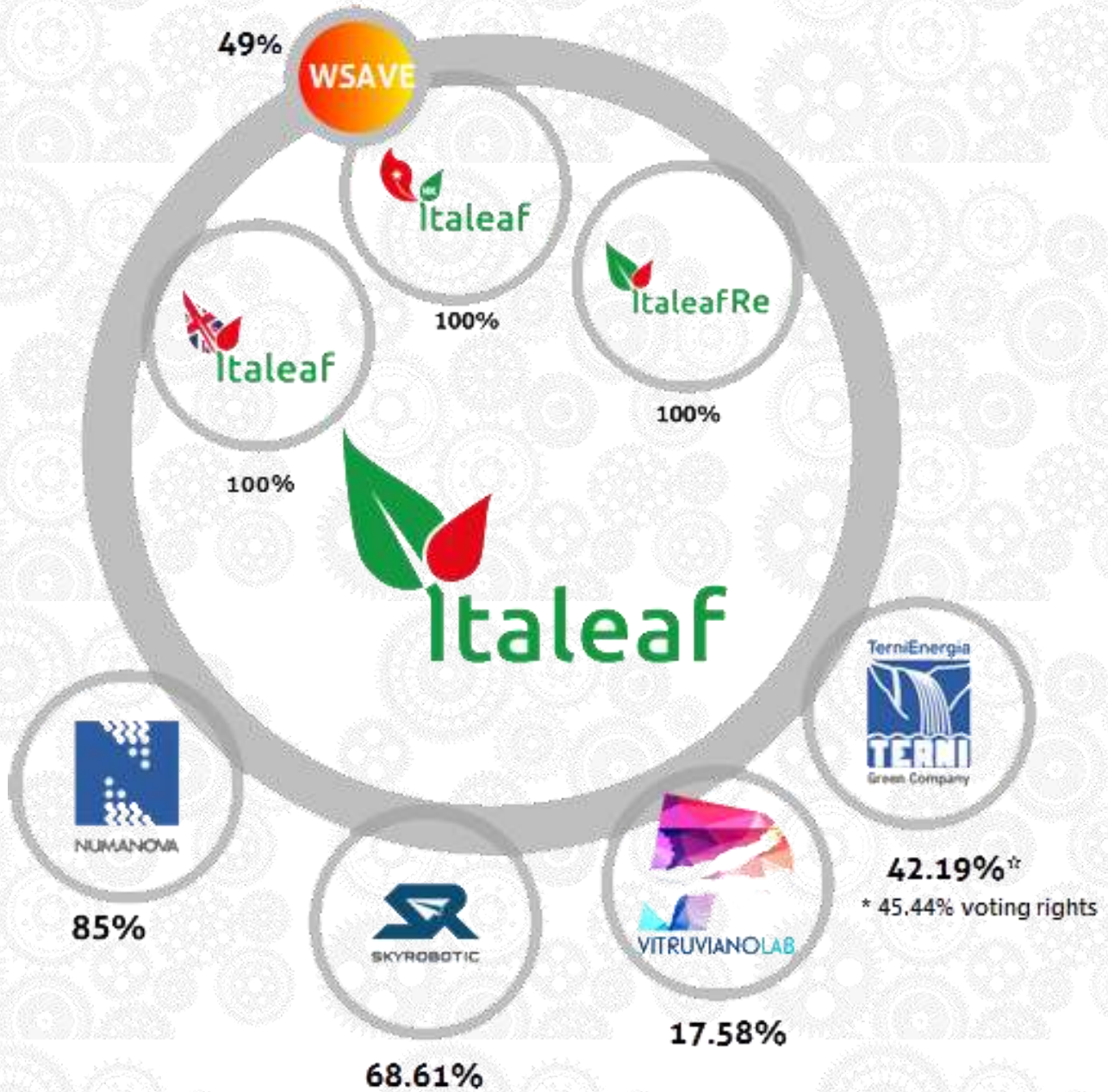
The agreement between Italeaf and Paolo Folgarait will lead to the opening in Nera Montoro of a research and development centre through the localisation of the innovative start-up Seamthesis. The operating unit in Nera Montoro will be specifically focused on R&D activities in the areas of alloy design, metallurgy product and process, modelling of processes and products, development and implementation of innovative production technologies for metallic powders for advanced manufacturing environments (e.g., additive manufacturing, MIM, HIP, laser cladding) and surface engineering (e.g., PTA).

From the perspective of sustainability and environmental contribution, Numanova will assist in confirming a highly improved industrial model. In particular, with respect to traditional metallurgy activities, Numanova products will allow for a reduction in internal processing times for prototyping of up to 70%, a drastic reduction in waste (metal powder not used for printing can be re-used after the powders have been re-conditioned) and, most importantly, the



development of metal parts that were not possible under traditional methods. Furthermore, Numanova products will have a marked contribution in reducing energy consumption.

GROUP'S ORGANIZATION



KEY EVENTS FOR 2018

SOLD BY TERNIENERGIA TWO ENERGY EFFICIENCY INTERVENTIONS TO FOSTER THE STRATEGIC REPOSITIONING

On January 8, 2018, TerniEnergia has finalised and signed all the deeds relating to the sale of two energy efficiency interventions to Genera SpA, a 51% subsidiary of Genera Group Holdings B. V. and 49% owned by the IKAV Investments fund) active in investments in the energy efficiency sector.

The two efficiency interventions transferred are related to the following:

- a lighting system of about 3,800 new high performance lighting points, with savings of over 1.1 GWh/year, realized on behalf of a cement factory in Sicily, already in operation;
- an intervention, almost completed, which involved the requalification of a historic building of about 12,500 square meters in the heart of Turin, with the renovation and insulation of the roof, the replacement of windows, the installation of an air conditioning system, the implementation of a new LED lighting system, the construction of an access control system, the installation and management of a Building Management System (BMS) for the integrated management of all services.

The sale price of the first intervention amounts to Euro 480 thousand, and will be cash-settled by the current month of January.

The second deed of sale provides for a price of Euro 1.7 million, which will be paid, for approximately Euro 1 million, through the assumption of payables to suppliers operating at the Turin worksite, for Euro 170,000 for works still to be carried out, which will be directly carried by the purchaser, and finally for Euro 528,000, paid in cash, of which Euro 385,000 by the current month of January, and Euro 71,500 at the plant test (and in any case no later than 15 April 2018) and the remaining Euro 71,500 at 12 months after the final test.

The deeds provide that the transfer shall take effect from 29 December 2017.

SOFTECO SISMAT (TERNIENERGIA GROUP) SIGNED A CONTRACT FOR TICKETING AND SMART PAYMENT SOLUTIONS FOR CARONTE & TOURIST

On January 30, 2018, TerniEnergia announced that the Group's digital company Softeco Sismat has today signed a contract with Caronte & Tourist, leader in maritime connections to and from Sicily to Central Italy, for the development of a project to reorganise the Villa San Giovanni port terminal and the construction of a ticketing system at Villa Agip and connected automation.

The contract provides solutions for ticketing, payment of tolls (smart payment) and access control for vehicle routing for a total amount of approximately Euro 2 million.

The solutions developed by Softeco Sismat and based on the Adverto remote control system, the Group's proprietary technology, which has already been consolidated and operational for over 10 years in heterogeneous application contexts, envisage the activation of ticket sales systems for travel tickets, automatic payment of tolls and integrate complex access and transit management systems and automatic control of technological systems on field. All the systems in place will be integrated into a single remote control platform that will allow automatic interaction between them and monitoring of the entire system.

The aim of the project is to automate and speed up toll payment and embarkation processes, thereby optimising resources and operational management costs.

All the technological components proposed in the project by Softeco Sismat, which has been operating for over 30 years in the industrial automation sector, are positioned as leading technologies in the national and international field for this type of application.

SKYROBOTIC DRONES OBTAINED ENAC CERTIFICATION FOR OVERFLYING CITIES AND CONGESTED AREAS

On February 20, 2018, Skyrobotic has obtained "project certification pursuant to art. 10.6 of the SAPR regulation" from the Italian National Civil Aviation Authority (ENAC) for the SR-SF6c system. The certification requires a primary control and control system whose software complies with the aeronautical standards specified in the EUROCAE ED-12 specification at least at design reliability level D.

Skyrobotic drones had already received from the Civil Aviation Authority project certification for series production pursuant to art. 10.5 of the SAPR regulation, which allowed operators to use drones, subject to authorisation by the competent Authority, in urban scenarios with safety restrictions.

With the achievement of certification, Skyrobotic crowns a successful path in the pursuit of the most important sector qualifications: from the certification of aeronautical standard EN-9100 for the Nera Montoro (TR) plant, to the possibility of issuing project conformity certificates according to the art. 10.5 of the Civil Aviation Authority regulation, up to this last recognition, which marks a turning point for the entire Italian professional drones sector.

With its own bouquet of qualifications, Skyrobotic takes the lead in the national producers' sector, anticipates regulatory developments at European level and represents the ideal answer for leading operators in the professional, commercial, physical security and cybersecurity sectors at international level.

Finally, the certification pursuant to art. 10.6 of the SAPR regulation is an indispensable condition for participation in tenders and tenders promoted by the main public apparatus for order and safety.

GIANCARLO GRASSO APPOINTED CHAIRMAN OF SKYROBOTIC

On February 20, 2018, Skyrobotic announced that the Board of Directors today appointed Giancarlo Grasso as the new Chairman of the Company. Mr. Grasso took the place of Stefano Neri, Chairman of the Italeaf Group and reference shareholder of the company, who has taken on the position of Vice Chairman.

TERNIENERGIA RE-ENTERS INTO POSSESSION OF ALL THE SHARES OF THE JVS ENERGIA ALTERNATIVA AND SOLTER AND OF THE 50% OF THE JV SOL TARENTI

On March 12, 2018, TerniEnergia returned into its possession of 100% of the share capital of the Joint Ventures Energia Alternativa and Solter and of the 50% of the JV Sol Tarenti, owners of photovoltaic plants in Italy for a total of approximately 21 MW.

In particular, following the fulfilment of the termination conditions relative to the lack of consent to the sale by the leasing companies, TerniEnergia re-entered into possession, at the same value of the disposal, of the following stakes:

- 50% of the shareholdings in Energia Alternativa Srl (value of approximately Euro 6.1 million) and Solter Srl (approximately Euro 1.3 million), owners respectively of 12 photovoltaic plants with a total installed power of approximately 13.9 MW and 4 photovoltaic plants with a total installed power of approximately 3.8 MW, from L&T City Real Estate Ltd;

- 45% of the shareholdings in Sol Tarenti Srl (approximately Euro 1.5 million), owner of 4 photovoltaic plants with a total installed power of approximately 3.3 MW, from Ranalli Immobiliare Srl.

It should be noted that the return of the above shares in the Group's full availability represents a favourable condition for the potential sale of the assets owned by the above mentioned companies.

TERNIENERGIA SIGNED AN AGREEMENT FOR THE SALE OF 10 PHOTOVOLTAIC PLANTS FOR A TOTAL OF 11 MW

On March 17, 2018 TerniEnergia has signed an agreement for the sale by TerniEnergia, through its subsidiaries Energia Alternativa S.r.l. and Solter S.r.l., of n. 10 photovoltaic plants in Italy with a total installed capacity of around 11 MW to a leading international investment operator.

The transaction concerns the purchase and sale of assets that have meanwhile become wholly owned by Group, and not the acquisition of shares in SPV (special purpose vehicles owning plants), as well as a reduced perimeter of the plants being sold, on the basis of discretionary assessments by the Purchasers and negotiations between the parties. This results in a difference in absolute value between the total expected consideration and the amount related to today's transaction, but a substantial alignment of the average amounts per MW, also due to the tax credits which remain in the hands of the TerniEnergia Group, following the different method of sale.

The agreement provides that the closing of the asset sale transaction will take place by and no later than 31 October 2018, subject to the incorporation of a Newco, into which the perimeter of the portfolio of plants subject to the transaction will be contributed. The shareholding in the newly incorporated special purpose vehicle will then be transferred to the Purchasers as soon as the acquisition contract is signed (closing).

The total consideration for the Purchasers' acquisition of 100% of the share capital of the newly formed company is, in fact, equal to approximately Euro 6.2 million (Equity Value). The transaction envisages the acquisition by the buyer of financial debts related to the plants for approximately Euro 27.8 million. The TerniEnergia Group will also retain the tax credits relating to the plants involved in the transaction, for an amount of approximately Euro 3.7 million. The sale price was determined on the basis of the algebraic sum of future cash flows and net working capital of the plants involved in the transaction as at 31 December 2016. A price adjustment mechanism is envisaged based on the evolution of the Net Working Capital between 31 December 2016 and the closing date. The Enterprise Value of the assets sold amounts to approximately Euro 34 million.

The closing of the transaction is subject, among other conditions, to the obtainment (if necessary) of the consent of credit institutions, in the form of waivers, to the sale of photovoltaic assets and other technical and financial conditions typical of this type of transaction.

TerniEnergia and the Purchasers were assisted by Orrick as legal advisor. For the assessment of the fairness of the agreed price, TerniEnergia received a fairness opinion from a leading specialized advisor.

POSTPONED THE APPROVAL OF THE FINANCIAL STATEMENTS AS AT DECEMBER 31ST, 2017

On March 30, 2018 Italeaf announced that the Company has obtained authorisation from Nasdaq to approve the 2017 consolidated financial statements and the separate financial statements of the Parent Company beyond the three months from the end of the year as required by market regulations.

As a result of this exemption, the Board of Directors for the approval of the yearly financial statements has been held on 27 April 2018. The Company underlined that the postponement was determined by the decision taken by TerniEnergia, the main company of the Italeaf Group, to use the faculty, provided for by Italian regulations, to approve the draft of the separate financial statements as at 31 December 2017 and the consolidated financial statements on next 27 April 2018, within four months of the end of the period.

This decision was taken by TerniEnergia on the basis of the opportunity to complete, before the approval of the financial statements, the new recovery and relaunch plan, aimed at pursuing, in the medium term, the transformation of the

Company into a smart company and overcoming the current financial stress of the Group, based on strategic guidelines identified by the Board of Directors, as announced on 27 March 2018.

Having taken note of these circumstances, Italeaf has decided to postpone the approval of the financial statements, as highlighted above, in order to be able to incorporate the results and the prospective elements of the TerniEnergia industrial plan.

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVED THE RESULTS AS AT 31 DECEMBER 2017

On April 27 2018, the Board of Directors of TerniEnergia S.p.A., smart company listed on STAR segment of Borsa Italiana and part of the Italeaf Group, approved the draft financial statements for the year ended as at December 31, 2017 and the consolidated financial statements of the Group.

Strong impact on the results of exceptional and non-recurrent writedowns aimed at supporting the project for the turnaround of the Company and the disposal of photovoltaic and environmental assets, as provided for in the Recovery and Relaunch Plan.

It follows the summary of the results: Revenues of Euro 64 million, -24 % (Euro 84.1 million as at 31/12/2016); EBITDA amounted to Euro 2.2 million, -87.1% (Euro 17.3 million as at 31/12/2016) with EBITDA margin of 3.5% (20.6% as at 31/12/2016); EBIT of Euro -33.5 million, (Euro 8.1 million as at 31/12/2016), EBT of Euro -42.3 million (Euro 2.4 million as at 31/12/2016); Net result amounted to -39.6 million, (Euro 1.15 million as at 31/12/2016); Net Financial Position of Euro 89.8 million (Euro 93.9 million as at 31/12/2016); Net equity amounted to Euro 21 million (Euro 57.5 million as at 31/12/2016).

The Board of Directors resolved to request the exit from the Star segment and the transition to the MTA in order to concentrate the management's efforts on the Recovery and relaunch plan.

THE BOARD OF DIRECTORS OF ITALEAF APPROVED THE YEAR END REPORT FOR 2017

On April 27 2018, the The Board of Directors of Italeaf has approved its financial report for 2017. Examined the strategic guidelines of the Group's business and recovery plan. Extraordinary transactions are planned to reduce and accelerate the repayment of the current bank exposure, business continuity and optimisation and rationalisation of Italeaf's operating and structural costs.

It follows the summary of the results: Net asset value (NAV) of Euro 24.1 million (Euro 1.41 per share) as at 31 December 2017; Core shareholdings contributed to the Gross Asset Value during 2017 for Euro 21 million, of which Euro 12 million related to TerniEnergia (listed on the STAR segment of the Italian Stock Exchange). Consolidated net loss of Euro 40.8 million (a loss of Euro 0.9 million for Italeaf, the Group's Parent Company). Consolidated revenues of Euro 64.3 million (Euro 3.7 million for Italeaf, the Group's Parent Company). Consolidated NFP of Euro 107.2 million (Euro 16.9 million for the Parent Company Italeaf); Consolidated shareholders' equity of Euro 25.9 million (Euro 27.9 million for the Parent Company Italeaf).

Paolo Sebastiani has resigned as Chairman and member of the Board of Statutory Auditors; Caterina Brescia new Auditor.

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVED THE INTERIM FINANCIAL REPORT AS AT 31 MARCH 2018

On May 14 2018 the Board of Directors of TerniEnergia S.p.A., smart company listed on MTA of Borsa Italiana and part of the Italeaf Group, approved the interim financial report as at 31 March 2018. Further to what was communicated on April 27, 2018, TerniEnergia informed that Borsa Italiana has provided that the shares of the Company will be transferred to the MTA following the voluntary request of TerniEnergia to exit from the MTA-STAR segment. For this reason, TerniEnergia will continue to provide periodic financial information in addition to the annual and half-yearly financial report, as required by Article 154-ter, paragraphs 1 and 2, of the TUF, in summary form although in compliance with Article. 82-ter of the Italian Issuers' Regulation.

It follows the summary of the results: Revenues equal to Euro 8.5 million, -71.7% (Euro 29.9 million as at 31/3/2017); EBITDA of Euro 1.5 million, -55.3% (Euro 3.4 million as at 31/3/2017) with Ebitda Margin at 18% (11.4% as at 31/3/2017); EBIT of Euro -0.9 million (Euro 1.4 million as at 31 March 2017), Result before taxes (EBT) of Euro -3.1 million (Euro 0.1 million as at 31 March 2017); Net result equal to Euro -2.4 million (Euro 0.2 million as at 31 March 2017); Net Financial Position equal to Euro 97 million (Euro 89.8 million as at 31/12/2017); Net equity equal to Euro 19.7 million (Euro 21 million as at 31/12/2017).

The Board of Directors resolved to propose to the Shareholders' Meeting the reduction of the share capital to cover losses, the revocation of the "2017-2019 Stock Grant Plan", the reduction of the maximum compensation for the Board of Directors and the appointment of a new independent director.

SOFTECO SISMAT (TERNIENERGIA GROUP) WON CONTRACT FOR INNOVATIVE SMART MOBILITY SYSTEM AT VICENZA

On May 15 2018 TerniEnergia, smart company listed on MTA of Borsa Italiana and part of the Italeaf Group, announced that Softeco Sismat, the digital company of the Group, signed a contract for the supply of the flexible transport management and control system to SVT Società Vicentina Trasporti. The agreement for a total value of approximately Euro 280 thousand, provides for the implementation of an innovative integrated platform for planning rides at the request of users.

SOFTECO SISMAT (TERNIENERGIA GROUP) LEADS THE PROJECT “GOSMART GENOVA SMART MOBILITY 2.0” FOR THE MANAGEMENT OF URBAN MOBILITY

On May 17 2018 TerniEnergia, smart company listed on MTA of Borsa Italiana and part of the Italeaf Group, announced that Softeco Sismat, the digital company of the Group, will lead the project “GoSmart - Genoa Smart Mobility 2.0”, for sustainable and intelligent mobility, funded under the call for proposals POR FESR 2014-2020 Axis 1 “Research and Innovation” - Action 1.2.4 - Scope “Safety and Quality of Life” - as per the ranking published by FILSE (www.filse.it), the Ligurian Financial Company for Economic Development, a technical entity that supports and assists the Liguria Regional Authority and other Ligurian local authorities in the planning, definition and implementation of policies and measures to support the Ligurian economic system. The project, which will last two years, will receive a total funding of over 0.9 million Euros, involves a cluster of companies as T Bridge S.p.A., TeMA S.r.l., Artys S.r.l. and Aitek S.p.A. and continues the long positive series of projects in the field of sustainable and intelligent mobility (<https://www.ternienergia.com/en/innovation/smart-mobility/>) thanks to which the TerniEnergia Group, through the R&D of Softeco Sismat, presents itself as an international solution provider (<http://www.softeco.it/linee-business/trasporti-e-infrastrutture>).

SOFTECO SISMAT (TERNIENERGIA GROUP) PARTICIPATES IN THE “PICKUP” PROJECT FOR EFFICIENT AND FLEXIBLE ENERGY MANAGEMENT IN URBAN DISTRICTS

On May 22 2018 TerniEnergia, smart company listed on MTA of Borsa Italiana and part of the Italeaf Group, announced that Softeco Sismat, the digital company of the Group, participates in the “PICK-UP” project (IoT Sensor Integration Platform for the Control of Energy KPIs in the Urban Area and the Planning of Energy Efficiency Interventions and Integration with Microgrid), funded under the call for proposals POR FESR 2014-2020 Axis 1 “Research and Innovation” - Action 1.2.4 - Scope “Safety and Quality of Life” - as per the ranking published by FILSE (www.filse.it), the Ligurian Financial Company for Economic Development, a technical entity that supports and assists the Liguria Regional Authority and other Ligurian local authorities in the planning, definition and implementation of policies and measures to support the Ligurian economic system.

The two-year project, lead by Gruppo SIGLA srl, will receive a total grant of over Euro 1 million and involves, in addition to Softeco Sismat, Impara S.r.l., MAPS S.p.A., ABB S.p.a., Flairbit S.r.l. and Stam. The financing confirms the constant commitment of the company in the development of innovative solutions in the Energy & Environment field (<http://www.research.softeco.it/energy.aspx>) and in the continuous technological transfer in solutions for its customers (<http://www.softeco.it/linee-business/energy-utilities/>).

INTERIM REPORT JANUARY-MARCH 2018 OF ITALEAF

On May 31 2018 the Board of Directors of Italeaf approved the results as at 31 March 2018. NAV of Euro 22.7 million. Ebitda equal to Euro 0.36 million. Net result equal to Euro 41 thousand.

It follows the summary of the results:

Revenues amounted to € 763 thousand (€ 8.6 million for the Italeaf Group consolidated). EBITDA equal € 361 thousand (€ 1.35 million for the Italeaf Group consolidated). EBIT amounted to € 219 thousand (€ -1.35 million for the Italeaf Group consolidated). EBT equal to € 6 thousand (€ -3.3 million for the Italeaf Group consolidated). Net result amounted to € 41 thousand (€ -2.68 million for the Italeaf Group consolidated)

Shareholders' Equity amounted to € 27.7 million (€ 24.8 million for the Italeaf Group consolidated)

NFP of € 5 million (€ 114.5 million for the Italeaf Group consolidated). NAV equal to € 22.7 million; NAV per share equal to € 1.32.

SOFTECO SISMAT (TERNIENERGIA GROUP) LEADS THE VIRTUS PROJECT FOR A VIRTUAL POWER PLANT PROTOTYPE

On June 5 2018 TerniEnergia, smart company listed on MTA of Borsa Italiana and part of the Italeaf Group, announced that Softeco Sismat, the digital company of the Group, leads the VIRTUS project (“VIRTUal Management of distributed energy resourceS”) financed by the Ministry of Economic Development through the Cassa per i servizi energetici e ambientali (CSEA, www.csea.it) for a total of Euro 1.1 million, of which Euro 550 thousand as part related to the activities carried out by Softeco.

RESIGNATION OF THE VICE-PRESIDENT OF TERNIENERGIA MR GIULIO GALLAZZI

On June 11 2018 The Board of Directors of TerniEnergia, smart company listed on MTA of Borsa Italiana and part of the Italeaf Group, met today, took note of the resignation with immediate effect of the board member and vice-president of the Company, Mr. Giulio Gallazzi. The decision was taken by Mr. Gallazzi believing that a further presence in the Board of Directors of TerniEnergia could no longer bring added value to the Board works, disagreeing himself with the path that the Company intended to undertake, preferring solutions aimed at a disposal of owned assets to be combined with agreements for the restructuring of bank debt, postponing a possible strengthening of equity to a later stage; the latter action, considered by Mr. Gallazzi, however, essential and priority over any other action.

TERNIENERGIA SHAREHOLDERS' MEETING APPROVED 2017 FINANCIAL STATEMENTS; APPOINTMENT OF PAOLO PICCINI AS INDEPENDENT DIRECTOR

On June 14 2018 The ordinary and extraordinary Shareholders' Meeting of TerniEnergia S.p.A., smart company listed on MTA of Borsa Italiana and part of the Italeaf Group, met under Stefano Neri's chairmanship.

It follows the main resolutions of the shareholders' meeting: Approval of the financial statements for the year ended 31 December 2017; Approval of the First Section of the Compensation Report pursuant to Article 123-ter of the Uniform Financial Code; Appointment of two co-opted directors: Paolo Allegretti and Stefania Bertolini; Appointment of a new independent director: Paolo Piccini, CEO of Liguria Digitale and manager with 30 years of experience in the field of information and communication technologies, defense and security in multinational technology sector; Determination of the total compensation of Directors; Revocation of the 2017-2019 Stock Grant Plan approved on 2 May 2017; Provisions pursuant to Article 2446 of the Italian Civil Code.

REPORTS OF THE INDEPENDENT AUDITORS

On June 15 2018 the Independent Auditors EY SpA have been issued their opinion to accompany the Consolidated Annual Financial Report as at 31 December 2017 and the Separate Financial Statements as at 31 December 2017 of Italeaf SpA. The reports of the independent auditors EY concluded with the impossibility to express an opinion on the financial statements as at 31 December 2017.

GIL CAPITAL LTD RENOUNCED THE ACQUISITION OF THE EPC AND O&M PV BUSINESS LINE OF TERNIENERGIA

On June 27 2018 TerniEnergia informed that the transaction finalized to the sale of the business branch "On site Engineering and Operations" (EPC and photovoltaic O&M) from TerniEnergia to GIL Capital Ltd was not completed due to the failure to meet some of the requirements, with particular reference to those of a technical-legal nature, typical of this type of transactions.

2018 ITALEAF'S ANNUAL ORDINARY SHAREHOLDERS' MEETING

On June 29 2018 the Annual Ordinary Shareholders' Meeting of Italeaf SpA, the holding company and first Italian company builder active in the cleantech and smart innovation sectors, listed on the NASDAQ First North of the Stockholm Stock Exchange, was held at the company's headquarters in Narni (TR).

It follows the main resolutions of the Shareholders' Meeting: Approval of the Group's 2017 financial statements and 2017 consolidated financial statements; The 2017 operating loss will be carried forward; The Board of Directors confirmed for the 2018-2020 three-year period; The Shareholders' Meeting resolved to appoint the members of the Board of Statutory Auditors. Andrea Bellucci, as Chairman; Fausto Sciamanna, as Statutory Auditor; Caterina Brescia, as Statutory Auditor; Marco Chieruzzi, as Alternate Auditor; Andrea Sattin, as Alternate Auditor, for the three-year period 2018-2020.

FINANCIAL STATEMENTS

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

<i>in Euro</i>	Notes	As at June 30, 2018	As at December 31, 2017	Change	Change %
Intangible assets	1	34,153,738	35,488,340	(1,334,603)	(3.9)%
Tangible assets	2	26,286,647	82,875,372	(56,588,725)	n.a
Equity Investments	3	2,359,575	6,130,251	(3,770,676)	n.a
Deferred tax assets	4	20,006,244	22,088,173	(2,081,929)	(10.4)%
Non-current financial receivables	5	303,488	6,502,286	(6,198,798)	n.a
Total non-current assets		83,109,693	153,084,423	(69,974,730)	(84.2)%
Inventories	6	10,894,431	13,941,717	(3,047,286)	(28.0)%
Trade receivables	7	14,722,232	35,965,999	(21,243,768)	(144.3)%
Other current assets	8	4,652,197	16,509,296	(11,857,099)	n.a
Derivatives			13,717	(13,717)	n.a.
Financial receivables	9	432,264	1,104,041	(671,778)	n.a
Cash and cash equivalents	10	3,176,504	5,461,627	(2,285,123)	(71.9)%
Total current assets		33,877,628	72,996,397	(39,118,769)	(115.5)%
Asset held for sale	11	169,333,727	22,243,024	147,090,703	86.9%
TOTAL ASSETS		286,321,047	248,323,844	37,997,203	13.3%
LIABILITIES AND SHAREHOLDERS' EQUITY					
Share capital		17,144,000	17,144,000	()	(0.0)%
Stocks		(4,120,206)	13,213,104	(17,333,310)	n.a
Profit for the period		(1,959,200)	(17,713,457)	15,754,257	n.a
Total Group equity	12	11,064,594	12,643,647	(1,579,053)	114.3%
Minority interests		13,452,421	36,386,281	(22,933,861)	n.a
Profit for the minority interest		(1,923,187)	(23,087,138)	21,163,951	n.a
Total equity	12	22,593,827	25,942,791	(3,348,963)	114.8%
Provision for employee benefits	13	5,004,991	6,311,594	(1,306,604)	126.1%
Deferred tax liabilities	14	13,193,731	13,758,280	(564,550)	104.3%
Non-current financial payables	15	195,232	25,231,687	(25,036,456)	n.a
Provision for risk and charges	16	2,106,412	2,949,730	(843,318)	140.0%
Other non-current liabilities	17		46,741	(46,741)	n.a.
Derivatives	18	134,560	2,349,693	(2,215,133)	n.a
Total non-current liabilities		20,634,926	50,647,726	(30,012,801)	n.a
Trade payables	19	29,858,515	54,247,907	(24,389,392)	n.a
Payables and other financial liabilities	20	82,455,284	96,314,496	(13,859,212)	116.8%
Taxes payable	21	581,059	406,353	174,706	69.9%
Other current liabilities	22	23,994,240	20,764,571	3,229,669	86.5%
Total current liabilities		136,889,098	171,733,327	(34,844,229)	125.5%
Liabilities associated with assets held for sale	23	106,203,197		106,203,197	0.0%
TOTAL LIABILITIES		263,727,220	222,381,054	41,346,167	84.3%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		286,321,048	248,323,844	37,997,204	86.7%

CONSOLIDATED INCOME STATEMENT

<i>in Euro</i>	Notes	As at June 30, 2018	As at June 30, 2017	Change	Change %
Revenues	24	9,081,575	13,030,031	(3,948,456)	143.5%
Other operating income	24	1,812,176	1,748,021	64,156	96.5%
Change in inventories of semi-finished and finished products	25	667,006	1,338,912	(671,906)	n.a
Costs for raw materials, consumables and goods for resale	26	(678,684)	(1,039,246)	360,563	n.a
Costs for services	27	(2,899,909)	(5,959,835)	3,059,927	n.a
Personnel costs	28	(7,148,869)	(8,825,481)	1,676,612	123.5%
Other operating costs	29	(341,170)	(459,780)	118,609	134.8%
Amortisation, depreciation, provisions and writedowns	30	(2,657,584)	(3,511,408)	853,824	132.1%
Operating result		(2,165,458)	(3,678,786)	1,513,328	n.a
Financial income	31	78,749	336,785	(258,036)	n.a
Financial charges	31	(2,235,979)	(2,332,518)	96,539	104.3%
Portion of result attributable to the joint venture		(34,802)	(103,098)	68,296	n.a
Net profit before taxes		(4,357,490)	(5,777,617)	1,420,127	132.6%
Taxes	32	948,255	3,941,567	(2,993,312)	n.a
Ongoing activities result		(3,409,235)	(1,836,051)	(1,573,185)	53.9%
Asset for sales net result		(473,151)	(4,749,041)	4,275,890	n.a
Net profit for the period		(3,882,386)	(6,585,092)	2,702,706	n.a
- of which: attributable to the Group		(1,959,200)	(6,758,175)		
- of which: attributable to non-controlling interests		(1,923,187)	173,083		
Earnings per share - Basic and diluted		(0,114)	(0,438)		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Description <i>(in Euro)</i>	Corporation Stock	Reserves			Total reserves	Profit of the period	Total shareholder s' equity Group	Equity attributable to non- controlling interests	Total equity
		Extra-Charge Reserves	Legal reserves	Other Reserves					
As at December 31, 2016	15,444,000	666,000	258,969	17,199,553	18,124,521	(4,851,015)	28,717,506	32,830,058	61,547,563
Appropriation of the previous year's profit (loss)				(4,851,015)	(4,851,015)	4,851,015	-		-
Capital Increase	1,700,000			(57,500)	1,642,500		1,642,500		1,642,500
Other movements				839,995	839,995		839,995	2,754,144	3,594,139
Other movements	1,700,000		-	(4,068,520)	(2,368,520)	4,851,015	2,482,495	2,754,144	5,236,639
Profit of the period						(6,758,175)	(6,758,175)	173,083	(6,585,092)
Other comprehensive				75,361	75,361	-	75,361	91,885	167,247
Total profit for the period				75,361	75,361	(6,758,175)	(6,682,814)	264,969	(6,417,845)
Value as at June 30, 2017	17,144,000	666,000	258,969	13,206,394	15,831,362	(6,758,175)	24,517,187	35,849,170	60,366,357

Description <i>(in Euro)</i>	Share Capital	Reserves			Total reserves	Profit of the period	Total Group equity	Minority Interests	Total equity
		Paid in Capital	Legal reserves	Extraordinary Other Reserves					
As at December 31, 2017	17,144,000	666,000	258,969	13,213,104	18,124,521	(17,713,457)	12,643,647	13,299,144	25,942,791
Allocation of the previous year's profit (loss)				(17,713,457)	(17,713,457)	(17,713,457)	-		-
Other Entries				(457,887)	(457,887)		(457,887)	153,277	611,154
Other entries				(17,255,570)	(17,255,570)	(17,713,457)	(457,887)	153,277	611,154
Profit of the period						(1,959,200)	(1,959,200)	(1,923,187)	(3,882,386)
Other comprehensive					(77,741)		(77,741)		(77,741)
Total profit for the period					(77,741)	(1,959,200)	(2,036,941)	(1,923,187)	(3,960,127)
As at June 30, 2018	17,144,000	666,000	258,969	(4,967,434)	(4,120,207)	(1,959,200)	11,064,593	11,529,234	22,593,827

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in Euro)</i>	As at 30 June,	
	2018	2017
Pre-tax profit	(4,357,490)	(9,895,044)
Amortisation/depreciation	2,401,044	4,501,824
Write-downs of fixed assets and receivables	256,539	8,914,635
Allocations to the employee benefits fund		57,223
Result of joint ventures accounted for at equity and reversal of margin	34,802	(207,993)
Gains/Revaluations	1,628,194	(2,701,576)
Change in inventories	4,748,799	(3,422,662)
Change in trade receivables	1,000,623	1,136,953
Change in other assets	(8,203,399)	725,384
Change in trade payables	4,542,624	(578,303)
Change in other liabilities	(179,093)	7,089,081
Net cash flow (used in)/generated by operating activities	1,872,643	5,321,531
Investments in property, plant and equipment		(572,665)
Investments in tangible fixed assets	405,962	
Investments in intangible fixed assets	(972,314)	(3,665,350)
Income from equity investments/(Equity investments)	(1,957,574)	(1,554,022)
Change in receivables and other financial assets	(2,237,359)	23,113
Net cash flow (used in)/generated by investing activities	(4,761,285)	(5,768,925)
Change in payables and other financial assets	8,557,568	(12,366,866)
Change in non-current financial payables	(3,245,682)	6,278,127
Other changes in shareholders' equity	60,272	3,761,386
Capital Increase		1,642,500
Net cash flow (used in)/generated by financing activities	5,372,158	(684,853)
Comprehensive cash flow for the period	2,483,516	(1,132,247)
Cash and cash equivalents at the beginning of the period	5,461,627	11,190,383
Cash and cash equivalents at the end of the period	3,176,504	10,058,135

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

GENERAL INFORMATION

Italeaf S.p.A (“Italeaf”, “Company” o “Group Leader”) is a limited company domiciliated in Narni (Italia), Strada dello Stabilimento, 1.

Italeaf SpA, established in December 2010, is a holding company and a business accelerator for companies and startups in the areas of innovation and cleantech. Italeaf operates as a company builder, promoting the creation and development of industrial startups in the fields of cleantech, smart energy and technological innovation. Italeaf has headquarters and plants in Italy at Nera Montoro (Narni), Terni, Milano and Lecce; has international offices in London and Hong Kong and a research and development centre in the Hong Kong Science and Technology Park. The company controls TerniEnergia, listed on the STAR segment of the Italian Stock Exchange and active in the fields of renewable energy, energy efficiency and waste management, WiSave in the “internet of things” field, for the development and production of thermostats and smart technologies for the remote control of electrical and heating items of buildings managed through a cloud infrastructure, and Skyrobotic, in the business development and manufacture of civil and commercial drones in mini and micro classes for the professional market, Numanova, operating in the field of innovative metallurgy and additive manufacturing and Italeaf RE, a real estate company.

From September 4 2014, Italeaf is listed on NASDAQ OMX First North in Stockholm.

FORM, CONTENT AND ACCOUNTING POLICIES ADOPTED

These Intermediate consolidated financial statements have been prepared on a premise of Italeaf continuing as a going concern, with the directors having verified the absence of any financial or business indicators, or indicators of other kind, that might suggest that the Group might face difficulty in meeting its obligations in the foreseeable future and, in particular, in the next 12 months.

The Intermediate consolidated financial statements of the Italeaf Group at June 30, 2018 have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as published in the Official Journal of the European Union (O.J.E.U.), and in particular IAS 34 - Interim Financial Reporting, as well as the regulations issued to implement article 9 of Legislative Decree n. 38/2005. In the framework of the options set out in IAS 34, the Group has chosen to publish this report for the consolidated Financial Statements, such as a condensed information.

Please note that the international accounting principles applied are consistent with those used for the Consolidated Financial Statements at December 31, 2017.

These Intermediate consolidated financial statements are expressed in euros which is the functional currency based on the primary economic environment in which the Group companies operate. Unless otherwise indicated, all data presented in the notes to the financial statements are in euros.

The Group has elected to present the income statement according to the nature of the accounts, while the assets and liabilities in the balance sheet are classified as current or non-current. The cash flow statement has been prepared using the indirect method.

The preparation of these Intermediate consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures. The estimates and related assumptions are based on historical experience and other factors considered reasonable in the context of the applicable financial reporting framework, and have been used when the carrying amount of assets and liabilities cannot be readily determined from other sources. The actual results could differ from those expressed or implied by the estimates and assumptions used. The estimates and underlying assumptions are reviewed periodically and the effects of any changes affecting the current period are reflected in the income statement. In the event that the revision affects both current and future periods, the change is recognized in the period in which the revision is made and in future years.

The actual results may differ, even materially, from the estimates as a result of possible changes in the factors considered in determining the estimates.

These Intermediate consolidated financial statements were approved by the Company's board of directors on August 31, 2018.

SCOPE OF CONSOLIDATION

The consolidated financial statements of Italeaf Group at June 30, 2018 include the financial statements of the parent company, Italeaf S.p.A., and the financial statements of all the companies, which the parent directly or indirectly controls.

The following table lists the entities included in the consolidation, and the respective percentage held directly or indirectly by the Group at June 30, 2018:

LIST OF COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS:

Company	Location	% of Held by the Group	
		Direct	Indirect
Skyrobotic S.p.A.	Narni - Via dello Stabilimento, 1	68,61%	
Numanova S.p.A.	Narni - Via dello Stabilimento, 1	85,58%	
Italeaf UK L.t.d.	1, Cornhill EC3V 3ND - London	100%	
Italeaf HK L.t.d.	Unit 905-6, 9th Floor, Fook Yip Building - 53-57 Kwai Fung Crescent, Kwai Chung - N.T. Hong Kong S.A.R. - Hong Kong	100%	
TerniEnergia S.p.A.	Narni - Via dello Stabilimento, 1	42.19%	
List of Ternienergia subsidiaries			
Greenled Industry S.p.A.	Narni - Via dello Stabilimento, 1		100%
Newcoenergy S.r.l.	Nardò - Via Don Milani, 4		100%
Capital Solar S.r.l.	Nardò - Via Don Milani, 4		100%
Rinnova S.r.l.	Nardò - Via Don Milani, 4		100%
Soc. Agric. Fotosolara Cheremule S.r.l.	Narni - Via dello Stabilimento, 1		100%
Soc. Agricola Fotosolara Ittireddu S.r.l.	Narni - Via dello Stabilimento, 1		100%
T.e.c.i. Costruzioni & Ingegneria S.r.l.	Gioia del Colle - Via Giosuè Carducci, 122		100%
Meet Green Italia S.r.l.	Nardò - Via Don Milani, 4		100%
LyteEnergy S.r.l.	Narni - Via dello Stabilimento, 1		70%
Soc. Agricola Padria S.r.l.	Narni - Via dello Stabilimento, 1		100%
TerniEnergia Hellas M.EPE.	Athens - 52, Akadimiasstreet		100%
TerniEnergia Polska Zoo	Warsaw - Sw. Krolewska 16, 00-103		100%
Tevasa L.t.d.	Cape Town, 1 Waterhouse Place, Century City, 7441		100%
Alchimia Energy 3 S.r.l.	Narni - Via dello Stabilimento, 1		100%
TerniEnergia Romania Srl	Str. Popa Petre 5 - Bucharest		100%
TerniEnergia Solar South Africa Ltd.	Woodstok, De Boulevard Searle Street		80%
TerniEnergia Project Ltd.	Woodstok, De Boulevard Searle Street		80%
GreenAsm S.r.l.	Narni - Via dello Stabilimento, 1		50%
SolarEnergy S.r.l.	Narni - Via dello Stabilimento, 1		100%
Val di Taro Tyre Srl	Narni - Via dello Stabilimento, 1		100%
Selesoft Consulting S.r.l.	Genova - Via De Marini 1		100%
Softeco Sismat S.r.l.	Genova - Via De Marini 1		100%
Wisave S.r.l.	Narni - Strada dello Stabilimento, 1		88.22%
TerniEnergia Moçambique Limitada	Rua Orlando Francisco Magumbwe, n.º 32, cidade de Maputo		100%
Companies enter from to the scope of consolidation in 2018			
Energia Alternativa S.r.l.	Narni - Via dello Stabilimento, 1		100%
Solter S.r.l.	Narni - Via dello Stabilimento, 1		100%

LIST OF COMPANIES CONSOLIDATED USING THE EQUITY METHOD:

Company Name	Registered office	% owned by the Group	
		Direct	Direct
List of TerniEnergia JVs			
Purify S.r.l.	Narni - Via dello Stabilimento, 1		50%
Girasole S.r.l.	Narni - Via dello Stabilimento, 1		50%
Guglionesi S.r.l.	Narni - Via dello Stabilimento, 1		50%
Opera Power Srl	Narni - Via dello Stabilimento, 1		50%
Investimenti Infrastrutture S.r.l.	Nardò - Via Don Milani, 4		50%
Rebis power Srl	Narni - Via dello Stabilimento, 1		50%
Soc. Agric. Fotosolara Bonannaro S.r.l.	Narni - Via dello Stabilimento, 1		50%
Soc. Agricola Fotosolara Oristano S.r.l.	Narni - Via dello Stabilimento, 1		50%
Infocaciucci S.r.l.	Narni - Via dello Stabilimento, 1		50%
Ant Energy Srl	Roma - Via Clitunno, 51		50%
Vitruviano Lab Srl	Narni - Via dello Stabilimento, 1		99%
Companies enter from to the scope of consolidation in 2018			
Soltarenti S.r.l.			50%
Companies exit from to the scope of consolidation in 2018			
Energia Alternativa S.r.l.	Narni - Via dello Stabilimento, 1		50%
Solter S.r.l.	Narni - Via dello Stabilimento, 1		50%

For companies with financial years that do not coincide with the calendar year, the financial statements used were annual financial statements that match the Group's financial year, approved by the respective Boards of Directors. The subsidiaries are consolidated line by line; the assets and liabilities, revenues and expenses of the consolidated companies are recognized in the consolidated financial statements at their full value. The carrying amount of equity investments is eliminated by offsetting it against the underlying interest in the respective shareholders' equity, and the individual assets and liabilities and contingent liabilities are measured at their fair value at the date when control of the investee company was established. Any residual value, if positive, is recognized as a non-current asset and posted to "Goodwill". If control is acquired in multiple steps, the entire interest held must be remeasured at fair value; transactions executed with minority shareholders subsequent to the acquisition of control, if control is maintained, are recognized in equity; the acquisition costs incurred are immediately recognized in profit or loss, as is any changes in contingent consideration.

The shareholders' equity and profit or loss amounts attributable to minority shareholders are shown separately in the balance sheet, income statement and comprehensive income statement, respectively.

Payables and receivables, expenses and revenues that arise from transactions between companies included in the scope of consolidation are eliminated. Gains resulting from transactions between the abovementioned companies and reflected in items still included in the shareholders' equity attributable to Parent Company shareholders are eliminated. Investee companies cease to be consolidated from the date when control is transferred to a third party; the sale of an equity interest that causes loss of control results in the recognition in the income statement of (i) any gain or loss determined as the difference between the proceeds from the sale and the corresponding pro rata interest in the shareholders' equity of the investee sold to a third party; (ii) any result attributable to the divested company carried among the other components of comprehensive income that can be reclassified into profit or loss; and (iii) the result from the adjustment to fair value, measured on the date of the loss of control, of any minority interest retained by Italeaf.

Companies managed through contractual agreements, pursuant to which two or more parties who share control through unanimous consent have the power to direct relevant decisions and govern exposure to future variable returns, that qualify as joint operations are recognized by the proportional method directly in the separate financial statements of the entities that are parties to the agreements. In addition to recognizing the attributable share of assets and liabilities, expenses and revenues, the corresponding obligations must also be evaluated. Other interests in joint ventures and affiliated companies over which a significant influence can be exercised, but which do not qualify as joint operations, are valued by the equity method, pursuant to which the carrying amount of the equity investments must be adjusted to take into account the investor company's pro rata interest in the profit or loss for the year of the investee company and any dividends it may have distributed.

COMMENTS ON THE MAIN BALANCE SHEET ASSET ITEMS

NON CURRENT ASSETS

1. INTANGIBLE ASSETS

The table below reports the analysis of changes relating to intangible assets as at June 30 2018, as at December 31 2017:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Software	13,028,280	13,631,405	(603,125)	(4.4)%
Goodwill	2,895,027	2,985,912	(90,884)	(3.0)%
Patents	536,079	547,663	(11,584)	(2.1)%
Building lease	317,324	317,324		0.0%
Customer Relationship	6,728,256	7,830,179	(1,101,922)	(14.1)%
Others	10,648,770	10,175,858	472,912	4.6%
Total	34,153,737	35,488,340	(1,334,603)	(3.8)%

The category “Software” and “Customer Relationship” refers mainly to the effects of the PPA, respectively, Euro 13 thousand and Euro 6.7 thousand, which affected companies Softeco Sismat and Selesoft Consulting during the last quarter of 2016.

Intangible assets also include the goodwill in the amount of Euro 2,335,000, booked to the TerniEnergia financial statements, and mainly referring to the acquisition of control of Lucos Alternatives Energies S.p.A., a company active in the field of energy efficiency merged in TerniEnergia during 2015. The goodwill was booked on the basis of the synergies expected from the integration of TerniEnergia's and Lucos' activities. Since the asset has an indefinite useful life, it is not subject to amortization, but it is tested at least annually for impairment. At June 30, 2018, there were no indicators to suggest impairment of goodwill.

2. TANGIBLE FIXED ASSETS

The table below reports the analysis of changes of “Net values” relating to tangible assets as at June 30, 2018, as at December 31, 2017:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Land and buildings	19,365,629	21,208,084	(1,842,455)	(8.7)%
Plant and machinery	5,559,285	58,253,632	(52,694,347)	(90.5)%
Industrial equipment	16,746	146,849	(130,103)	(88.6)%
Other assets	142,880	75,425	67,455	89.4%
Construction in progress	1,202,106	3,191,382	(1,989,276)	(62.3)%
Total	26,286,647	82,875,372	(56,588,725)	(68.3)%

Land and buildings mainly refer to the value of the industrial site in Nera Montoro (with an area of 24 hectares) and incubator in Maratta, both owned by Italeaf S.p.A..

Investments in land and buildings also include the value of properties owned by the TerniEnergia Group, which consist of two industrial buildings at the Nera Montoro plant, as well as the value of land for the construction of a composting plant in the Province of Lecce.

The variation is due to the reclassification to “assets held for sale” of the values of photovoltaic and environmental plants, and the EPC and O&M activities held by TerniEnergia Group. The reclassification was carried out following the decision of TerniEnergia’s Management to sell the aforementioned plants to the company's recovery Plan.

3. EQUITY INVESTMENTS

The following table shows the balances of investments in joint ventures and investments carried with the equity method as at June 30, 2018 and December 31, 2017, along with the related changes:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Investments in JV	1,908,535	6,130,251	(4,221,717)	(68.9)%
Investments in Equity	451,041		451,041	n.a
Total	2,359,575	6,130,251	(3,770,676)	(61.5)%

The variation is due to the reclassification to “assets held for sale” of the values of photovoltaic and environmental plants, and the EPC and O&M activities held by TerniEnergia Group. The reclassification was carried out following the decision of TerniEnergia’s Management to sell the aforementioned plants to the company's recovery Plan.

4. DEFERRED TAX ASSETS

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related changes:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Deferred tax assets	20,006,244	22,088,173	(2,081,929)	(9.4)%
Total	20,006,244	22,088,173	(2,081,929)	(9.4)%

The deferred tax assets relates primarily to the Company TerniEnergia and TERNI Solarenergy. The change in the reporting period is mainly due to deferred taxes accrued on tax losses for the period. The tax losses on which deferred tax assets were recorded were measured in full recoverable in the light of the Group's prospects and its new plan.

The variation is due to the reclassification to “assets held for sale” of the values of photovoltaic and environmental plants, and the EPC and O&M activities held by TerniEnergia Group. The reclassification was carried out following the decision of TerniEnergia’s Management to sell the aforementioned plants to the company's recovery Plan.

5. NON CURRENT FINANCIAL RECEIVABLES

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related changes:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Non Current Financial Receivables	303,488	6,502,286	(6,198,798)	(95.3)%
Total	303,488	6,502,286	(6,198,798)	(95.3)%

The variation is due to the reclassification to “assets held for sale” of the values of photovoltaic and environmental plants, and the EPC and O&M activities held by TerniEnergia Group. The reclassification was carried out following the decision of TerniEnergia’s Management to sell the aforementioned plants to the company’s recovery Plan.

CURRENT ASSETS

6. INVENTORIES

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related changes:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Raw materials	1,446,154	2,794,923	(1,348,768)	(48.3)%
Finished Products	781,754	873,098	(91,343)	(10.5)%
Products in process	8,666,522	10,273,696	(1,607,174)	(15.6)%
Total	10,894,431	13,941,717	(3,047,287)	(21.9)%

The value of inventories at June 30, 2018 is almost entirely attributable to the subsidiary TerniEnergia.

On June 30, 2018 products in process mainly include the costs incurred for the design, development and construction of several power plants currently still in progress.

The item raw material is referred mainly to various materials (structural and electrical) used for the construction of photovoltaic systems. The products in process are increased due to the activities of the two subsidiaries Softeco Sismat and Selesoft Consulting and for the design costs, in particular related to the Technical Service, relating to initiatives abroad and in particular to the preliminary design of the activities in Tunisia, and Energy Saving.

7. TRADE RECEIVABLES

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Resceivables from customers	17,060,929	39,409,029	(22,348,100)	(56.7)%
Resceivables from joint venture	981,772	1,337,934	(356,162)	(26.6)%
Resceivables from affiliated companies	1,492,538	32,044	1,460,494	n.a.
Provision for doubtful	(4,813,008)	(4,813,008)		0.0%
Total	14,722,232	35,965,999	(21,243,768)	(59.1)%

Trade receivables amounted to Euro 14,722 thousand as at June 30, 2018, with most of the balance due from customers.

The variation is due to the reclassification to “assets held for sale” of the values of photovoltaic and environmental plants, and the EPC and O&M activities held by TerniEnergia Group. The reclassification was carried out following the decision of TerniEnergia’s Management to sell the aforementioned plants to the company’s recovery Plan.

The amount of trade receivables is adjusted by a provision for doubtful debts of Euro 4,813 thousand to cover the risk of default of certain receivables arising in previous years.

8. OTHER CURRENT ASSETS

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
VAT Credit	2,159,745	2,205,463	(45,718)	(2.1)%
Advances to suppliers	717,822	1,337,861	(620,039)	(46.3)%
Prepayments	639,313	2,391,384	(1,752,070)	(73.3)%
Other credits	1,135,317	10,574,588	(9,439,271)	(89.3)%
Total	4,652,197	16,509,296	(11,857,099)	(71.8)%

The variation is due to the reclassification to “assets held for sale” of the values of photovoltaic and environmental plants, and the EPC and O&M activities held by TerniEnergia Group. The reclassification was carried out following the decision of TerniEnergia’s Management to sell the aforementioned plants to the company’s recovery Plan.

9. FINANCIAL RECEIVABLES

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Financial receivables from joint venture	279,579	743,523	(463,945)	(62.4)%
Financial receivables from others	152,685	360,518	(207,833)	(57.6)%
Total	432,264	1,104,041	(671,778)	(60.8)%

Other financial receivables mainly refer to the value of receivables from Joint Venture held by the subsidiary, TerniEnergia, which are to be converted into cash in the short term.

10. CASH AND CASH EQUIVALENTS

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Banl accounts	3,163,418	5,422,192	(2,258,774)	(41.7)%
Cash	13,086	39,435	(26,349)	(66.8)%
Total	3,176,504	5,461,627	(2,285,123)	(41.8)%

Reference should be made to the Statement of Cash Flows for details of the change in the balance year on year.

11. ASSET FOR SALE

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Asset for sale	169,333,727	22,243,024	147,090,703	n.a.
Total	169,333,727	22,243,024	147,090,703	n.a.

The variation is due to the reclassification to “assets held for sale” of the values of photovoltaic and environmental plants, and the EPC and O&M activities held by TerniEnergia Group. The reclassification was carried out following the decision of TerniEnergia’s Management to sell the aforementioned plants to the company’s recovery Plan. See the table below with a detail of the reclassification made:

<i>in Euro</i>	As at June 30, 2018
Intangible assets	234,049
Tangible assets	108,692,932
Equity Investments	5,693,448
Deferred tax assets	6,727,696
Non-current financial receivables	7,044,638
Total non-current assets	128,392,763
Inventories	1,419,092
Trade receivables	16,918,171
Other current assets	15,913,085
Derivatives	13,717
Financial receivables	2,063,297
Cash and cash equivalents	4,613,601
Total current assets	40,940,963
Tot Asset held for sale	169,333,726

COMMENTS ON THE PRINCIPAL LIABILITIES

12. EQUITY

As at June 30, 2018, the subscribed and paid share capital amounted to Euro 17,144,000 divided into 17,144,000 ordinary shares.

As at June 30, 2018, other reserves incorporate the decrease of the cash-flow hedge, which had a negative balance Euro 3,621,878. The reserve mainly reflects the negative fair value, offset by related tax effects, of derivatives booked by joint ventures and subsidiaries to hedge exposure to variability in cash flows, related to the fluctuation of interest rates on certain medium-/long-term loans. The derivative contracts meet the criteria set out by IFRS to classify for hedge accounting, and therefore the changes in the fair value of the derivatives are booked to a specific equity reserve (cash-flow hedge reserve) with regard to the effective portions of the derivatives.

The equity of minority interests refers mainly to the capital and reserves accruing to the minority shareholders of the Group, the TerniEnergia Group, Skyrobotic SpA and Numanova SpA.

As at June 30, 2018, the Company did not own any treasury shares.

13. EMPLOYEE BENEFITS

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Provision for employee benefits	5,004,991	6,311,594	(1,306,603)	(20.7)%
Total	5,004,991	6,311,594	(1,306,603)	(20.7)%

The variation is due to the reclassification to “assets held for sale” of the values of photovoltaic and environmental plants, and the EPC and O&M activities held by TerniEnergia Group. The reclassification was carried out following the decision of TerniEnergia’s Management to sell the aforementioned plants to the company’s recovery Plan.

14. DEFERRED TAXATION

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Deferred tax provision	13,193,731	13,758,280	(564,550)	(4.1)%
Total	13,193,731	13,758,280	(564,550)	(4.1)%

The balance of deferred tax liabilities referable to the TerniEnergia Group mainly relates to the recognition of deferred tax liabilities when certain subsidiaries initially adopted International Financial Reporting Standards (IFRS).

The residual of the balance mainly refers to parent company Italeaf S.p.A., and it reflects the recognition of deferred tax liabilities on revaluation of real estate (Nera Montoro plant) at the time of the Company's incorporation.

Lastly, an amount of about Euro 6.6 million is relating to the recognition of deferred taxes as part of the PPA on the acquired companies Softeco Sismat and Selesoft Consulting.

15. FINANCIAL NON CURRENT LIABILITIES

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Debts. due to financial leasing		10,933,252	(10,933,252)	(100.0)%
Other financial liabilities	78,200	524,678	(446,477)	(85.1)%
Non-current borrowings	117,031	13,773,758	(13,656,727)	(99.2)%
Total	195,232	25,231,688	(25,036,455)	(99.2)%

The variation is due to the reclassification to “assets held for sale” of the values of photovoltaic and environmental plants, and the EPC and O&M activities held by TerniEnergia Group. The reclassification was carried out following the decision of TerniEnergia’s Management to sell the aforementioned plants to the company's recovery Plan.

16. PROVISION FOR RISKS AND CHARGES

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Provision for risks and charges	2,106,412	2,948,730	(842,318)	(28.6)%
Total	2,106,412	2,948,730	(842,318)	(28.6)%

The provision for risks and charges is attributable to the following provisions:

- for Euro 1,069 thousand, to a provision relating to the subsidiary Terni Energia Project for a tax risk for taxes payable on Italian personnel seconded to South Africa during the construction of some large photovoltaic plants;
- for € 500 thousand, to litigation concluded with a settlement agreement with Milis Energy;
- € 550 thousand for a dispute with employee;

17. OTHER NON-CURRENT LIABILITIES

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Deferred Margins		46,741	46,741	100.0%
Total		46,741	46,741	100.0%

18. DERIVATIVES

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Hedging Derivatives	134,560	2,349,693	(2,215,133)	(94.3)%
Total	134,560	2,349,693	(2,215,133)	(94.3)%

On June 30, 2018 the Group does not hold any derivative instruments listed. The fair value of not listed derivatives is measured by reference to financial valuation techniques: in particular, is calculated by discounting future cash flows according to the parameters of the market.

The item "Hedging derivatives", amounting to Euro 2,349 thousand as December 31, 2017, mainly refers to several derivative agreements IRS (Interest Rate Swap) to cover any fluctuations in interest rates on long-term contract for the financing of equipment property. These derivative contracts primarily relate to funding of the company Energia Alternativa Srl and TERNI SolarEnergy SRL, Solter S.r.l (TerniEnergia's subsidiaries).

The variation is due to the reclassification to "assets held for sale" of the values of photovoltaic and environmental plants, and the EPC and O&M activities held by TerniEnergia Group. The reclassification was carried out following the decision of TerniEnergia's Management to sell the aforementioned plants to the company's recovery Plan.

19. TRADE PAYABLES

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Due to suppliers	29,858,515	53,799,255	(23,940,740)	(80.2)%
Due to Joint venture		448,652	(448,652)	n.a
Total	29,858,515	54,247,907	(24,389,392)	(81.7)%

The variation is due to the reclassification to "assets held for sale" of the values of photovoltaic and environmental plants, and the EPC and O&M activities held by TerniEnergia Group. The reclassification was carried out following the decision of TerniEnergia's Management to sell the aforementioned plants to the company's recovery Plan.

20. DEBT AND OTHER FINANCIAL LIABILITIES

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Current bank debt (current account overdraft)	28,079,500	48,296,975	(20,217,475)	(41.9)%
Loans	4,562,145	5,544,059	(981,914)	(17.7)%
leasing	86,023	12,217,607	(12,131,585)	(99.3)%
Other financial liabilities	47,822,732	27,966,774	19,855,958	71.0%
Total	82,455,285	96,314,496	(13,859,212)	(14.4)%

Current financial liabilities mainly refer to payables to banks for overdrafts and advances against contracts and invoices, as well as the current maturities of leases and long-term debt which mainly refer to the subsidiary TerniEnergia. Current financial payables also include outlays for some of the investments already made, or still under construction, and outlays for other investments that were not covered by specific medium-/long-term financing contracts as at June 30, 2018. The latter investments include the second treatment plant (end-of-life tyres plant) under construction; a pyro gasification plant connected to the grid in December 2012; and a composting plant under construction in Apulia (Italy).

Italeaf S.p.A. has provided corporate guarantees in favor of the subsidiary TerniEnergia for a total amount of approximately Euro 53 million at the date of these financial statements.

It should be noted that at December 31, 2017, some agreements relating to the bond loan had not been complied with. The following financial covenants were found not to have been complied with:

Interest Coverage Ratio: equal to or greater than 2.5

Net Financial Corporate/EBITDA: equal to or less than 3.25

Net Financial/EBITDA: equal to or less than 5

The Regulation also provides for other non-financial covenants, specifically the "Cross default of the Issuer", i.e. the non-payment by the Company of any obligation for an amount of more than Euro 3 million.

Failure to comply with the above covenants represents an "event of default", whereby the absolute majority of obligationalists may have the right to early repayment of the bond, the natural maturity of which is February 2019. However, the regulation provides for a 180-day grace period for the recovery of the parameters necessary to comply with the abovementioned covenants.

The loan taken out with the Banca del Mezzogiorno includes a number of financial covenants that had not been met at the end of the 2107 financial year. The covenants are set out below:

NFP Corporate/Net Equity: less than or equal to 1.1

NFP/BITDA: less than or equal to 6.5

Finally, it should be noted that for the following medium term leases and loans, the bank or leasing institution has the right to request early termination of the contract, as the TerniEnergia has not paid any instalments during the last quarter of 2017 and the first six months of 2018.

21. TAX LIABILITIES

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Direct Taxex	581,059	406,353	174,706	43.0%
Total	581,059	406,353	174,706	43.0%

The account balance mainly reflects direct taxes accrued on the results of the companies operating in South Africa (TerniEnergia's subsidiaries).

22. OTHER CURRENT LIABILITIES

The following table provides details of the account balance as at June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Due to personnel	3,721,599	3,815,735	(94,136)	(2.5)%
Payables to social security institutions and welfare	8,741,963	6,838,758	1,903,205	27.8%
Other current liabilities	11,530,677	10,110,077	1,420,600	(8.3)%
Total	23,994,240	20,764,571	3,229,668	15.6%

The account includes payables to employees and social-welfare institutions. As of June 30 2018 there were tax payables expiring for a total of Euro 7.7 million.

23. LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

The following table provides details of the account balance as June 30, 2018 and December 31, 2017, respectively, and the related change:

<i>(in Euro)</i>	June 30, 2018	December 31, 2017	Change	Change %
Liabilities associated with assets held for sale	106,203,197		106,203,197	0.0%
Total	106,203,197		106,203,197	0.0%

The variation is due to the reclassification to “assets held for sale” of the values of photovoltaic and environmental plants, and the EPC and O&M activities held by TerniEnergia Group. The reclassification was carried out following the decision of TerniEnergia’s Management to sell the aforementioned plants to the company’s recovery Plan. See the table below with the details of the “Liabilities associated with assets held for sale”:

<i>in Euro</i>	As at June 30, 2018
Provision for employee benefits	1,127,511
Deferred tax liabilities	520,842
Non-current financial payables	59,964,076
Provision for risk and charges	
Other non-current liabilities	46,741
Derivatives	5,640,485
Total non-current liabilities	67,299,655
Trade payables	17,986,385
Payables and other financial liabilities	17,591,792
Taxes payable	373,283
Other current liabilities	2,952,082
Total current liabilities	38,903,542

COMMITMENTS AND GUARANTEES GIVEN

GUARANTEES

In some cases, customers of the TerniEnergia have funded the purchase of the photovoltaic system through lease agreements with leasing companies. For some of these customers, the Parent company has signed with the leasing

company for a takeover agreement to the customer in the lease in the event of, and subordinate to, the failure by its customers. Customers are also involved in this case, to transfer to TerniEnergia the lease agreement and any debt outstanding at the date of transfer, if generated by power plant under contract.

TerniEnergia administrators believe that the probability of occurrence of transfer is extremely remote, since, in practice and with the exception of the initial maxi tranche of leasing contract. Whereas the existence of a maxi initial paid by the customer to the leasing company, the values in effect at time of a takeover, based on current development plans for the cash flows of photovoltaic systems affected, would see a future excess flows generated by energy production compared to outflows for royalties due.

On June 30, 2018, the residual customers' payables to leasing companies for which the above mentioned agreements were taken over total Euro 53.7 million, of which Euro 36.0 million for companies managed or owned by related parties, Euro 18,0 million for joint ventures, Euro 1.8 for the parent company Italeaf, and Euro 17.0 million for other related parties ; the rest of the balance, equal to Euro 16.7 million relates to other third-party customers.

COMMENTS ON THE MAIN INCOME STATEMENT ACCOUNTS

24. REVENUES

The following table provides details of the account for June 30, 2018 and March 31, 2017, respectively:

<i>(in Euro)</i>	As at June 30, 2018	As at June 30, 2017	Change	Change %
Revenues Sbu Smart Solution and Service	10,490,781	14,200,535	(3,709,755)	(26.1)%
Revenues Drones		188,777	(188,777)	(100.0)%
Other Revenues	402,971	388,739	14,232	3.7%
Total	10,893,752	14,778,051	(3,884,300)	(26.3)%

For the first three months ended at June 30, 2018, the Group realized consolidated revenues from sales and services in the amount of Euro 10,893 thousand.

Revenue from "Sbu Smart Solution and Service " mainly relating from operating Photovoltaic Plants from production and sale of energy produced by the Group (so-called "Power Generation"), from operation & maintenance services by the based on multi-year contracts and revenues from consulting services, and from the activities of the new companies Softeco Sismat and Selesoft Consulting.

25. CHANGES IN INVENTORIES OF SEMI-FINISHED PRODUCTS

The following table provides details of the account for June 30, 2018 and March 31, 2017, respectively:

<i>(in Euro)</i>	As at June 30, 2018	As at June 30, 2017	Change	Change %
Finished Products	32,424	41,180	(8,756)	(21.3)%
Products in process	634,582	1,297,732	(663,150)	(51.1)%
Total	667,006	1,338,912	(671,906)	(50.2)%

26. COSTS OF RAW MATERIALS, SUPPLIES AND GOODS

The following table provides details of for June 30, 2018 and March 31, 2017, respectively:

<i>(in Euro)</i>	As at June 30, 2018	As at June 30, 2017	Change	Change %
Purchase of materials	675,086	1,063,078	(387,992)	(36.5)%
Fuels and lubricants	26,472	27,994	(1,522)	(5.4)%
Change in inventories of raw materials,consumables	(22,874)	(51,825)	28,951	(55.9)%
Total	678,684	1,039,246	(360,563)	(34.7)%

27. COSTS FOR SERVICES

The following table provides details for June 30, 2018 and March 31, 2017, respectively:

<i>(in Euro)</i>	As at June 30, 2018	As at June 30, 2017	Change	Change %
Outwork	177,515	583,209	(405,694)	n.a.
Consultancy and external collaborators	1,098,217	1,219,742	(121,525)	(11.1)%
Rental and hire	162,162	196,708	(34,546)	(21.3)%
Services	(284,711)	677,933	(962,643)	n.a.
Renting property	6,042	31,581	(25,539)	n.a.
Transport	14,831	77,463	(62,632)	n.a.
Maintenance and repairs and assistance	36,942	339,128	(302,186)	n.a.
Supervision and Insurance	129,284	240,717	(111,434)	(46.3)%
Other costs for services	1,559,448	2,593,354	(1,033,906)	(39.9)%
Total	2,899,730	5,959,835	(3,060,106)	(51.3)%

This item includes primarily costs for external work, consulting and collaboration, supervision and transportation insurance and other benefits.

28. PERSONNEL COSTS

The following table provides details for June 30, 2018 and June 30, 2017, respectively:

<i>(in Euro)</i>	As at June 30, 2018	As at June 30, 2017	Change	Change %
Wages and salaries	4,323,747	6,198,707	(1,874,960)	(30.2)%
Social Security Contribution	1,800,319	1,794,183	6,137	0.3%
Remuneration of Directions	198,750	82,250	116,500	141.6%
Provision for employee benefits	372,863	440,447	(67,584)	(15.3)%
Temporary Staff	453,191	309,895	143,296	46.2%
Total	7,148,869	8,825,481	(1,676,612)	(19.0)%

The change in personnel expenses is mainly attributable to the increase of employees due to the acquisition of Softeco Sismat and Selesoft Consulting.

29. OTHER OPERATING COSTS

The following table provides details for June 30, 2018 and June 30, 2017, respectively:

<i>(in Euro)</i>	As at June 30, 2018	As at June 30, 2017	Change	Change %
Taxes not on incomes	131,444	94,136	37,309	39.6%
Penalties		185,240	(185,240)	(100.0)%
Other costs	209,726	180,404	29,322	16.3%
Total	341,170	459,780	(118,610)	(25.8)%

30. AMORTIZATION, DEPRECIATION, PROVISIONS AND WRITEDOWNS

The following table provides details for June 30, 2018 and June 30, 2017, respectively:

<i>(in Euro)</i>	As at June 30, 2018	As at June 30, 2017	Change	Change %
Amortization of intangible assets	2,072,868	1,820,853	252,015	13.8%
Amortization of tangible assets	328,177	437,136	(108,959)	(24.9)%
Provision for doubtful	250,000	1,165,501	(915,501)	(78.5)%
Writedown non current activities	6,539	87,918	(81,379)	(92.6)%
Total	2,657,584	3,511,408	(853,824)	(24.3)%

31. FINANCIAL INCOME AND CHARGES

The following table provides details for June 30, 2018 and June 30, 2017, respectively:

<i>(in Euro)</i>	As at June 30, 2018	As at June 30, 2017	Change	Change %
Interest expense on debt	(1,446,414)	(1,370,110)	(76,304)	5.6%
banking Commission	133,317	(45,252)	178,570	n.a.
Interests on bonds	(922,883)	(917,156)	(5,727)	0.6%
Total finance costs	(2,235,979)	(2,332,518)	96,539	(4.1)%
Interest earned on bank accounts		5,209	(5,209)	(100.0)%
Interest income / joint venture	(38,762)	344,553	(383,315)	(111.2)%
Other financial income	117,511	(12,977)	130,488	n.a.
Total financial incomes	78,749	336,785	(258,036)	(76.6)%
Total	(2,157,230)	(1,995,734)	(161,497)	8.1%

Financial charges primarily relate to the financing of industrial plants owned by the TerniEnergia Group, as well as the bond issue, which also refers to TerniEnergia.

32. TAXES

The following table provides details for June 30, 2018 and June 30, 2017, respectively:

<i>(in Euro)</i>	As at June 30, 2018	As at June 30, 2017	Change	Change %
Current Taxes	168,619	593,048	(424,429)	(71.6)%
Deferred tax asset	(1,117,631)	(4,175,834)	3,058,203	(73.2)%
Deferred tax provision	62,626	(358,781)	421,407	(117.5)%
Total	(886,386)	(3,941,567)	3,055,182	(77.5)%

SUBSEQUENT EVENTS

TERNIENERGIA SOLD TO ESTRA CLIMA SRL TWO ENERGY EFFICIENCY PROJECTS, AS PART OF THE GROUP'S RECOVERY AND RELAUNCH PLAN

On July 23, 2018, TerniEnergia a smart company listed on the MTA of Borsa Italiana and part of the Italeaf Group, announced that it has finalized and signed all the documents related to the sale of two branches of business related to energy efficiency measures to Estrada Clima Srl, a company of the Estrada Group. The company branches to be sold, with the relative financial and trade debts, refer to two energy efficiency lighting projects on behalf of two Tuscan municipalities, including the integrated management, ordinary and extraordinary maintenance of public lighting systems. The value of the two branches sold is equal to Euro 1.4 million gross of the debt relating to the financial lease on the plant of one of the two municipalities for Euro 0.45 million (inclusive of VAT) and trade payables for approximately Euro 0.25 million, as well as the value of some works to be carried out at the expense of Estrada Clima for approximately Euro 0.17 million.

THE BOARD OF DIRECTORS ASSIGNS OPERATIONAL POWERS TO THE CHIEF EXECUTIVE OFFICER

On July 31, 2018, Italeaf's Board of Directors appointed Stefano Neri, Chairman and Monica Federici Chief Executive Officer of the Company. The structure of proxies was also confirmed: to the Chairman the powers granted by law and the bylaws, the coordination of the Board of Directors and that of the Group's strategic activities; to the Chief Executive Officer, in brief, all the powers necessary to carry out acts pertaining to ordinary company business, with the exception of the powers reserved by law, and the bylaws to the Board of Directors, with a limit of Euro 500 thousand per individual transaction. The composition of the Board of Directors is completed by Domenico De Marinis, an independent director.

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVED HALF YEAR FINANCIAL REPORT AS AT JUNE 30, 2018

On August 3, 2018, the Board of Directors of TerniEnergia, a smart company listed on the Italian Stock Exchange (MTA) and part of the Italeaf Group, approved the half-year financial report as at June 30, 2018.

EPC and O&M business units, photovoltaic and Cleantech plants and energy efficiency financial assets were classified as "Assets held for sale" and sold for the purpose of supporting the industrial turnaround project.

It follows the main result of the period: Revenues equal to Euro 10.5 million, -26.1% (Euro 14.2 million as at 30 June 2017)*; EBITDA equal to Euro 0.7 million (Euro -0.3 million as at 30 June 2017)* with Ebitda Margin at 6.65%; EBIT equal to Euro -1.5 million, +56.1% (Euro -3.4 million as at 30 June 2017)*; Result before taxes (EBT) equal to Euro -3.8 million, +32.8% (Euro -5.6 million as at 30 June 2017)*; Net result equal to Euro -3.5 million, +47% (Euro -6.5 million as at 30/6/2017)*; Net Financial Position of Euro 60 million, -33.15% (Euro 89.8 million at 31/12/2017); Net equity equal to Euro 17.4 million (Euro 21 million as at 31/12/2017)

The board member Mr. Mario Marco Molteni appointed Lead Independent Director. Defined the compensation for directors.

()The figures for the first half of 2017 have been restated in accordance with IFRS 5, taking into account the classification of the results of the assets held for sale - in accordance with the provisions of the recovery and relaunch plan referred to in the strategic guidelines communicated to the market on 27 April 2018 - as "held for sale" or "discontinued operations", in order to provide consistent information in relation to discontinued operations or operations in the process of being disposed.*

It should be noted that the aforementioned Plan provides for the disposal of the photovoltaic and Clean Tech activities currently present in the Group. In particular, the sale of a controlling interest in the EPC and O&M business units (aimed at the construction and maintenance of photovoltaic plants, with the exclusion of operating companies in South Africa), the sale of photovoltaic energy production plants (held directly and indirectly through SPV), the sale of the treatment and recovery plants for ELTs (end-of-life tyres), the remediation of liquid waste in Nera Montoro, the biodigester in Nera Montoro, the one under construction in Calimera and the virgin wood pyrogasification plant in Borgosesia, and the disposal of financial assets relating to energy efficiency.