Half-yearly financial report at 30 June 2019

PLC S.p.A.
Registered office in Milan, Via Lanzone 31
Share capital fully paid-up € 27,026,480.35
Tax code and VAT number 05346630964

1 GENERAL INFORMATION

1.1 CORPORATE BOARDS

BOARD OF DIRECTORS[1]

Francesco Esposito	- Chairman
Michele Scoppio	- Chief Executive Officer
Chiara Esposito	- Director
Luciano Garofano	- Director
Marina D'Artibale (*) (**)	- Independent Director
Graziano Gianmichele Visentin (*) (**)	- Independent Director

BOARD OF STATUTORY AUDITORS[2]

Massimo Invernizzi	- Chairman
Claudio Sottoriva	- Standing auditor
Maria Francesca Talamonti	- Standing auditor

INDEPENDENT AUDITORS[3]

EY S.p.A.

Via Po, 32

00198 Rome

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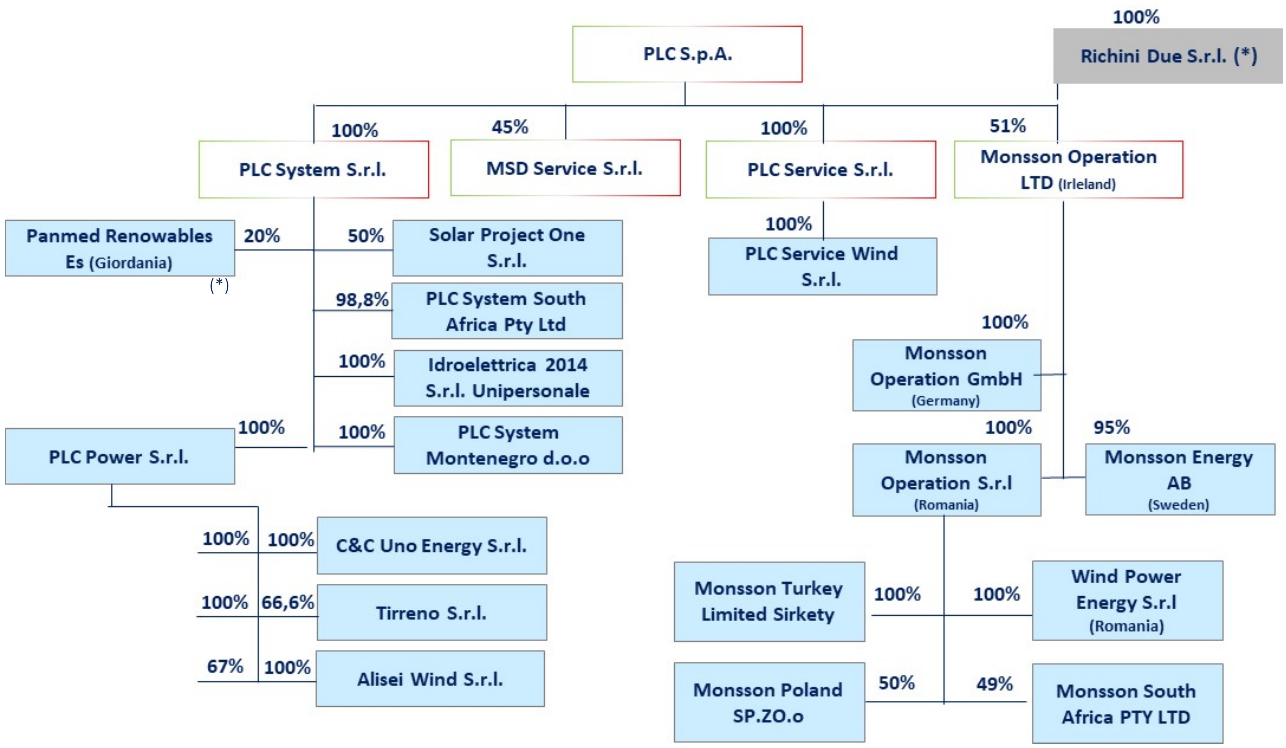
[1] appointed by the Shareholders' Meeting of 26 March 2018
[2] appointed by the Shareholders' Meeting of 27 June 2018
[3] appointed by the Shareholders' Meeting of 23 June 2015

(*) members of the Control and Risks Committee
(**) members of the Appointments, Remuneration and Stock Option Plans Committee

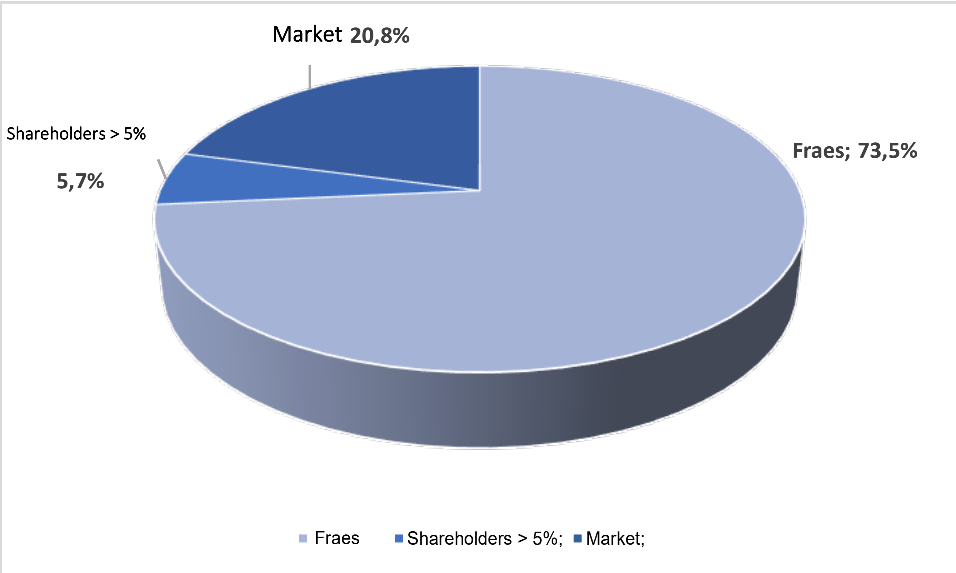
1.2 OWNERSHIP STRUCTURE OF THE PLC GROUP



(*) Richini Due S.r.l. was sold in July 2019

1.3 SHAREHOLDERS

The situation regarding the shareholding structure of PLC S.p.A. ("**PLC**" or "**Company**" or "**Parent Company**" or "**Issuer**") on the date the half-year financial report at 30 June 2019[4] was submitted following the reserved capital increases resolved by the Shareholders' Meeting of 31 July 2019.



[4] Source: Corporate and Consob data.

2 INTERIM REPORT ON OPERATION OF THE PLC GROUP

2.1 MAIN OPERATIONS OF THE PLC GROUP DURING THE FIRST HALF OF 2019

Signing of a medium/long-term loan by the parent company PLC S.p.A.

On 22 January 2019, PLC signed with Banca Nazionale del Lavoro S.p.A. ("**BNL**") a loan agreement for a maximum of Euro 5,000 thousand, to finance the purchase of 51% of Monsson Operation Ltd. ("**Monsson Operation**"), to be disbursed in multiple solutions over the 12 months following the signing of which: (i) 4,000 thousand Euro already disbursed to support shareholder loans to Monsson Operation Ltd. and (ii) 1,000 thousand Euro still to be disbursed.

The loan agreement is secured by (i) an independent first demand guarantee issued by SACE S.p.A. for the amount of € 2,500 thousand and (ii) a joint and several guarantee issued by the subsidiary PLC System S.r.l. ("**PLC System**") for the entire amount of € 5,000 thousand.

The loan also includes, as an additional guarantee, the right for BNL to register a first mortgage on the property of the subsidiary PLC System for € 10,000 thousand; this right has not yet been exercised.

The loan also envisages compliance with certain financial covenants, subject to annual audit. Finally, at the same time as the loan, the Company has signed a Cap strike derivative contract to hedge the interest rate risk.

Sale of the remaining 18% interest held in Tolve Windfarms Holding S.r.l.

On 15 April 2019, in implementation of the investment agreement signed on 12 June 2017, a notarial deed was signed concerning the sale to ACE Renewable Holding S.A. ("**ACE**") of 20% of the share capital of Tolve Windfarms Holding S.r.l. ("**TWH**"), in which ACE already held 80%. In particular, ACE acquired 18% of the share capital from PLC System S.r.l. and the remaining 2% from the other minority shareholder of the company. The amount collected by PLC System, already reflected in the value of the holding at 31 December 2018, was Euro 6,028 thousand.

Signing of preliminary contracts for the sale of the shares held in C&C Uno Energy S.r.l. and in C&C Castelvetere S.r.l.

On 17 April 2019 two preliminary contracts were signed concerning the sale by the subsidiary PLC Power S.r.l. ("**PLC Power**") in favour of Enel Green Power SpA ("**EGP**") of 67% of the share capital of C&C Castelvetere and 100% of the share capital of C&C Uno Energy, owners of two wind projects to be implemented respectively, one in the municipality of Castelvetere in Val Fortore (BN), with a capacity of 13.2 MW, and the other in the municipalities of Baselice (BN), Molinara (BN) and Foiano di Val Fortore (BN), with a capacity of 36 MW. The completion of both sale and purchase transactions is subject to satisfying certain conditions precedent - which concern obtaining authorizations and other provisions and authorization

confirmations - whose term was extended by the parties until April 2020. The agreements also identify a number of conditions for the termination of the effectiveness of the sale of shares, including the failure to obtain changes to the project layout. The total value of the transactions is higher than € 4 million.
As part of the transaction, PLC System will retain the EPC contracts for the construction of wind farms for a total amount of about € 13.5 million, while PLC Service will retain the full-service contracts for the Operation & Maintenance services of the civil and electrical works of these plants for a period of 2 years and renewable for the next 3 years.

2.2 SIGNIFICANT EVENTS OCCURRING AFTER 30 JUNE 2019

Purchase of the remaining 49% of the share capital of Monsson Operation Ltd

As already communicated to the market, following the request by the sellers to anticipate the exercising the put option on the residual 49% of the share capital of Monsson Operation Ltd. and of further negotiations, PLC and the sellers themselves signed an agreement on 28 June 2019 amending the contract signed in November 2018 which provided for:

(i) compared to the end of 31 July 2019, anticipating exercising the put option by the sellers on 49% of Monsson Operation, establishing its strike price in € 2,617 thousand;

(ii) the quantification of the residual portion of the price relating to the initial purchase of 51% of Monsson Operation in € 1,179 thousand by foreclosing, by negotiation, the price adjustment and earn-out components envisaged in the initial contract;

(iii) subject to approval by the PLC Shareholders’ Meeting, the completion of the purchase of 49% of the share capital of Monsson Operation and the payment of the residual price for the initial purchase of 51% of the share capital of Monsson Operation as above, through a capital increase in kind and a paid capital increase, both reserved for sellers and subsequently carried out in July 2019.

In consideration of the fact that four of the five recipients of the capital increases are related parties of PLC as executive directors of subsidiaries, the proposal by the Board of Directors at the Shareholders’ Meeting was approved subject to the unanimous favourable opinion of the Committee in compliance with the established procedures pursuant to Consob Regulation no. 17221 of 12 March 2010; subsequently, on 5 July 2019, the disclosure document relating to more significant transactions with related parties was published.
The capital increases were unanimously approved by the Extraordinary Shareholders' Meeting of 31 July 2019 and were regularly carried out in the following month of August; due to the effect, the sellers have become PLC shareholders holding a total of about 7.5% of the PLC shares.

2.3 ANALYSIS OF THE OPERATING PERFORMANCE AND OUTLOOK

The PLC Group's business slowed down greatly in the first half of 2019, in particular in the EPC and BOT segments, due to the uncertainty in the reference regulatory framework, due to the delay in the publication of the FER 1 Decree in support of renewable sources ("FER 1 Decree"), initially expected in the second half of 2018 and effectively signed by the competent Ministries in July 2019 and published in the Official Journal on 9 August 2019. Based on the information currently available, it is expected that this negative effect - which will characterize, although to a more limited extent, even the second part of the current year - can reasonably be recovered during the 2020 financial year. As detailed below, in fact, we believe that the new opportunities introduced by this Decree, together with the implementation of its industrial strategy, will allow the PLC Group to go back to generating margins in line with the trend of the last two years, stabilizing at the same time the current contingent volatility.

The sector relating to the production of electricity from renewable sources, and the investments in it too, are in fact tightly influenced by the applicable legislative and regulatory provisions, (which include both the legislation governing the authorization processes for location and installation of renewable energy generation plants, and that relating to incentive systems) susceptible to not easily predictable evolution, not so much in relation to the underlying trends, as to their time spans.

In particular, the delay in the publication of the FER 1 Decree, together with the difficulty of reasonably predicting its contents, also in consideration of the political instability in the country, has generated a considerable uncertainty in the programming of investments by operators that has materialized, for the PLC Group, in a significant slowdown in the EPC-BOT activities planned for the 2019 financial year.

On the other hand, we expect that the important incentives contained in the Decree signed on 4 July 2019 and published in the Official Journal on 9 August 2019, will give a significant boost to investments for the construction of new plants and for the revamping of existing ones, starting from the last quarter of the current year.

The expected positive effects for the next three years are higher than those that have been possible and foreseeable up to now. In the period 2019-2021, the FER 1 decree provides for the incentive through auction mechanisms and entry in a register of (i) 5,380 MW for wind and photovoltaic plants, (ii) 385 MW for hydroelectric and geothermal plants and (iii) 570 MW for the total or partial reconstruction of any renewable source plant, divided into 7 four-monthly calls. In addition to these quantities, there are also additional contingents for plants with power of less than 1 MW that bring the total incentivized power according to the FER 1 Decree to approx. 8,000 MW with estimated investments of over € 8 billion.

We estimate that the effects of the new decree will have a significant positive impact on the PLC Group in terms of the acquisition of new orders and projects; taking into account the historical data and the position of leadership in the market, PLC could reasonably acquire orders for a significant portion of the incentivized MW. The four-monthly span of the auctions will also allow good industrial planning and greater stability in revenue-generating and segment profitability over the next 3/4 years.

The market is now also experiencing a strong recovery in the demand for construction and extraordinary maintenance of substations and related plants, in particular in the segment of high voltage utility stations for connecting wind farms to the national mains network.

The PLC Group's market share recorded in the context of the last 4 GSE auctions was in fact higher than 30% in relation to just third-party plants (IPP and Utilities), as well as 34% in relation to third party plants and those falling within the Group's BOT segment.

Furthermore, the PLC Group continued to implement its industrial strategy of:

- development and expansion of technological skills in the renewable supply chain, aimed at offering integrated services to the domestic market;
- Group internationalization with the aim of increasingly putting itself forward to the market as an Integrated Service Provider. In July 2019, the acquisition of 100% of the Monsson Perimeter was completed, strengthening the Operation and Maintenance (O&M) and related services and tangibly implementing the internationalization process through the presence of Monsson in Russia, Sweden, Germany, Poland, Romania, Turkey and Greece;
- further growth for external lines, including the entry into the biogas and biomethane market both in Italy and in Europe.

The PLC Group's growth objectives are confirmed, also supported by the development of service activities (O&M), characterized by a strong stability and programmability compared to that of EPC-BOT, capable of ensuring constant flows and contributing to the stabilization of the Group's overall profitability over a medium-term time horizon consistent with the targets set in the original strategic business plan.

In fact, the final balance data for the financial years 2018-2019 show a high volatility of the results due both to the structural countercyclical trend of the EPC-BOT segment and above all to factors external to the Group, such as the aforementioned postponements of incentive measures for FER (RES) plants.

As already illustrated above, also in relation to the huge investments in new production capacity of energy from renewable sources both in Italy and in the EU, it is expected that, beyond the time lag already mentioned for 2019, the EPC-BOT component will continue to contribute significantly to the Group's profitability for at least three years. It will therefore be possible to allocate additional resources to the development of the O&M segment, accelerating its international development.

Engineering, Procurement and Construction (EPC) and Built, Operate and Transfer "BOT"

The Engineering, Procurement and Construction (EPC) activity is carried out mainly through PLC System, which acts as general contractor for the construction of renewable energy power plants, as well as electrical infrastructures. PLC System is also involved in the construction of highly specialised industrial plants and, through the use of special purpose vehicles (SPVs), in the construction of turnkey plants for the production of electricity from renewable sources, with the aim of selling the SPVs after the final testing of the plant **(Built, Operate and Transfer "BOT")**. In this way, with a modest increase in its risk profile, PLC System has integrated the typical EPC value chain downstream, directly entering the end investor market and maximising the value of its expertise.

As already illustrated, in the first half of 2019, the activity in the EPC -BOT segment was significantly slowed down mainly due to the delay in the publication of the FER 1 decree which caused a postponement in the launch of new projects.

Activities carried out in the first half of the year essentially regard the progress and completion of projects already underway, with particular reference to:

- on-site supply of integrated protection, remote-control and control systems to be installed in high and extra-high voltage electrical stations as part of the framework agreement with Terna Rete Italia.
- continuation of the contract relating to electromechanical assembly activities at the Cepagatti and Kotor conversion stations, which represent the end points of the high voltage direct current (HVDC) connection via land and sea cables between Italy and Montenegro (Crna Gora in Montenegrin), the completion of which, for both the Italian and Montenegrin parts, is more then 90% at 30 June 2019;
- completion of the contract relating to the construction and turnkey supply of all the electromechanical and construction infrastructures of the 150/30kV cable duct and substation necessary for the construction of a wind farm with a total nominal capacity of 57 MW located in the municipality of Morcone (BN), with a completion percentage of more than 98% at 30 June 2019;
- the continuation of the contract relating to electromechanical assembly in the HVDC station in the Municipality of Piossasco (TO) with a completion percentage of 37% at 30 June 2019;

- the continuation of the contract relating to the construction of electrical and civil works for the adaptation of the 150 / 20kV electrical substation located in the Municipality of Partanna (TP) with a completion percentage of 36% at 30 June 2019.

During the second half of 2019, a partial recovery of the profitability and the marginality of the segment is expected due mainly to (i) important progress with the framework contract with Terna Rete Italia, in relation to which the supply of a further 22 integrated systems to be delivered by the end of 2019 was commissioned and (ii) the start and substantial completion of the contract for the construction of electrical and civil works for the construction of a wind farm with a total nominal power of 15.75 MW located in the Municipalities of Mongrassano, San Marco Argentano and Cervicati (CS).

With reference instead to the realization of the 4 new wind farms acquired in 2018, we envisage (i) the sale of C&C Castelvetere and C&C Uno vehicles to Enel Green Power by 2019 in implementation of the signed contracts and the start of construction activities starting from the first quarter of 2020 following the fulfilment of certain conditions precedent and participation in the auction mechanisms for access to the incentives provided for by the FER 1 Decree; (ii) the start of construction of the wind farms owned by Alisei Wind and C&C Tre in the second quarter of 2020 once the variants and extensions to the required authorizations have been obtained, as well as participation in the auction mechanisms.

Negotiations are also continuing for the sale of the shares in Alisei Wind and Idroelettrica 2014 which is building a hydroelectric plant with a total capacity of 327 kW in the Municipality of Pergola, Località Brotano (PU).

<u>O&M and Services (among which erection & installation)</u>

Operation & Maintenance (O&M) and Services carried out through PLC Service, PLC Service Wind and the Monsson Group, which provide services for periodic monitoring and complete maintenance for third-party customers, as well as for the plants owned by the group. An extensive range of services is offered and differs according to the type of end customer. Furthermore, through the Monsson Operation Perimeter, starting from 2019 the Group also carries out the assembly and installation of wind turbines which has a higher margin than other traditional O&M services.

The figures for the first half of 2019 confirm the growth forecast in the budget, both in the Italian and foreign markets, mainly due to the acquisition of the Monsson Operation Perimeter.

The main projects acquired during the first half of 2019 are:

- the contract signed by Monsson Operation S.r.l. for the installation of 15 wind turbines at the Erstrask wind farm (Sweden) for a value of approximately € 3 million;
- the contract signed by Monsson Operation S.r.l. for the installation of 30 wind turbines at the Adygeea wind farm (Russia) for a value of approximately € 3.3 million;

- the contract signed by PLC Service Wind for the maintenance and guaranteed availability of the turbines of 3 wind farms owned by Enpower S.r.l. for a total annual consideration of € 684 thousand;
- the contract signed by Monsson Greek (a branch of Monsson Operation S.r.l.) for the installation and management of the lifting activities of 16 wind turbines, for a value of approximately € 400 thousand;
- the subcontract agreement signed by PLC Service for the full-service management and maintenance of the photovoltaic power stations in Sardinia and Campania (total approx. 70 MW) owned by EF Solare Italia S.p.A. for a total annual consideration of € 1,225 thousand.

In the second half of 2019, traditional O&M services are expected to be in line with the first half, while a significant increase in wind turbine assembly and installation services is expected due to the completion of activities at the Adygeea wind farm (Russia).

TRADING

The PLC Group, in partnership with SunCity Energy (a subsidiary of A2A Energy Solutions) approached the market for the trading of electricity from renewable sources through the 45% subsidiary MSD Service S.r.l. (“**MSD Service**”).

MSD Service will support producers of distributed renewable energy in operating in the "dispatching" services market by combining the experience of the PLC Group in monitoring, telemetry and remote control of plants producing electricity from renewable sources, with the expertise of SunCity Energy S.r.l. in trading energy products. MSD Service, in anticipation of a market development that will be increasingly geared towards self- production and energy sharing among users, wants to present itself as an alternative to the services of centralised management of "dispatching" services.

The company, operational since the end of 2018, carries out the withdrawal of energy and management of the dispatching contract of the Anagni (FR) photovoltaic plant and has signed a first contract for the purchase and sale of electricity with the company Burgentia Energia S.r.l., owned by the Arpinge fund. The contract represents an innovative solution and is based on a profit-sharing approach in order to reduce the weight of imbalances for plant owners.

In line with its mission, MSD Service will concentrate its activities in the “Dispatching Services Market” and in particular in the opportunities created with the issuing of the ARERA (Italian Regulatory Authority for Energy, Networks and Environment) Resolution 300/17 which sees the involvement in this market of subjects historically excluded, such as non-programmable renewable sources plants (NPRS). We also expect to boost a new commercial phase with the aim of increasing the sale of MWh and other services including the management of Virtual Mixed Housing Units (”**UVAM**”) as part of its role as Balancing Service Provider (“**BSP**”).

PHOTOVOLTAIC

The PLC Group, through its 66.6% subsidiary Tirreno S.r.l. ("**Tirreno**"), started the development of new renewable energy production plants, and in particular photovoltaic plants in the Sicily Region, in order to expand the pipeline of plants to be offered to the market according to the BOT model. The significant drop in L.C.O.E. (Levelised Cost Of Energy) for photovoltaic systems, due to the reduction of capex as well as the increase in energy prices, has attracted significant interest from investors, especially for photovoltaic plants. In this context, the authorization process is underway for the construction of a photovoltaic power plant with a nominal power of 15 MWp in the Municipality of Siculiana (AG). The authorisation process is expected to be completed by the end of 2019, in order to initiate the search for potential investors interested in purchasing the already authorised plant.

2.4 ANALYSIS OF THE ECONOMIC, EQUITY AND FINANCIAL RESULTS OF THE GROUP AT 30 JUNE 2019

RECLASSIFIED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (figures in thousands of Euro)	01.01.2019 30.06.2019	01.01.2018 30.06.2018
Revenues from ordinary operations	16,052	23,702
Other operating revenues	203	808
Operating costs	(16,541)	(17,508)
Other operating costs	(1,235)	(647)
GROSS OPERATING MARGIN (EBITDA)	(1,521)	6,355
Amortisation, depreciation and write-downs	(478)	(272)
OPERATING RESULT (EBIT)	(1,999)	6,083
Net financial income (charges)	(313)	(15)
Income from (Charges on) equity investments	(45)	6
Income taxes	(191)	(1,939)
Profit (loss) from continuing operations	(2,548)	4,135
Profit (loss) from discontinued operations	-	-
PROFIT (LOSS) FOR THE YEAR	(2,548)	4,135
Total other components of comprehensive income	-	-
COMPREHENSIVE INCOME STATEMENT	(2,548)	4,135

The consolidated results at 30 June 2019, while benefiting from the significant growth of the O&M segment, in line with the Group's strategic guidelines, on the other hand are significantly reduced by the negative effects deriving mainly from the delay in the publication of the FER 1 Decree which caused a sharp slowdown in the launch of the new EPC-BOT projects; this negative effect that will characterize, although to a more limited extent also the second part of the year, will be reasonably recovered during 2020 precisely because it derives from the postponement of projects already in the portfolio.

The breakdown of the gross operating margin by operating segment is shown below.

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME	EPC - BOT	O&M	Holding	FV	Other	01.01.2019 30.06.2019
Revenues from ordinary operations	4,193	11,852	7	-	-	16,052
Other operating revenues	130	73	-	-	-	203
Operating costs	(5,511)	(9,831)	(1,196)	(2)	(1)	(16,541)
Other operating costs	(409)	(769)	(56)	-	(1)	(1,235)
GROSS OPERATING MARGIN (EBITDA)	(1,597)	1,325	(1,245)	(2)	(2)	(1,521)

EPC - BOT SEGMENT

During the first half of 2019, activities in the EPC-BOT segment essentially concerned the progress and completion of projects already underway in 2018, which having already reached an advanced stage, did not generate sufficient margins to cover indirect costs.

During the second half of 2019, a partial recovery of the profitability and the marginality of the segment, which will return to positive values, is expected due mainly to (i) important progress with the framework contract with Terna Rete Italia, in relation to which the supply of a further 22 integrated systems to be delivered by the end of 2019 was commissioned and (ii) the contract for the construction of electrical and civil works for the construction of a wind farm with a total nominal power of 15.75 MW located in the Municipalities of Mongrassano, San Marco Argentano and Cervicati (CS) started in May 2019.

O&M SEGMENT

The figures for the first half of 2019 confirm the growth forecast in the budget, both in the Italian and foreign markets, mainly due to the acquisition of the Monsson Operation Perimeter.

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (figures in thousands of Euro)	01.01.2019 30.06.2019	01.01.2018 30.06.2018
Revenues from ordinary operations	11,852	5,361
Other operating revenues	73	98
Operating costs	(9,831)	(4,395)
Other operating costs	(769)	(292)
GROSS OPERATING MARGIN (EBITDA)	1,325	772

The O&M segment contributes € 11,852 thousand to consolidated revenues (74% of the total and up over 50% compared to the same period of the previous year) and has a margin of € 1,325 thousand (11%). In the second half of 2019, organic growth in traditional O&M services is expected, in line with the figures as at 30 June 2019, while a significant increase in revenues from assembly and installation services is expected as a result of the completion of the installation contract for 30 turbines at the Adygeea wind farm (Russia).

HOLDING SEGMENT

The Holding segment essentially includes the Parent Company's overhead costs which centrally performs the activities of: Administration, Finance and Control (AFC), Secretariat, Information Technology (IT), Quality, Safety and the Environment (QSE), Personnel (HR) and Legal and Corporate Affairs.

RECLASSIFIED STATEMENT OF COMPREHENSIVE INCOME (figures in thousands of Euro)	01.01.2019 30.06.2019	01.01.2018 30.06.2018
Revenues from ordinary operations	7	-
Other operating revenues	-	-
Operating costs	(1,196)	(601)
Other operating costs	(56)	(92)
GROSS OPERATING MARGIN (EBITDA)	(1,245)	(693)

The increase in operating costs compared to the previous year relates to the strengthening of staff functions also as a result of the expansion of the Group perimeter, as well as consultancy costs for the acquisitions and other extraordinary operations and those necessary for the start of the integration activities of the newly acquired realities, which remain with the company.

RECLASSIFIED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

RECLASSIFIED STATEMENT OF FINANCIAL POSITION (figures in thousands of Euro)	30.06.2019	31.12.2018
Net tangible assets	8,416	7,545
Net intangible assets	16,430	15,374
Equity investments	405	411
Other non-current assets	2,293	1,959
Tied-up capital	27,544	25,289
Net working capital	(2,627)	(1,664)
Assets held for disposal	1,998	8,079
NET INVESTED CAPITAL	26,915	31,704
Net financial position	(3,869)	(5,218)
Net financial position related to assets and liabilities held for sale	(2,040)	(2,049)
NET FINANCIAL POSITION	(5,909)	(7,267)
SHAREHOLDERS' EQUITY	21,006	24,437

The consolidated statement of financial position at 30 June 2019 has been reclassified by aggregating assets and liabilities according to the criterion of functionality to the management of the company considered, conventionally broken down into the three basic functions: investment, operation and financing.

Net invested capital at 30 June 2019 amounted to € 26,915 thousand. The significant change compared to the figure of 31 December 2018 (equal to Euro 4,789 thousand) is mainly related to the sale of the 18% stake in Tolve Windfarm Holding, for Euro 6,028 thousand, in implementation of the investment contract signed with ACE Renewable Holding S.A. net of the change in net working capital of € 963.

CONSOLIDATED NET FINANCIAL POSITION

CONSOLIDATED NET FINANCIAL POSITION (figures in thousands of Euro)	30.06.2019	31.12.2018
Cash and cash equivalents (*)	8,152	5,858
Current financial receivables	535	371
Current financial liabilities	(4,482)	(4,702)
Financial assets/liabilities held for disposal	(2,040)	(2,049)
Short-term net financial position	**2,165**	**(522)**
Non-current financial liabilities	(8,074)	(6,746)
Medium/long-term net financial position	**(8,074)**	**(6,746)**
NET FINANCIAL POSITION	(5,909)	(7,267)

(*) of which € 171 thousand tied-up to 30 June 2019 (€ 2,223 at 31 December 2018)

The net financial position of the PLC Group at 30 June 2019 is negative for Euro 5,909 thousand (negative for Euro 7,267 thousand at 31 December 2018) and benefited positively from the proceeds of the sale in May of 18% held in TWH for Euro 6,028 thousand.

During the first half of 2019 the Parent Company PLC signed a medium-long term loan agreement with BNL for € 5,000 thousand (of which € 4,000 thousand disbursed by 30 June 2019) intended to finance the needs relating to the purchase of the Monsson Operation Perimeter.

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The net financial position of the Parent Company PLC as at 30 June 2019 as per Consob request no. 0294634 is shown below.

NET FINANCIAL POSITION (figures in thousands of Euro)	30.06.2019	31.12.2018
Cash and cash equivalents (*)	2,588	16
Current financial receivables	57	57
Current financial liabilities	(1,430)	(600)
Financial assets/liabilities held for disposal	-	-
Short-term net financial position	**1,215**	**(527)**
Non-current financial liabilities	(5,468)	(2,382)
Medium/long-term net financial position	**(5,468)**	**(2,382)**
NET FINANCIAL POSITION	(4,253)	(2,909)

2.5 RESEARCH AND DEVELOPMENT ACTIVITIES

PLC System - Progeo Project

Research has always represented, for the PLC Group, an area to focus attention on, so much so that all new high potential initiatives are analysed and evaluated by the engineering division before proceeding with any investment. In particular, attention is paid to accumulation systems, both dynamic and static, which are the last step to be taken so that alternative source production systems can definitively assert their supremacy over conventional sources.

With reference to non-static systems, the most significant experience is the Progeo project, which represents a "Power to Gas" accumulation system. With the evolution of the project, aligning the initial idea to the needs of the energy market, the focus has shifted to the reduction of CO2 emissions, notorious by-products of various industrial processes, in a closed-cycle type. The resulting carbon dioxide is then valued by converting a cost (carbon tax) into revenue.

Progeo would also make it possible to improve the profitability of thermoelectric plants, offering the possibility of dynamically deciding whether to sell or convert/accumulate the energy produced, uncoupling production rationale from sales opportunities.

Progeo is based on proven high-efficiency technologies, whose original feature is intelligent integration and use. The application of the Sabatier reaction allows the development of CO2 as a process reagent, reducing emissions and carbon tax; the technologies for the storage and use of methane are well-known and allow broad flexibility of use.

The project, developed by the subsidiary PLC System in collaboration with LAMEP, was eligible for financial assistance in the form of a non-repayable subsidy, for 69.99% by the European Community for a maximum amount of € 2,444 thousand, of which € 2,026 thousand attributable to PLC System.

In 2019 PLC System incurred costs totalling € 362 thousand (of which € 309 thousand eligible for the grant); since the project is now in the prototype development phase, since 2018 the costs incurred have been capitalised in accordance with the provisions of IAS 38, while the grant pertaining to the year, amounting to € 309 thousand, in accordance with the provisions of IAS 20, has been fully deferred and will be recorded in the financial years in which the project amortisation is charged. The project was completed in June 2019 and it is believed that the disbursement of the last tranche of the grant, amounting to Euro 701 thousand, will be done by the end of the year.

PLC Service - PON MISE M4.0 Project - Augmented reality and artificial intelligence for advanced maintenance of generation plants from renewable sources

During 2018 PLC Service decided to undertake a research and development project entitled "Maintenance 4.0 Innovative Technological Solutions for the Maintenance of RES (renewable energy source) Systems - Augmented Reality For Maintenance", focused on the creation of a new integrated set of technologies aimed at the maintenance of plants for the production of energy from renewable sources, merging, in the field of Information and Communication Technology, the technologies of Augmented Reality ("AR"), Artificial Intelligence and Semantic Research aimed at content management.

In particular, the innovation consists of:

- the application of AR systems dedicated to RES (renewable energy source) generation plants is an innovative application area, not yet implemented on a national level, which are broadly dispersed throughout the area (number of wind farms and photovoltaic power stations, number of generation and conversion plants present in each farm) but also by a certain recurrence and uniformity of the type of plant (e.g. substantial homogeneity of plant make&model for each farm). This feature lends itself advantageously to the application of an AR system, provided that a well-calibrated system compared to the typical objectives of this type of maintenance is realized, providing an advanced man-machine interaction;
- the introduction of Artificial Intelligence allows to automatically manage complex information, in terms of quantity, quality and type (heterogeneous, homogeneous, formal, non-formal) and provide tools for analysis, synthesis and decision-making support to the human user (operator, manager), in order to optimise resources, productivity, costs, maximising margins and, last but not least, responding to the priority themes of enhancing and sharing knowledge, both structured and unstructured, and enhancing the skills of workers, contributing to their well-being and satisfaction as well as that of the company;
- content management is a significant overhead in business practices; conventional methods are based on syntactic research, which is notoriously rigid and requires constant and considerable efforts in the organisation and standardisation of the knowledge base and associated documents. The semantic search originated from the WEB search, where it is being applied increasingly more, but has highly advantageous features, although at the moment completely inapplicable, even in the industrial world, with particular reference to maintenance activities. The advantage is that of being able to allow an operator to query a wide knowledge base in a flexible way and also in natural language, making it possible to reach information whose existence may not even be known to the individual operator.

During 2018, the first project in the Program - called “Augmented Reality for Maintenance” - was carried out in order to identify in a precise manner the critical issues to be addressed, the functional areas on which to intervene, the enabling technologies, the type of integration and the system architecture necessary to achieve the objectives of the “Maintenance 4.0 Program". In January 2019 the realization of the first project allowed PLC Service together with the Labor Srl Research Laboratory, to submit an application for a subsidy for the call for tenders MISE Horizon 2020 - PON 2014/2020 "Smart Factory" in order to reach the objectives of the "Maintenance 4.0" Program, implementing the technological generation leap in the operations of management / maintenance of its production plants by integrating the three enabling Augmented Reality (AR), Artificial Intelligence (AI) and Industrial Internet of Things (IIOT).

The activities that are scheduled over the 24 months of the project are:

- Application scenario definition
- Analysis and definition of project requirements
- State of the art and selection of technologies
- System Architecture Development
- Artificial Intelligence: Development and implementation
- Field tests

The cost of the project submitted to the MISE (Ministry of Economic Development) is calculated at € 2,018 thousand and admission to the subsidy would guarantee support for the initiative both in the form of expense grant and subsidized credit.

Following the publication of the rankings, the preliminary procedure for access to the grant was launched in March 2019. Project activities are expected to start in the second half of 2019.

2.6 BRANCH OFFICES

PLC states that it has two local units located respectively in Acerra (NA) ASI area, Pantano district, Via delle Industrie 100 and Castelguelfo di Bologna (BO), Via San Carlo 12/4.

2.7 RELATED PARTIES TRANSACTIONS AND INTERCOMPANY TRANSACTIONS

In compliance with the requirements of Consob communications, it should be noted that no transactions with related parties of an atypical and/or unusual nature were carried out, outside the normal management of the company, or as such to prejudice the economic, equity and financial situation of the Group. Transactions with related parties are regulated at market conditions.

The Regulations for conducting transactions with related parties, approved by the Board of Directors of PLC on 29 November 2010, as subsequently amended and supplemented, and drafted pursuant to Consob Resolution no. 17221 of 12 March 2010, and subsequent amendments, are available to the public on the Company's website www.plc-spa.com.

With regard to the requirements of the international accounting standard IAS 24 (revised) on "Related party disclosures" and the additional information required by Consob communication no. 6064293 of 28 July 2006, the following tables summarise the Group's economic and financial transactions with related parties.

Revenues and costs from related parties

REVENUES AND COSTS FROM RELATED PARTIES (figures in thousands of Euro)	Revenues			Costs		
	Revenues	Research and development	Financial income	Raw materials and services	Personnel	Financial charges
Eco Power Wind S.r.l.	103	-	-	-	-	-
Mireasa Energies S.r.l.	238	-	-	-	-	-
Monsson Accounting Services S.r.l.	-	-	-	15	-	-
Monsson Alma S.r.l.	100	-	-	26	-	-
Monsson Energy LTD Cypru	-	-	-	-	-	2
Monsson Logistic S.r.l.	30	-	-	31	-	-
Monsson Poland SP.ZO.o.	-	-	2	-	-	-
Monsson Trading S.r.l.	33	-	-	23	-	-
MSD Service S.r.l.	7	-	1	-	-	-
Muntmark Maria	-	-	-	4	-	-
Nelke S.r.l.	-	-	-	125	-	-
Orchid maintenance S.r.l.	29	-	-	-	-	-
Total natural S.r.l.	26	-	-	-	-	-
Wind Park invest S.r.l.	32	-	-	-	-	-
Wind Stars S.r.l.	53	-	-	-	-	-
Total	*651*	*-*	*3*	*224*	*-*	*2*
% impact on financial statements item	*4%*	*0%*	*3%*	*3%*	*0%*	*0%*

Receivables from and payables to related parties

RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES (figures in thousands of Euro)	Receivables			Payables		
	Trade	Financial	Others	Trade	Financial	Others
Bistraw Production S.r.l.	5	-	-	-	-	-
Eco Power Wind S.r.l.	42	-	-	-	-	-
Emanuel Muntmark	-	-	-	-	424	-
Enarom Expert S.r.l.	1	-	-	-	-	-
FRAES S.r.l.	1	-	-	-	-	761
Idea S.r.l.	-	-	2	-	-	-
Mario Stucchi	-	-	2	-	-	-
Martop Development Cypru	-	-	-	-	7	-
Mireasa Energies S.r.l.	79	-	-	-	-	-
Monsson Accounting Services S.r.l.	-	-	-	13	-	-
Monsson Alma S.r.l.	433	-	-	40	1,518	-
Monsson Energy LTD Cypru	-	-	-	-	98	-
Monsson Energy Trading Ltd.	-	8	-	-	-	-
Monsson Hydro Services S.r.l.	13	-	-	-	-	-
Monsson Logistic S.r.l.	90	-	-	65	-	-
Monsson Middle East	146	-	-	-	-	-
Monsson Nordic AB	99	-	-	7	-	-
Monsson Poland SP.ZO.o.	-	52	-	-	-	-
Monsson South Africa PTY LTD	-	25	-	-	-	-
Monsson Trading S.r.l.	-	-	-	30	-	-
MSD Service S.r.l.	26	57	-	-	-	-
Muntmark Maria	-	-	-	19	12	-
Orchid maintenance S.r.l.	2	-	-	1	-	-
Panmed Renewables Es	-	357	-	-	-	-
Sebastian-Petre Enache	-	-	-	-	2	-
Solar Project One S.r.l.	20	-	-	-	-	-
Tolga Ozkarakas	-	-	4	-	-	-
Total natural S.r.l.	20	-	-	-	-	-
Wind Park invest S.r.l.	23	-	-	-	-	-
Wind Stars S.r.l.	28	-	-	-	-	-
Total	*1,028*	*499*	*8*	*175*	*2,061*	*761*
% impact on financial statements item	*8%*	*93%*	*0%*	*2%*	*14%*	*6%*

* * *

The relationships with related parties of the Parent Company PLC at 30 June 2019 as per Consob request no. 0294634 of 6 August 2018 is shown below.

REVENUES AND COSTS FROM RELATED PARTIES (figures in thousands of Euro)	Revenues			Costs		
	Revenues	Research and development	Financial income	Raw materials and services	Personnel	Financial charges
PLC Service S.r.l.	260	-	-	-	-	-
PLC Service Wind S.r.l.	112	-	-	-	-	-
PLC System S.r.l.	337	-	-	1	-	-
Idroelettrica 2014 S.r .l.	3	-	-	-	-	-
PLC Power S.r.l.	3	-	-	-	-	-
C&C Castelvetere S.r.l.	2	-	-	-	-	-
C&C Irsina S.r.l.	3	-	-	-	-	-
C&C Uno Energy S.r.l.	2	-	-	-	-	-
C&C Tre Energy S.r.l.	3	-	-	-	-	-
Alisei Wind S.r.l.	3	-	-	-	-	-
Tirreno S.r.l.	2	-	-	-	-	-
Monsson Operation LTD	-	-	68	-	-	-
MSD Service S.r.l.	7	-	1	-	-	-
Nelke	-	-	-	125	-	-
Total	*737*	*-*	*69*	*126*	*-*	*-*
% impact on financial statements item	*100%*	*0%*	*100%*	*18%*	*0%*	*0%*

RECEIVABLES TO AND PAYABLES TO RELATED PARTIES (figures in thousands of Euro)	Receivables			Payables		
	Trade	Financial	Others	Trade	Financial	Others
PLC Service S.r.l.	318	-	496	12	-	-
PLC Service Wind S.r.l.	136	-	-	-	-	-
PLC System S.r.l.	564	-	1,484	8	-	-
Idroelettrica 2014 S.r .l.	9	-	-	-	-	-
PLC Power S.r.l.	11	-	-	-	-	-
C&C Castelvetere S.r.l.	8	-	-	-	-	-
C&C Irsina S.r.l.	11	-	-	-	-	-
C&C Uno Energy S.r.l.	6	-	-	-	-	-
C&C Tre Energy S.r.l.	11	-	-	-	-	-
Alisei Wind S.r.l.	6	-	-	-	-	-
Tirreno S.r.l.	6	-	-	-	-	-
Monsson Operation LTD	-	3,697	-	-	-	-
FRAES S.r.l.	1	-	-		-	761
MSD Service S.r.l.	11	57	-	-	-	-
Total	*1,098*	*3,754*	*1,979*	*20*	*-*	*761*
% impact on financial statements item	*100%*	*100%*	*96%*	*2%*	*0%*	*27%*

2.8 MAIN RISKS AND UNCERTAINTIES

In general terms, the equity and economic-financial situation of the PLC Group is influenced by a series of risk factors specific to the renewable energy production sector in which it operates. The Group is also subject to financial risks.

__Risks associated with the reference market and the reference regulatory framework__

The sector relating to the production of electricity from renewable sources is linked to the applicable legal and regulatory provisions, including the regulations relating to authorisation processes for the location and installation of renewable energy generation plants and incentive systems. The PLC Group is therefore exposed to the risks deriving from changes in the reference legal and regulatory context which could have a possible detrimental effect, including significant, on the profitability of the Group's future investments and consequently on its equity, economic and financial situation. In this situation, the management constantly monitors the evolution of the reference legal and regulatory framework in order to identify possible risks or opportunities and maximise the profitability of the Group.

With reference to these risks, as already explained above, it should be noted that the delay in the publication of the FER 1 Decree, together with the difficulty of reasonably predicting its contents, has generated a considerable uncertainty in the planning of investments, which has resulted in a significant slowdown in EPC-BOT activities budgeted for the 2019 financial year. On the other hand, we expect that the important incentives contained in the Decree signed on 4 July 2019 and published in the Official Journal on 9 August 2019, will give a significant boost to investments for the construction of new plants and for the revamping of existing ones, starting from the last quarter of the current year, allowing the PLC Group to return to generating margins in line with the trend of the last two years.

The reference market

The market in which the PLC Group operates, with revenues defined against significant initial investments, mainly presents two critical aspects:

- industrial difficulties in the implementation of investments due to the long and complex authorisation procedures and the problems in obtaining the financial resources accentuated by the now more than likely end, in the coming years, of the recognition of fixed tariffs for renewable plants in favour of the market grid parity;

- significant regulatory discontinuities - some of which have already occurred (for photovoltaic) and others still in the process of being defined (for wind power and bioenergy) - which have led to a significant reduction in incentives and returns and which, by introducing the principle of the “quota system for installable capacity" in a given period, have generated considerable uncertainty in the planning of investments by operators.

However, the sector has responded to regulatory discontinuities by increasing plant efficiency and lowering the cost of production per unit of energy (L.C.O.E. "Levelised Cost Of Energy”).

Despite the recent difficulties linked to the overall macroeconomic scenario and the cuts in public spending with a consequent significant reduction in incentives in almost all European countries, growth prospects are still positive and the sector is proving to be dynamic in terms of both investment and from the competitive and technological point of view. In fact, the renewable energy sector, in most OECD countries, as well as in Italy, has generated new supply chains, with start-ups by industrial companies, partnerships between industrial and financial operators, or with spin-offs stemming from operators active in the traditional energy sector. The prospective performance of sector operators is also linked to their ability to pursue economies of scale and scope. In addition to the above, environmental problems, climate change and the depletion of fossil resources have now initiated the "phasing out" process of traditional forms of electricity as witnessed by the Paris agreement on climate change (COP 21), followed by COP 22 in Marrakesh, COP 23 in Bonn and COP 24 in Katowice.

The reference regulatory framework

The first EU regulatory initiative in the field of energy was implemented by means of Directive 1996/92/EC of 19 June 1996 "Common rules for the internal electricity market", subsequently repealed by Directive 2003/54/EC, which dictated a series of common rules aimed at regulating the internal energy market.

Subsequently, the Kyoto Protocol of the 1997 Convention on Climate Change established binding commitments for the reduction of greenhouse gases in industrialised countries, in order to combat global warming through the establishment and strengthening of national emission reduction policies and the development of cooperation between the contracting parties.

The European Union, in compliance with its obligations under the Kyoto Protocol, and in accordance with the "Commission Green Paper" of 20 November 1996 on renewable energy sources, aims to implement the use of these resources in order to limit the dependence on conventional fossil fuels.

Directive 2001/77/EC of 27 September 2001 "Promotion of electricity produced from renewable energy sources in the internal electricity market" set the objective of achieving, by 2010, a share of energy produced equal to 12% of gross domestic consumption and, in particular, a share of 22.1% of electricity produced from renewable sources out of total EU electricity consumption.

In 2009, the Climate and Energy Package came into force, which requires Member States, by 2020, to reduce greenhouse gas emissions by 20% compared to 1990 levels; to promote the development of renewable energy sources to ensure coverage of 20% of final energy consumption; and to reduce energy consumption by 20% by increasing energy efficiency.

Directive 2009/28/EC of 23 April 2009 on the promotion of the use of renewable energy (”Directive 2009/28” or “Renewable Energy Sources Directive”), included in the Climate and Energy Package and repealing the previous directives, defined development targets for renewable energy and required each Member State to develop its own National Renewable Energy Action Plan, in which national targets for the renewable energy sector for the period 2010-2020 would be defined.

Finally, on 30 November 2016, the European Commission adopted the "Clean Energy for all Europeans" legislative package, which contains the regulatory proposals and facilitation measures needed to accelerate the transition of the EU economy towards clean energy. The legislative proposals concern energy efficiency, renewable energies, safety of supply and the structure of the electricity market.

In Italy, the electricity market, i.e. the place where transactions involving the wholesale purchase and sale of electricity take place, arose as a result of Italian Legislative Decree no. 79 of 16 March 1999 ("Bersani Decree"), which initiated the liberalisation of the electricity sector, as part of the transposition of the first EU Directive on the creation of an internal energy market (Directive 96/92/EC).

The regulatory framework for the production of electricity from renewable sources was subsequently integrated with Legislative Decree no. 387/2003, issued in implementation of Directive 2001/77/EC, and with Legislative Decree no. 28/2011, issued in implementation of Directive 2009/28/EC. The rationale of Italian Legislative Decree no. 28/2011 is to reorganise the renewable energy sector, by simplifying authorisation procedures and providing for a more efficient incentive mechanism. In this regard, various ministerial decrees have been issued that have introduced incentive mechanisms applicable to the production of electricity from renewable sources.

In this regard, various ministerial decrees have been issued that have introduced incentive mechanisms applicable to the production of electricity from renewable sources. A great boost to the sector was provided by the incentive plan for the development of renewable energy, known as Green Certificates, which was completed in 2012 Ministerial Decree of 6 July 2012, which was based on the obligation for energy producers and importers to annually inject into the national electricity system a minimum quota of electricity produced by plants using renewable energy sources.

These incentives were issued by the GSE and subsequently exchanged between operators in the sector or redeemed by the entity itself at a fixed price. Since 1999, Green Certificates have contributed to the development of the renewable energy market, prompting the major players in the sector to carry out major investments both in research and development and in the construction of ever larger and more efficient energy production plants.

Decree Law no. 145/2013 introduced a significant change to the incentive regime, establishing that producers of electricity from renewable sources, owners of plants that benefit from incentives in the form of Green Certificates, all-inclusive tariffs or premium tariffs, can alternatively choose to: (a) continue to benefit from the incentive scheme for the remaining period or (b) opt for a reshaping of the incentive scheme.

However, in the first case, for a period of ten years from the end of the initial incentive period, any new initiative carried out on the same site will not benefit from additional incentive measures (e.g. upgrade/renovation of the installation, on-site exchange). In the second case, the producer of energy from renewable sources will be able to benefit from new incentives from the following month.

With Ministerial Decree of 6 July 2012, the auction mechanisms for the construction of RES plants in the case of plants with a capacity greater than 5 MW and registration mechanisms for plants with a capacity of less than 5 MW were defined; on 29 June 2016, the Decree of 23 June 2016 aimed at regulating incentives for renewable sources other than photovoltaic power was published in the Official Journal in full integration and continuation with the Ministerial Decree of 06 July 2012. To date, through the National Energy Strategy 2017 (SEN) objectives and management tools are defined, in line with the plan of the Union of Energy, as illustrated during "the parliamentary hearing of 10 May 2017 - National Energy Strategy 2017".

Moreover, with regard to the construction and operation of plants for the production of energy from renewable sources, Legislative Decrees 387/2003 and 28/2011 require these to be subject to a single authorisation, which includes and replaces all permits, authorisations, concessions, understandings, agreements, acts of consent, however, necessary for the construction and commissioning for this type of plant.

The construction and management of the power lines necessary for the connection of production plants from renewable sources to the electricity grid requires an authorisation pursuant to Royal Decree 1775/1933 ("Consolidated Law on Water and Power Plants").

The construction of power lines and wind farms also requires a prior environmental impact assessment ("EIA"), except for some smaller wind farms. The procedure for obtaining an EIA is governed by Legislative Decree no. 152 of 3 April 2006 and subsequent amendments (the "Environmental Code"), which implemented, inter alia, EU Directive 2004/35/EC, which can be implemented at regional level only for plants with a capacity of less than 30 MW.

Requests for new connections to the national grid are governed by Resolution ARG/elt no. 99/08 of the Italian Regulatory Authority for Energy, Networks and Environment (”ARERA”formerly “AEEG”) Requests for new connections for plants exceeding 10 MW must be submitted to Terna, the company that manages the Italian energy transmission grid, while requests for connections for plants not exceeding 10 MW must be submitted to the competent distribution company in the territory.

With reference to the sale of electricity, it can be carried out in Italy either on the electricity market managed by the GME ("Gestore del Mercato Elettrico”, Electricity Market Operator) or through bilateral contracts. The Bersani Decree and the Legislative Decree 387/2003 provide that plants producing energy from renewable sources have priority in the "dispatching" service, which means that electricity produced from renewable sources is supplied by producers to the grid in a preferential way over that produced from conventional sources. The priority of "dispatching", therefore, given linked to the qualification of the producer of electricity as a producer from renewable sources, must continue to apply, unless said producer does not stop producing energy from renewable sources.

However, Resolution ARERA 111/2006 provides for the possibility for Terna, the company that manages the Italian high-voltage energy transmission grid and is responsible for the "dispatching" service, to use modulation actions for the production of renewable energy in order to protect the security of the national electricity system.

Resolution ARERA 330/2007 established specific rules for the actions of modulation of energy production by Terna, as well as a regime of remuneration for the failure to produce energy as a result of these modulations. The methods and criteria for quantifying this remuneration were subsequently redefined by Resolution ARERA ARG/elt 5/2010, on the basis of which the consideration is defined in relation to the quantity of energy not produced due to the reduction modulation imposed by Terna (on the basis of estimates made by the GSE which take into account, among other things, the actual data relating to the wind measured on site) and also taking into account the reliability index defined by Terna, which reflects the reliability of each user in complying with the "dispatching" orders issued by Terna itself. This indicator, which can range from 0 (in the event of failure to comply with all "dispatching" orders) to 1 (in the event of full compliance with all "dispatching" orders), is calculated by Terna for each hour in which a reduction modulation is imposed and published monthly if an agreement is in force for the failure of wind power production.

With the increase in plants powered by non-programmable renewable sources, primarily photovoltaic and wind power, in 2012 ARERA issued Resolution 281/2012/R/efr which eliminated, with effect from 1 January 2013, the previous exemption from payment of "imbalance" fees (calculated on the difference between the electricity actually fed into the grid and the expected electricity) in order to promote better programming and integration of these plants in the national electricity system. However, this resolution was challenged by some operators and was partially annulled by decision no. 2936 of 9 June 2014 of the Council of State.

Following this ruling, in June 2014, ARERA initiated a consultation procedure to reintroduce legislation aimed at charging "imbalance" fees to plants powered by non-programmable renewable sources, including wind power, in line with the principles contained in the aforementioned Council of State ruling; ARERA then approved resolution 522/2014/R/eel according to which the new "imbalance" fees will be charged to owners of wind farms with effect from 1 January 2015.

A significant development that, by contrast, is testament to the commitment of the whole system to ensure greater penetration of renewable sources in the electricity market is resolution ARERA 300/2017 which, pending the drafting of the new integrated text of the Electricity Dispatching, defines the criteria to allow demand and production units not already authorised (such as those powered by non-programmable renewable sources and distributed generation) the opportunity to participate in the Dispatching Services Market as part of pilot projects. Experimental ways of using accumulation systems are also defined, also in combination with enabled production units.

In the period 2019-2021, the FER 1 decree signed in July 2019 provides for the incentive through auction mechanisms of (i) 5,380 MW for wind and photovoltaic plants, (ii) 385 MW for hydroelectric and geothermal plants and (iii) 570 MW for the total or partial reconstruction of any renewable source plant, divided into 7 four-monthly calls. In addition to these quantities, there are also additional contingents for plants with power of less than 1 MW that bring the total incentivized power according to the FER 1 Decree to approx. 8,000 MW with estimated investments of over € 8 billion.

Finally, it should be noted that neither the PLC nor the Group companies are subject to the mandatory provisions of Italian Legislative Decree no. 254/2016 concerning the disclosure of non-financial information. In fact, PLC does not fall within the scope of Article 2 of that decree, whereas the Group companies are not entities of public interest. In fact, the Group has fewer than 500 employees.

Financial Risks

The PLC Group is exposed to the following financial risks: (i) credit risk arising from the possibility of default by a counterparty, (ii) foreign exchange risk arising from the performance of its business also in foreign markets, although currently to a limited extent, and (iii) interest rate risk arising from financial exposure. The management of financial risks is an integral part of the management of the activities of the Group and is carried out centrally by the parent company in order to ensure that activities involving financial risk are governed by the appropriate corporate policies and procedures, and that financial risks are identified, assessed and managed in accordance with the Group's risk appetite.

For the additional information on financial risks required by IFRS 7, reference should be made to Paragraph 3.2.4.

2.9 FURTHER INFORMATION REQUIRED BY THE MARKET SUPERVISORY AUTHORITY (CONSOB) PURSUANT TO ART. 114 of ITALIAN LEGISLATIVE DECREE NO. 58/98

2.9.1 OVERDUE DEBT POSITIONS

Consolidated debt positions past due at 30 June 2019

Trade payables

At 30 June 2019 there were no overdue trade payables with the exception of disputed positions amounting to € 542 thousand.

Tax payables, payables due to social security institutions and employees

At 30 June 2019, there were no overdue tax, social security or employee payables.

Financial payables

At 30 June 2019 there were no overdue financial payables.

Debt positions of PLC S.p.A. expired on 30 June 2019

Trade payables

At 30 June 2019 there were no overdue trade payables.

Tax payables, payables due to social security institutions and employees

At 30 June 2019, there were no overdue tax, social security or employee payables.

Financial payables

At 30 June 2019 there were no overdue financial payables.

2.9.2 ANY FAILURE TO COMPLY WITH COVENANTS, NEGATIVE PLEDGES AND ANY OTHER CLAUSE OF THE GROUP'S INDEBTEDNESS THAT RESTRICTS THE USE OF FINANCIAL RESOURCES

As of today, there are no cases of non-compliance with financial covenants or negative pledges.

The following are the loan agreements that provide for the observance of financial constraints.

PLC Service - BNL Loan Agreement

The loan signed on 31 July 2018 by the subsidiary PLC Service with BNL requires compliance with certain financial restrictions subject to yearly verification starting from 31 December 2018 and for the entire duration of the loan (i.e. 10 years). These restrictions, to be recognised on the values resulting from the consolidated financial statements of the PLC Group, envisage (i) a ratio between financial indebtedness and EBITDA of less than 3.0 and (ii) a ratio between financial indebtedness and Shareholders' Equity of less than 3.5. On the date of the last verification carried out (i.e. 31 December 2018, the restrictions had been complied with.

<u>*PLC - BNL Medium/long-term loan agreement*</u>

The loan signed on 22 January 2019 by the parent company PLC with BNL requires compliance with certain financial restrictions subject to yearly verification starting from 31 December 2018 and for the entire duration of the loan (i.e. 22 January 2024. These restrictions, to be recognised on the values resulting from the consolidated financial statements of the PLC Group, envisage (i) a ratio between financial indebtedness and EBITDA of less than 2.0 and (ii) a ratio between financial indebtedness and Shareholders' Equity of less than 1.5. On the date of the last verification carried out (i.e. 31 December 2018, the restrictions had been complied with.

There are no clauses concerning the Group's indebtedness that entail limits on the use of financial resources.

2.9.3 STATUS OF IMPLEMENTATION OF ANY BUSINESS AND FINANCIAL PLANS, HIGHLIGHTING THE DEVIATIONS OF THE ACTUAL DATA FROM THOSE EXPECTED

The PLC Group’s Strategic Business Plan for the years 2017 - 2019 was approved by the Board of Directors on 6 October 2017 and updated on 13 November 2017 during the reverse merger operation (”**Business Plan**").

With reference to the 2019 financial year, the Strategic Business Plan, which shows total revenues of € 53.7 million (of which € 37.5 million relating to the EPC segment, and € 16.2 million relating to the O&M segment), was drawn up in the assumption, among other things, that starting from the end of 2018 the renewable energy sector would benefit from the positive impacts deriving from the approval of the National Energy Strategy "SEN".

These figures were substantially confirmed when the 2019 budget was updated and approved by the Board of Directors on 7 February 2019, in which, despite the absence of a new incentive framework, the EPC-BOT segment was still expected to be a driving force thanks to (i) advanced negotiations for the construction and subsequent sale of 3 wind farms owned by SPV C&C Uno Energy S.r.l., C&C Castelvetere S.r.l. and Alisei Wind S.r.l. and (ii) foreign development. The 2019 budget already had a reduction in expected margins, both with respect to previous years and to the Plan forecasts, due to the increase in the O&M component compared to that of EPC - BOT, also following the entry of the Monsson Operation Perimeter.

However, the delay in the publication of the FER 1 Decree, together with the difficulty of reasonably predicting its contents, also in consideration of the political instability in the country, has generated a considerable uncertainty in the programming of investments by operators that has, for the PLC Group, caused a significant slowdown in the EPC-BOT activities planned in the budget for the 2019 financial year.

In this context, taking into account the slowdown in the activity described above and the interruption of the Dubai project due to the lack of adequate guarantees from the client, the Directors updated the estimates for the half-year financial report for the financial year 2019, providing for the rebalancing of the economic situation in the second part of the year. The deviation from the Plan forecasts is in fact mainly due to the postponement of construction activities of the 3 wind farms, whose start-up is reasonably expected in the first quarter of 2020. The impacts of these delays on revenues and margins, in the 2019 financial year, will only be partially offset by the increase in revenues generated by the Monsson Operation Perimeter due to the contract in Russia, while recovery is reasonably expected in 2020.

We also point out that a new multi-year industrial plan is being prepared (”**New Business Plan**”), with the support of a first level financial advisor, which will explain the growth objectives of the PLC Group favouring the services component and in particular the O&M compared to that of EPC-BOT; the O&M segment in fact, against a more limited margin, ensures constant flows capable of stabilizing the Group’s profitability over a medium-term time horizon to guarantee the objectives set and create value. The EPC-BOT component will still have an important short-term impact, although decreasing at the end of the plan’s horizon due to the incentives provided for by the FER 1 Decree, and, thanks to a higher margin, will be able to contribute to investments in the O&M segment accelerating its development.

3 CONSOLIDATED FINANCIAL STATEMENTS

3.1 CONSOLIDATED FINANCIAL STATEMENTS

3.1.1 STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL POSITION (figures in thousands of Euro)	Notes	30.06.2019	31.12.2018
Non-current assets			
Tangible assets	A	8,416	7,545
Intangible assets			
Goodwill	B	10,157	9,490
Other intangible assets	C	6,273	5,884
Equity investments in associates	D	394	400
Equity investments in other companies	E	11	11
Deferred tax assets	F	57	63
Non-current derivative instruments	G	3	-
Non-current receivables			
From related parties	H	-	85
From others	H	2,233	1,812
Total non-current assets		**27,544**	**25,290**
Current assets			
Inventories	I	4,367	3,645
Contract assets	I	3,059	3,258
Trade receivables			
From related parties	J	1,028	1,018
From others	J	11,952	17,312
Financial receivables			
From related parties	K, P	499	371
From others	K, P	36	-
Other receivables			
From related parties	L	8	70
From others	L	2,707	2,174
Cash and cash equivalents	P	8,152	5,858
Other current financial assets	M	300	482
Total current assets		**32,108**	**34,188**
Non-current assets held for sale / disposal	N	1,998	8,079
TOTAL ASSETS		**61,650**	**67,557**

STATEMENT OF FINANCIAL POSITION (figures in thousands of Euro)	Notes	30.06.2019	31.12.2018
Group shareholders' equity		20,902	24,329
Minority interests in shareholders' equity		104	108
TOTAL SHAREHOLDERS' EQUITY	O	**21,006**	**24,437**
Non-current liabilities			
Non-current financial liabilities			
From related parties	P	7	386
From others	P	8,067	6,359
Provisions for non-current risks and charges	Q	40	-
Employee severance indemnity	R	1,338	1,229
Deferred tax liabilities and other non-current taxes	S	1,538	1,699
Total non-current liabilities		**10,990**	**9,673**
Current liabilities			
Current financial liabilities			
From related parties	P	14	188
From others	P	4,468	4,514
Trade payables			
From related parties	T	175	493
From others	T	9,608	15,342
Contractual liabilities	U	767	474
Other payables			
From related parties	V	761	54
From others	V	11,821	10,333
Total current liabilities		**27,614**	**31,398**
Non-current liabilities held for sale / disposal	N	2,040	2,049
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**61,650**	**67,557**

3.1.2 INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME (figures in thousands of Euro)	Notes	01.01.2019 30.06.2019	01.01.2018 30.06.2018
Revenues from ordinary operations			
From related parties	AA	630	10
From others	AA	15,422	23,692
Other operating revenues			
From related parties	BB	21	-
From others	BB	182	808
Costs for raw materials			
From related parties	CC	-	-
From others	CC	(2,422)	(6,275)
Service costs			
From related parties	DD	(162)	(138)
From others	DD	(7,030)	(6,624)
Personnel costs			
From related parties	EE	-	(96)
From others	EE	(6,927)	(4,375)
Other operating costs			
From related parties	FF	(62)	-
From others	FF	(1,173)	(647)
GROSS OPERATING MARGIN (EBITDA)		(1,521)	6,355
Depreciation	GG	(478)	(272)
Revaluations (write-downs)		-	-
OPERATING RESULT (EBIT)		(1,999)	6,083
Financial income			
From related parties	HH	3	4
From others	HH	110	105
Financial charges			
From related parties	II	(2)	-
From others	II	(424)	(124)
Income from (Charges on) equity investments			
Dividends		-	-
Share of the result of equity investments in shareholders' equity	JJ	(45)	6
Gains (losses) on equity investments		-	-
Income taxes	KK	(191)	(1,939)
Profit (loss) from continuing operations		(2,548)	4,135
Profit (loss) from discontinued operations		-	-
PROFIT (LOSS) FOR THE YEAR		(2,548)	4,135
Total other components of comprehensive income		-	-
COMPREHENSIVE INCOME STATEMENT		(2,548)	4,135
Profit (loss) for the year			
pertaining to the Group		(2,544)	4,140
Pertaining to third parties		(4)	(5)
Net result of sold assets (liabilities)			
pertaining to the Group		-	-
Pertaining to third parties		-	-
COMPREHENSIVE INCOME STATEMENT			
pertaining to the Group		(2,544)	4,140
Pertaining to third parties		(4)	(5)
Weighted average number of ordinary shares over the period		24,011,162	23,971,909
Earnings per share (in Euro)		(0.11)	0.17
Diluted earnings per share (in Euro)		(0.11)	0.17
Net earnings per share of the assets (liabilities) sold (in Euro)		-	-
Net earnings per share of the assets (liabilities) sold (in Euro)		-	-

3.1.3 CASH FLOW STATEMENT

CASH-FLOW STATEMENT (in thousands of Euro)	01.01.2019 30.06.2019	01.01.2018 30.06.2018
Comprehensive income / (loss)	(2,548)	4,135
Comprehensive income/(loss) from discontinued operations	-	-
Comprehensive income/(loss) from continuing operations	**(2,548)**	**4,135**
(Gain)/Loss from assets sold	-	-
Fair value adjustment	-	(8)
Amortisation, depreciation and impairment of fixed assets	478	272
Write-downs (Revaluations) of financial assets	-	-
Write-downs (Revaluations) of fixed assets	-	-
Associates' share of comprehensive income	45	(6)
Charges (Net financial income)	313	15
Other non-monetary items included in the income statement	-	-
Net changes in working capital		
Contract assets	199	(2,625)
Inventories	(722)	(743)
Trade receivables and other receivables	4,725	(1,524)
Trade payables and other payables	(3,564)	2,045
Change in other provisions and deferred tax assets and liabilities	(46)	240
Gross Cash Flow	(1,120)	1,801
Interest paid	(426)	(163)
Interest received	113	39
Income taxes (paid) received	-	-
Income taxes	-	-
CASH FLOW FROM OPERATING ACTIVITIES [A]	(1,433)	1,677
(Investments) in tangible and intangible fixed assets	(1,724)	(465)
Divestment of tangible and intangible fixed assets	34	-
(Acquisitions) net of cash acquired	(667)	-
Disinvestments net of cash transferred	-	-
(Investments) in other companies and financial assets	-	(3,893)
Disinvestments in other companies and financial assets	6,030	-
CASH FLOW FROM INVESTMENT ACTIVITIES [B]	3,673	(4,358)
Increase/(Reduction) of Share Capital net of ancillary	18	3,040
charges Other changes in shareholders' equity	59	187
Obtainment of loans, financing and other financial liabilities	1,708	-
(Repayments) of loans, financing and other financial liabilities	(608)	(34)
Repayments of loans, financing and other financial assets	-	72
(Disbursement) of loans, financing and other financial assets	(167)	(302)
Dividends disbursed	(956)	-
CASH FLOW FROM FINANCIAL ACTIVITIES [C]	54	2,963
CASH FLOW FROM DISCONTINUED OPERATIONS [D]	-	54
NET CHANGE IN CASH AND CASH EQUIVALENTS [A+B+C+D]	**2,294**	**336**
Cash and cash equivalents at the beginning of the period	5,858	6,293
Cash and cash equivalents at the end of the period	8,152	6,629

It should be noted that cash and cash equivalents include restricted current accounts for € 171 thousand.

3.1.4 CHANGES IN SHAREHOLDERS' EQUITY

CHANGES IN SHAREHOLDERS' EQUITY (in Euro/thousand)	Share capital	Legal reserve	Share premium reserve	Other reserves	Conversion reserve	Profit (loss) carried forward	OCI reserve	Profit (loss) for the year	Group shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31.12.2017	34,846	-	10,784	(34,528)	-	-	(52)	7,140	18,190	-	18,190
Allocation of 2018 net income/(loss)	-	*1,008*	-	-	-	*6,132*	-	*(7,140)*	-	-	-
Capital increase with pre-emptive subscription rights	*2,290*		*750*						3,040	-	3,040
Other equity movements	-	-	-	-	*73*	*(1)*	-	-	72	*114*	186
Profit (loss) at 30.06.2018	-	-	-	-	-	-	-	4,140	4,140	(5)	4,135
Other components of comprehensive income (loss)	-	-	-	-	-	-	-	-	-	-	-
Overall profit (loss) for the period	-	-	-	-	-	-	-	*4,140*	*4,140*	*(5)*	*4,135*
SHAREHOLDERS' EQUITY AT 30.06.2018	37,136	1,008	11,534	(34,528)	73	6,131	(52)	4,140	25,442	109	25,551

CHANGES IN SHAREHOLDERS' EQUITY (in Euro/thousand)	Share capital	Legal reserve	Share premium reserve	Other reserves	Conversion reserve	Profit (loss) carried forward	OCI reserve	Profit (loss) for the year	Group shareholders' equity	Minority interests in shareholders' equity	Total shareholders' equity
SHAREHOLDERS' EQUITY AT 31.12.2018	37,136	1,008	10,784	(29,646)	118	-	(56)	4,985	24,329	108	24,437
Allocation of 2018 net income/(loss)		50				4,935		(4,985)	-	-	-
Capital increases	14			4					18	-	18
Resolution reduction of the share capital	(12,150)	3,941		8,208					-	-	-
Distribution of dividends						(956)			(956)	-	(956)
Other equity movements				(4)	59				55	-	55
Profit (loss) at 30.06.2019								(2,544)	(2,544)	(4)	(2,548)
Other components of comprehensive income (loss)									-	-	-
Overall profit (loss) for the period	-	-	-	-	-	-	-	*(2,544)*	*(2,544)*	*(4)*	*(2,548)*
SHAREHOLDERS' EQUITY AT 30.06.2019	25,000	5,000	10,784	(21,437)	177	3,979	(56)	(2,544)	20,902	104	21,006

For comments on the individual items, see note O. "Equity" of the Notes to the consolidated financial statements.

3.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.2.1 ACCOUNTING STANDARDS AND VALUATION CRITERIA

The half-year condensed consolidated financial statements of the PLC Group at June 30, 2019 have been prepared in accordance with the provisions of IAS 34 - Interim Financial Reporting. The condensed interim consolidated financial statements at 30 June 2019 were prepared using the same consolidation principles and the same recognition and measurement criteria adopted for the purposes of preparing the annual financial report at 31 December 2018, to which reference is made, except for the provisions of IFRS 16 - Leases and for the other changes that came into force on 1 January 2019 and described in the following paragraph.

The consolidated interim financial statements at 30 June 2019 were authorised for publication by the Board of Directors on 25 September 2019.

ADOPTION OF APPROVED ACCOUNTING STANDARDS AND INTERPRETATIONS, EFFECTIVE FROM 1 JANUARY 2019

The accounting standards adopted for the preparation of the consolidated financial statements comply with those in force at the date of these financial statements, including the new standards, amendments and interpretations in force from 1° January 2019. The Group has not arranged for the early adoption of any new standards, interpretations or amendments issued but not yet in force.

IFRS 16 - Leases

By Regulation no. 2017/1986 issued by the European Commission on 31 October 2017, IFRS 16 - Leases, which defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in the financial statements on the basis of a single model for the recognition of leases based on the recognition of an asset by the lessor, was endorsed, representing the right to use the asset against a liability representing the obligation to make payments under the contract and therefore according to a model similar to that used to account for finance leases in accordance with IAS 17.

The principle provides for two exemptions for recognition by lessees: (i) leases relating to “low value” assets (e.g. personal computers) and short-term leases (e.g. contracts expiring within 12 months or less). At the date of commencement of the lease, the lessee will recognise a liability for the lease payments (i.e. the lease liability) and an asset that represents the right to use the underlying asset for the duration of the contract (i.e. the right to use the asset). Lessees shall account separately for interest expenses on the lease liability and amortisation of the right to use the asset. Lessees will also have to remeasure the lease liability upon the occurrence of certain events (for example: a change in the terms of the lease agreement, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the asset's right of use. The accounting required by IFRS 16 for lessors is substantially unchanged from today's accounting in accordance with IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguishing between two types of leases: operating leases and finance leases. IFRS 16 requires lessees and lessors to disclose more information than is required by IAS 17.

When applied for the first time, IFRS 16 provides for the possibility of entering the asset through "right of use") against a financial liability of the same amount without adopting the retrospective approach.

The application of IFRS 16 essentially concerned the long-term rental contracts for motor vehicles and cars. The following table shows the effects of the first-time adoption of IFRS 16 on 1 January 2019 and 30 June 2019.

Effects of adopting IFRS 16 (in thousands of Euro)	01.01.2019
Tangible assets	337
Non-current financial liabilities	(143)
Current financial liabilities	(194)

Effects of adopting IFRS 16 (in Euro/thousands)	30.06.2019
Service costs	91
Depreciation	(90)
Financial charges	(1)

Amendments to IFRS 9

Regulation no. 2018/498, issued by the European Commission on 22 March 2018, endorsed the amendments to IFRS 9 "Financial Instruments - Prepayment Features with Negative Compensation" which clarify the classification of certain financial assets that can be reimbursed early when IFRS 9 is applied. The application did not cause significant changes.

IFRIC 23 - Uncertainty over income tax treatment

Regulation no. 2018/1595, issued by the European Commission on 23 October 2018, endorsed IFRIC 23 "Uncertainty over income tax treatments" which provides guidance on how to account for uncertainties about certain conduct by an entity in applying tax regulations. It is necessary to check whether the tax authorities are likely to accept the behaviour of the entity and whether they consider the uncertainty on its own or in relation to the entity's overall tax burden. The application did not cause significant changes.

Amendments to IAS 28 - Long-term interests in associates and joint ventures

Regulation no. 2019/237, issued by the European Commission on 8 February 2019, endorsed the amendments to IAS 28 “Long-term interests in associates and joint ventures” aimed at clarifying that the provisions of IFRS 9, including those relating to impairment, also apply to financial instruments representing long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture. The application did not cause significant changes.

Amendments to IAS 19 - Plan amendment, curtailment or settlement

Regulation no. 2019/402, issued by the European Commission on 13 March 2019, endorsed the amendments to IAS 19 “Plan amendment, curtailment or settlement” essentially aimed at requiring the use of updated actuarial assumptions in the determination of current service cost and net interest for the period following an amendment, curtailment or settlement of an existing defined benefit plan. The application did not cause significant changes.

Annual cycle of improvements to IFRS 2015 - 2017

Regulation no. 2019/412, issued by the European Commission on 14 March 2019, endorsed the document "Annual cycle of improvements to IFRS 2015-2017", containing changes, essentially of a technical and editorial nature, to IAS 12 "Income taxes", IAS 23 "Borrowing Costs", IFRS 3 "Business combinations" and IFRS 11 "Joint Arrangements". The application did not cause significant changes.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET IN FORCE AND/OR ENDORSED

IFRS 17 - Insurance contracts

The IASB has decided to propose that the entry into force of IFRS 17, the new standard on insurance contracts, be deferred by one year, i.e. until 2022. The standard, not yet endorsed by the European Commission, is not applicable to the Group.

Amendments to IFRS 3 - Business Combinations

On 22 October 2018, the IASB issued amendments to IFRS 3 "Business Combinations" to clarify the definition of business. The amendments to IFRS 3, not yet endorsed by the European Commission, are effective for financial years beginning on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 - Definition of material

On 31 October 2018, the IASB issued amendments to IAS 1 and IAS 8 which aim to clarify the definition of 'material' in order to help companies assess whether information should be included in the financial statements. In particular, information is considered material if it is reasonable to presume that its omission, misrepresentation or concealment will affect the principal users of financial statements when making decisions on the basis of financial statements. The amendments to IAS 1 and IAS 8, not yet endorsed by the European Commission, are applicable from 1 January 2020; however, early application is permitted.

3.2.2 SCOPE OF CONSOLIDATION

Name	Registered office	End of corporate accounting year	Currency	Share capital	% held		Through
					Direct	Indirect	
PLC S.p.A. (formerly Industria e Innovazione	Milan (IT)	31.12	EUR	37,149,822.34			
Subsidiaries consolidated according to the global integration method							
Richini Due S.r.l.	Milan (IT)	31.12	EUR	2,500.00	100%		
PLC System S.r.l.	Acerra - NA (IT)	31.12	EUR	10,000,000.00	100%		
PLC Service S.r.l.	Acerra - NA (IT)	31.12	EUR	100,000.00	100%		
PLC South Africa Ltd.	Johannesburg - South Africa (ZA)	31.12	ZAR	11,407,352.00		99%	PLC System S.r.l.
Idroelettrica 2014	Acerra - NA (IT)	31.12	EUR	10,000.00		100%	PLC System S.r.l.
Montenegro D.o.o.	Podgorica - Montenegro (ME)	31.12	EUR	2,000.00		100%	PLC System S.r.l.
PLC Power S.r.l.	Acerra - NA (IT)	31.12	EUR	100,000.00		100%	PLC System S.r.l.
C&C Castelvetere S.r.l.	Acerra - NA (IT)	31.12	EUR	100,000.00		67%	PLC Power S.r.l.
C&C Irsina S.r.l.	Acerra - NA (IT)	31.12	EUR	100,000.00		100%	PLC Power S.r.l.
C&C Uno Energy S.r.l.	Acerra - NA (IT)	31.12	EUR	118,000.00		100%	PLC Power S.r.l.
C&C Tre Energy S.r.l.	Acerra - NA (IT)	31.12	EUR	100,000.00		100%	PLC Power S.r.l.
Alisei Wind S.r.l.	Acerra - NA (IT)	31.12	EUR	130,000.00		100%	PLC Power S.r.l.
Tirreno S.r.l.	Porto Empedocle - AG (IT)	31.12	EUR	10,000.00		66.6%	PLC Power S.r.l.
PLC Service Wind S.r.l.	Acerra - NA (IT)	31.12	EUR	100,000.00		100%	PLC Service S.r.l.
Monsson Operation Ltd	Dublin (IE)	31.12	EUR	100.00	51%		
Monsson Operation Gmbh	Mannheim (DE)	31.12	EUR	75,000.00		100%	Monsson Operation Ltd
Monsson Operation Srl	Costanta (RO)	31.12	RON	2,000.00		100%	Monsson Operation Ltd
Monsson Energy AB	Stockholm (SE)	31.12	SEK	50,000.00		95%	Monsson Operation Ltd
Monsson Turkey Limited Sirkety	Istanbul (TR)	31.12	TRY	165,000.00		100%	Monsson Operation Srl
Wind Power Energy Srl	Costanta (RO)	31.12	RON	1,000.00		100%	Monsson Operation Srl
Associated companies consolidated according to the equity method							
Solar Project One S.r.l.	Naples (IT)	31.12	EUR	20,000.00		50%	PLC System S.r.l.
MSD Service S.r.l.	Acerra - NA (IT)	31.12	EUR	10,000.00	45%		
Panmed Renewables Co	Jordan (JO)	31.12	JOD	5,000,000		20%	PLC System S.r.l.
Monsson Poland SP.ZO.o.	Warsaw (PL)	31.12	PLN	5,000		50%	Monsson Operation Srl
Monsson South Africa Ltd.	Cape Town- South Africa (ZA)	31.12	ZAR	100		49%	Monsson Operation Srl

The scope of consolidation at June 30, 2019 differs from the scope of consolidation at December 31, 2018 solely due to the deconsolidation of Monsson Operation LLC following the closure of the company.

3.2.3 NOTES TO THE CONSOLIDATED RESULTS AT 30 JUNE 2019

ACQUISITION OF 51% OF MONSSON OPERATION LTD.

At December 31, 2018, the acquisition of Monsson Operation Ltd, accounted for in accordance with IFRS 3, created, for the purposes of the consolidated financial statements, the emergence of a difference temporarily allocated to the item "goodwill". At June 30, 2019, as already amply commented in the report on operations, having decided upon the payment of Euro 5,340 thousand (of which Euro 2,723 thousand for the acquisition of 51% of the share capital of Monsson Operation Ltd and Euro 2,617 thousand for the acquisition of the remaining 49% following the early implementation of the put option by the sellers), this difference was recalculated as Euro 5,445 thousand.

Acquisition Perimeter Monnson Operation	(in thousands of Euro)
Acquired assets	5,197
Acquired liabilities	(5,302)
A = Fair Value of the net assets	**(105)**
B = Remuneration	5,340
C = (B-A) Effect of consolidation	**5,445**

It should be noted that as at 30 June 2019 the accounting allocation process envisaged by IFRS 3 is not yet completed and therefore the difference between the payment for the acquisition and the fair value of the companies' net assets on the acquisition date is still provisionally allocated in the "goodwill" item; the added value of the acquisition lies in the fact that the Monsson Operation Perimeter is a technological pool complementary to the already existing expertise of the subsidiary PLC Service in the wind turbine sector, as well as an international platform through which it can guide the development of its activities abroad.

A. TANGIBLE ASSETS

The balance of tangible assets at 30 June 2019 was € 8,416 thousand (€ 7,545 thousand at 31 December 2018).

TANGIBLE ASSETS (in thousands of Euro)	Land and buildings	General and Specific Plants	Equipment	Office machines and other assets	Assets under construction	Rights to the use of tangible assets	Total
Net value at 31.12.2018	**2,204**	**818**	**705**	**228**	**3,590**	**-**	**7,545**
Increases	-	228	145	594	607	449	2,023
Decreases	-	-	-	(10)	(715)	(19)	(744)
Depreciation	(34)	(79)	(123)	(126)	-	(92)	(454)
Other variations	46	-	-	-	-	-	46
Net value at 30.06.2019	**2,216**	**967**	**727**	**686**	**3,482**	**338**	**8,416**

The half-year increases, amounting to € 2,023 thousand, mainly relate to investments made by the Monsson Perimeter companies.

B. GOODWILL

Goodwill at 30 June 2019 amounted to € 10,157 thousand (€ 9,490 thousand at 31 December 2018).

GOODWILL (figures in thousands of Euro)	31.12.2018	Increases	Decreases	Reclassifications	30.06.2019
Acquisition Perimeter Monnson Operation	4,778	667	-	-	5,445
Reverse merger operation	4,710	-	-	-	4,710
Acquisition Idroelettrica	2	-	-	-	2
Total	9,490	667	-	-	10,157

At 30 June 2019, as a result of the actual determination of the amount relating to the acquisition of the Monsson Operation Perimeter in Euro 5,340 thousand, the price differential was recalculated with respect to the net assets acquired, provisionally allocated to goodwill and calculated as € 5,445 thousand (for further details, see the related note).

C. OTHER INTANGIBLE ASSETS

The balance of intangible assets at 30 June 2019 was € 6,273 thousand (€ 5,884 thousand at 31 December 2018).

OTHER INTANGIBLE ASSETS (figures in thousands of Euro)	Surface rights	Other intangible assets	Intangible assets under construction	Total
Net value at 31.12.2018	-	4,141	1,743	5,884
Increases	-	54	363	417
Decreases	-	(5)	-	(5)
Depreciation	-	(23)	-	(23)
Use of accumulated depreciation	-	-	-	-
Net value at 30.06.2019	-	4,167	2,106	6,273

The increase in other intangible assets for the year relates to the costs incurred during the year in relation to the Progeo Project which, since being now in the prototype development phase, have been capitalised in accordance with the provisions of IAS 38. The project ended in June 2019.

The increase in the item "other intangible assets" is mainly due, for € 4,006 thousand, to the recognition of the fair value of the authorisations already obtained and of the authorisation processes at an extremely advanced stage relating to the C&C Operation in 2018 following the completion of the accounting allocation process envisaged by IFRS 3.

D. EQUITY INVESTMENTS IN ASSOCIATES

EQUITY INVESTMENTS IN ASSOCIATES (in thousands of Euro)	% held	31.12.2018	Increases	Decreases	Reclassifications	30.06.2019
Solar Project One S.r.l.	50%	342	-	(7)	-	335
MSD Service S.r.l.	45%	5	-	(5)	-	-
Panmed Renewables	20%	50	-	-	-	50
Monsson Poland zoo	26%	3	6	-	-	9
Monsson South Africa Ltd.	25%	-	-	-	-	-
Total		400	6	(12)	-	394

The balance of investments in associates at 30 June 2019 was € 394 thousand (€ 400 thousand at 31 December 2018).

The changes that occurred during the year refer exclusively to the recognition of the portion of the result attributable to the PLC Group.

E. EQUITY INVESTMENTS IN OTHER COMPANIES

EQUITY INVESTMENTS IN OTHER COMPANIES (in thousands of Euro)	31.12.2018	Increases	Decreases	30.06.2019
Equity investment in Banca del Sud	10	-	-	10
Equity investment in Consorzio EnelSi (*)	-	-	-	-
Equity investment in Credit (*)	-	-	-	-
Other equity investments	1	-	-	1
Total	11	-	-	11

(*) equity investments entirely written down in previous years

The item Equity investments in other companies amounted to € 11 thousand at 30 June 2019 unchanged from 31 December 2018.

F. DEFERRED TAX ASSETS

Deferred tax assets of € 57 thousand at 30 June 2019 relate to temporary differences between the carrying amounts and the fiscally recognised values of certain financial statements items, mainly relating to the discounting of the employee severance indemnity.

DEFERRED TAX ASSETS (in thousands of Euro)	31.12.2018	Increases	Decreases	30.06.2019
Deferred tax assets	63	6	(12)	57
Total	63	6	(12)	57

G. NON-CURRENT DERIVATIVE INSTRUMENTS

Non-current derivative instruments, amounting to € 3 thousand at 30 June 2019, relate to the cap strike agreement signed in relation to the BNL loan, to hedge the interest rate risk. It should be noted that with reference to this contract the Group has opted for the fair value measurement with recognition of the changes in the income statement.

H. NON-CURRENT RECEIVABLES

NON-CURRENT RECEIVABLES (figures in thousands of Euro)	30.06.2019	31.12.2018
Non-current receivables from related parties	-	85
Non-current receivables from others	2,233	1,812
Total	2,233	1,897

The non-current receivables amounting to € 2,233 thousand at 30 June 2019 (€ 1,897 thousand at 31 December 2018) mainly relate to the portion of trade receivables due after one year as a result of interest-bearing repayment plans signed with some customers.

I. INVENTORIES AND CONTRACT ASSETS

INVENTORY AND CONTRACT ASSETS (in thousands of Euro)	30.06.2019	31.12.2018
Inventories of raw materials	4,851	4,062
Inventory write-down provision	(484)	(417)
Inventories of raw materials	4,367	3,645
Contract assets	3,059	3,258
Total	7,426	6,903

Inventories

Inventories of € 4,367 thousand at 30 June 2019 (€ 3,645 thousand at 31 December 2018) are shown net of an inventory provision of € 484 thousand. Inventories include raw materials for the EPC business and spare parts mainly for the O&M business.

The changes in the inventory provision are shown below.

PROVISION FOR STOCK WRITE-DOWN (figures in thousands of Euro)	31.12.2018	Increases	Decreases	30.06.2019
Inventory write-down provision	(417)	(67)	-	(484)

Contract assets

Contract assets at 30 June 2019 amounted to € 3,059 thousand (€ 3,258 thousand at 31 December 2018). The item originates from the time difference between the operating progress of the projects and the achievement of the contractual progress statuses that allow invoicing. The amount of contract assets decreases due to the recognition of the milestones by the customers, the invoicing and the related collection, as well as to the effect of the delay suffered on the new sites, as reported in the management report.

J. TRADE RECEIVABLES

Trade receivables at 30 June 2019 amounted to € 12,980 thousand compared to € 18,330 thousand at 31 December 2018. Trade receivables are shown net of the related bad debt provision, amounting to € 1,083 thousand, which increased due to the net effect of provisions / uses in the period as a result of the settlement of certain disputed credit positions.

TRADE RECEIVABLES (in thousands of Euro)	30.06.2019	31.12.2018
Trade receivables from related parties	1,028	1,018
Trade receivables from others	13,035	18,366
Provision for bad debts from others	(1,083)	(1,054)
Trade receivables from others	11,952	17,312
Total	12,980	18,330

The reduction compared to the previous year is related to the half-year performance and in particular to the delays suffered on the new sites, as shown in the management report.

The movements in the bad debt provision are shown below.

PROVISION FOR BAD DEBTS (figures in thousands of Euro)	31.12.2018	Increases	Decreases	30.06.2019
Bad debt provision	(1,054)	(119)	90	(1,083)

Trade receivables from related parties are illustrated in paragraph 2.7.

K. CURRENT FINANCIAL RECEIVABLES

Current financial receivables at 30 June 2019 amounted to € 535 thousand (€ 371 thousand at 31 December 2018)

CURRENT FINANCIAL RECEIVABLES (figures in thousands of Euro)	30.06.2019	31.12.2018
Current financial receivables from related parties	499	371
Current financial receivables from others	1,455	1,419
Provision for current bad debts from others	(1,419)	(1,419)
Current financial receivables from others	36	-
Total	535	371

Financial receivables from related parties are illustrated in paragraph 2.7.

Other financial receivables, amounting to € 1,455 thousand, include € 1,419 thousand of receivables from former subsidiaries and associated companies subject to full write-down in previous years.

PROVISION FOR BAD DEBTS (figures in thousands of Euro)	31.12.2018	Increases	Decreases	30.06.2019
Bad debt provision	(1,419)	-	-	(1,419)

L. OTHER RECEIVABLES

The total balance of other receivables at 30 June 2019 was € 2,715 thousand (€ 2,244 thousand at 31 December 2018).

OTHER CURRENT RECEIVABLES (figures in thousands of Euro)	30.06.2019	31.12.2018
Other receivables from related parties	8	70
Progeo project receivables	702	404
Tax receivables	773	1,020
Advances, deposits and securities	353	161
Prepaid expenses	501	327
Other receivables	378	262
Other receivables from others	2,707	2,174
Total	2,715	2,244

Other receivables from related parties are illustrated in paragraph 2.7.

M. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets amounted to € 300 thousand at 30 June 2019 (€ 482 thousand at 31 December 2018) and include securities and funds maturing within the year.

N. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE / DISPOSAL

Non-current assets held for sale/disposal at 30 June 2019 amounting to € 1,998 thousand refer to the property located in Costanta (RO) included in the Monsson Operation Perimeter, which, pursuant to the contract, is expected to be sold to the sellers by the end of 2019 at a price of € 2,040 thousand equal to its carrying amount and offset by part of the shareholders' loans granted by the sellers themselves and by companies owned by them (recorded under current liabilities held for disposal).

(in thousands of Euro)	Monsson Building	Total
Non-current assets	1,998	1,998
Current assets	-	-
Assets held for disposal	**1,998**	**1,998**
- of which financial in nature	-	-

Non-current liabilities	2,040	2,040
Current liabilities	-	-
Liabilities held for disposal	**2,040**	**2,040**
- of which financial in nature	*2,040*	*2,040*

The change with respect to the previous year derives from the sale of the 18% stake held in TWH in execution of the investment contract signed with ACE and recorded among assets held for sale at 31 December 2018.

31.12.2018

(in thousands of Euro)	TWH	Monsson Building	Total
Non-current assets	6,030	2,049	8,079
Current assets	-	-	-
Assets held for disposal	**6,030**	**2,049**	**8,079**
- of which financial in nature	-	-	-
Non-current liabilities	-	2,049	2,049
Current liabilities	-	-	-
Liabilities held for disposal	**-**	**2,049**	**2,049**
- of which financial in nature	-	2,049	*2,049*

O. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity at 30 June 2019 amounted to € 21,006 thousand, of which € 104 thousand was attributable to minority interests. The changes in shareholders' equity mainly relate to (i) to the execution of the second tranche of the conversion into capital of € 18 thousand approved by the Extraordinary Shareholders' Meeting of 29 June 2017, (ii) the distribution of dividends of € 956 thousand approved by the shareholders' meeting of 25 June 2019, and (iii) the overall negative result for the year of € 2,548 thousand, and (iv) to other changes in shareholders' equity for € 55 thousand mainly relating to the recognition of the conversion reserve.

Finally, it should be noted that the stock market capitalisation of the PLC share at 30 June 2019, equal to € 37.2 million, is higher than its consolidated shareholders' equity as at the reference date.

P. NET FINANCIAL POSITION

CONSOLIDATED NET FINANCIAL POSITION (figures in thousands of Euro)	30.06.2019	31.12.2018
Cash and cash equivalents (*)	8,152	5,858
Current financial receivables	535	371
Current financial liabilities	(4,482)	(4,702)
Financial assets/liabilities held for disposal	(2,040)	(2,049)
Short-term net financial position	2,165	(522)
Non-current financial liabilities	(8,074)	(6,746)
Medium/long-term net financial position	(8,074)	(6,746)
NET FINANCIAL POSITION	(5,909)	(7,267)

(*) of which € 171 thousand tied-up to 30 June 2019 (€ 2,223 at 31 December 2018)

The net financial position of the PLC Group at 30 June 2019 is negative for Euro 5,909 thousand (negative for Euro 7,267 thousand at 31 December 2018) and benefited positively from the proceeds of the sale in May 2019 of 18% held in TWH for Euro 6,028 thousand.

During the first half of 2019 the Parent Company PLC signed a medium-long term loan agreement with BNL for € 5,000 thousand (of which € 4,000 thousand disbursed by 30 June 2019) intended to finance the needs relating to the purchase of the Monsson Operation Perimeter.

Loans outstanding at 30 June 2019

Shown below a list of loans outstanding at 30 June 2019 for the principal portion only, showing the contractual due dates.

Loans (figures in thousands of Euro)	Company	Last expiry date	Short-term portion	Long-term portion	Total remaining loan at 30.06.2019
BPM loan	PLC S.p.A.	31/12/2021	1,174	1,799	2,973
BNL loan	PLC S.p.A.	22/01/2014	250	3,659	3,909
Unicredit loan	PLC System S.r.l.	31/01/2020	299		299
Unicredit Factoring advance	PLC System S.r.l.	Subject to revocation	389	-	389
BPER loan	PLC System S.r.l.	02/02/2020	1,000	-	1,000
BPER loan	PLC System S.r.l.	02/08/2020	-	1,000	1,000
BNL Contract advance	PLC System S.r.l.	Subject to revocation	500	-	500
Bank International loan	PLC System S.r.l.	12/10/2019	2	-	2
BNL loan	PLC Service S.r.l.	31/07/2028	132	1,213	1,345
ITALEASE loan	PLC Service S.r.l.	31/12/2022	3	7	10
Unicredit advance	PLC Service Wind S.r.l.	Subject to revocation	251	-	251
Shareholder loan Mr. Muntmark	Monsson Operation Ltd (IE)	31/12/2019	188	-	188
Monsson Alma loan	Monnson Operation S.r.l. (RO)	31/12/2019	1,404	-	1,404
Shareholder loan Mr. Muntmark	Monnson Operation S.r.l. (RO)	31/12/2019	235	-	235
Raffeisen Bank loan	Monnson Operation S.r.l. (RO)	20/07/2020	144	12	156
Monsson Energy Ltd loan	Monnson Operation S.r.l. (RO)	30/12/2021	99	-	99
Martop Development loan	Monnson Operation S.r.l. (RO)	30/12/2021	-	6	6
Muntmark Maria loan	Wind Power Energy Srl (RO)	31/12/2019	12	-	12
Sebastian Enache loan	Wind Power Energy Srl (RO)	31/12/2019	3	-	3
Total			6,085	7,696	13,781

With reference to covering the risk deriving from changes in interest rates, the Group signed a cap-strike agreement on the outstanding loan with BNL (for further details, see note G. Non-current derivative instruments).

The guarantees given in favour of loans granted to the Group are illustrated in detail in the Notes relating to commitments and guarantees.

Q. PROVISIONS FOR NON-CURRENT RISKS AND CHARGES

Provisions for risks and charges, amounting to € 40 thousand, relate to provisions for the coverage of losses of the subsidiaries MSD Service and Monsson South Africa Ltd., for € 34 thousand and € 6 thousand respectively, set up as a result of the recognition of the share of the result for the period.

NON-CURRENT PROVISION FOR RISKS AND CHARGES (figures in thousands of Euro)	31.12.2018	Increases	Decreases	30.06.2019
Provision to cover losses of subsidiary companies	-	40	-	40

R. EMPLOYEE SEVERANCE INDEMNITY

The balance of the item "Employee Severance Indemnity" ("TFR") at 30 June 2019 was € 1,338 thousand (€ 1,229 thousand at 31 December 2018).

EMPLOYEE SEVERANCE INDEMNITY (in thousands of Euro)	31.12.2018	Increases	Accruals	Utilizations	Actuarial gains/ losses	30.06.2019
Employee severance indemnity	1,229	-	148	(39)	-	1,338

Employee severance indemnity includes amounts due to employees that are not transferred to supplementary pension funds or to the treasury fund set up at INPS. Employee severance indemnity is identified as defined benefit plans under IAS 19, and is therefore subject to actuarial valuations, in order to express the present value of the benefit payable at the end of the employment relationship that employees have accrued at the date of the financial statements.

At 30 June 2019, the Group had 417 employees, including 22 managers, 133 middle managers and clerical staff and 262 workers. The average number of employees in 2018 by category and the comparison with the previous year are shown in the table below.

AVERAGE NUMBER OF EMPLOYEES (in units)	30.06.2019	31.12.2018
Managers	22	5
Middle managers and clerical staff	130	74
Workers	253	122
Total	**406**	**201**

S. DEFERRED TAX LIABILITIES AND OTHER NON-CURRENT TAXES

DEFERRED TAX LIABILITIES AND OTHER NON-CURRENT TAXES (figures in thousands of Euro)	30.06.2019	31.12.2018
Deferred tax liabilities and other non-current taxes	1,538	1,699
Total	**1,538**	**1,699**

This item includes € 1,117 thousand in deferred tax liabilities calculated on the fair value of the authorisations for the C&C Operation in 2018 following completion of the accounting allocation process provided for by IFRS 3, and € 421 thousand for the long-term portion of the IRES payable for the 2013 tax year of the subsidiary PLC System subject to instalments.

T. TRADE PAYABLES

The balance of trade payables at 30 June 2019 was € 9,783 thousand (€ 15,835 thousand at 31 December 2018).

TRADE PAYABLES (in thousands of Euro)	30.06.2019	31.12.2018
Trade payables to related parties	*175*	*493*
Trade payables to others	9,608	15,342
Total	**9,783**	**15,835**

Trade payables to related parties are illustrated in paragraph 2.7.

U. CONTRACT LIABILITIES

Contract liabilities, amounting to € 767 thousand (€ 474 thousand at 31 December 2018) mainly concern advances and invoiced advances on job orders with durations exceeding one year and adjusted for revenues in order to comply with the accrual principle, in application of the valuation criterion based on the contractual amounts accrued.

V. OTHER PAYABLES

Other payables at 30 June 2019 amounted to € 12,582 thousand (€ 10,387 thousand at 31 December 2018).

OTHER PAYABLES (in thousands of Euro)	30.06.2019	31.12.2018
Payable to Fraes (formerly PLC Group)	761	-
Other payables to related parties	-	54
Other payables to related parties	**761**	**54**
Residual debt purchase of Monsson Operation Ltd	3,792	3,125
Payables to tax authorities	2,302	2,947
Accruals and deferrals	1,711	1,165
Earn out Operation C&C	987	987
Payables to Enel Green Power	456	-
Payables to social security institutions	699	778
Payables to directors	247	265
Other payables	1,627	1,066
Other payables to others	**11,821**	**10,333**
Total	**12,582**	**10,387**

The residual debt relating to the purchase of Monsson Operation Ltd, definitively established in € 3,792 thousand, refers to (i) for € 1,175 thousand, to the residual price for the purchase of the first 51% of the share capital and (ii) for € 2,617 thousand to the value of the put option granted to sellers on the residual 49% stake, carried out in July 2019. It should be noted that this debt was extinguished through the reserved capital increases resolved by the Extraordinary Shareholders' Meeting of 31 July 2019 and carried out in the following month of August.

Deferred income, amounting to € 1,711 thousand, mainly relates, for € 1,474 thousand to the grant relating to the Progeo Project which will be recognized in the years in which the depreciation of the project is charged.

Other payables, equal to € 1,626 thousand, include € 1,289 thousand for payables to employees for wages and salaries, holidays and reductions in working hours.

The other payables to related parties, described in paragraph 2.7, relate to the portion of dividends pertaining to the parent company FRAES S.r.l., resolved by the Shareholders’ Meeting of 25 June 2019 and settled in the following July.

AA. REVENUES FROM ORDINARY OPERATIONS

REVENUE FROM OPERATIONS (in thousands of Euro)	30.06.2019	30.06.2018
Revenues from related parties	630	10
Revenues from construction activities (EPC segment)	4,193	18,331
Revenues from services (O&M segment)	11,222	5,361
Revenues from other segments	7	-
Revenues from others	15,422	23,692
Total	16,052	23,702

Revenues at 30 June 2019 amounted to € 16,052 thousand (€ 23,702 thousand at 30 June 2018).

Construction revenues, relating to the EPC segment, amounted to € 4,193 thousand and, compared to the same period of the previous year, suffered significantly for the delay in the publication of the FER 1 Decree which caused a postponement of the planned activities.

On the other hand, the O&M segment shows significant growth, with revenues of € 11,222 thousand, also due to the Monsson Operation perimeter grant. In the second half of 2019, a significant increase in wind turbine assembly and installation services is expected due to the completion of activities at the Adygeea wind farm (Russia). For further information, reference should be made to the Report on Operations.

The breakdown of revenues by geographical area is shown below.

REVENUES BY GEOGRAPHIC AREA (in thousands of Euro)	ITALY	FOREIGN COUNTRIES	TOTAL
Revenues from construction activities (EPC segment)	3,929	264	4,193
Revenues from services (O&M segment)	7,099	4,754	11,852
Revenues from other segments	7	-	7
Total	11,034	5,018	16,052
% incidence on total revenues	*69%*	*31%*	

BB. OTHER OPERATING REVENUES

Other operating revenues amounted to € 203 thousand at 30 June 2019 (€ 808 thousand at 30 June 2018).

OTHER OPERATING REVENUES (figures in thousands of Euro)	30.06.2019	30.06.2018
Other operating revenues from related parties	21	-
Revenues from BOT activities	-	-
Other revenues	182	808
Other operating revenues from others	182	808
Total	203	808

CC. COSTS FOR RAW MATERIALS

COSTS FOR RAW MATERIALS (in thousands of Euro)	30.06.2019	30.06.2018
Purchase of raw materials from related parties	-	-
Purchase of raw materials from third parties	2,422	6,275
Total	**2,422**	**6,275**

Costs for raw materials at 30 June 2019 amounted to € 2,422 thousand (€ 6,275 thousand at 30 June 2018). The decrease compared to the previous year is closely related to the postponement of activities in the EPC-BOT segments.

DD. SERVICE COSTS

The following table details service costs totalling € 7,192 thousand (€ 6,762 thousand at 30 June 2018).

SERVICE COSTS (figures in thousands of Euro)	30.06.2019	30.06.2018
Service costs from related parties	162	138
Service costs from related parties	**162**	**138**
Administrative and tax consultancy	161	92
Legal and notarial consultancy	134	150
Technical and professional consulting	2,188	4,298
Independent Auditors fees	45	44
Maintenance and utilities	148	120
Insurance	214	117
Rentals and other costs on third-party assets	462	456
Leases payable and charges	56	41
Services and other goods	3,622	1,306
Service costs from others	**7,030**	**6,624**
Total	**7,192**	**6,762**

EE. PERSONNEL COSTS

Personnel costs at 30 June 2019 amounted to € 6,927 thousand (€ 4,471 thousand at 30 June 2018). The increase in the period is essentially due to the contribution of the Monsson Operation perimeter for approximately € 1,800 thousand.

FF. OTHER OPERATING COSTS

Other operating costs at 30 June 2019 amounted to € 1,235 thousand (€ 647 thousand at 30 June 2018) and mainly include costs for indirect goods and services such as fuel, hotel and restaurant expenses and employee travel expenses.

OTHER OPERATING COSTS (figures in thousands of Euro)	30.06.2019	30.06.2018
Other operating costs from related parties	62	-
Indirect taxes and fees	28	-
Write-down of receivables and other provisions	246	5
Other operating costs	899	642
Other operating costs from others	1,173	647
Total	1,235	647

GG. AMORTISATION AND DEPRECIATION

AMORTIZATION AND DEPRECIATION (figures in thousands of Euro)	30.06.2019	30.06.2018
Depreciation intangible assets	23	5
Depreciation tangible assets	455	267
Total	478	272

Amortisation and depreciation for the period amounted to € 478 thousand (€ 272 thousand at 30 June 2018).

HH. FINANCIAL INCOME

The balance of financial income at 30 June 2019 was € 113 thousand (€ 109 thousand at 30 June 2018) and included interest income accrued on current accounts as well as on the repayment plans granted to some customers.

II. FINANCIAL CHARGES

Financial charges at 30 June 2019 amounted to € 426 thousand (€ 124 thousand at 30 June 2018).

JJ. SHARE OF THE RESULT OF EQUITY INVESTMENTS IN SHAREHOLDERS' EQUITY

The share of the result of equity investments valued using the equity method is negative for € 45 thousand (positive for € 6 thousand at 30 June 2018).

EQUITY SHARES NET INCOME AMOUNT (figures in thousands of Euro)	30.06.2019	30.06.2018
MSD Service S.r.l.	(39)	-
Solar Project One S.r.l.	(7)	6
Monsson South Africa Ltd.	(6)	-
Monsson Poland SP.ZO.o.	7	-
Total	(45)	6

KK. INCOME TAXES

INCOME TAXES (figures in thousands of Euro)	30.06.2019	30.06.2018
Current income taxes	196	1,926
Deferred income taxes	(6)	13
Taxes relating to previous years	1	-
Total	**191**	**1,939**

The balance of the item taxes, equal to € 191 thousand, at 30 June 2019 comprises current taxes, both IRES and IRAP for € 196 thousand and for € 6 thousand in released deferred taxes relating to the previous financial year.

LL. COMMITMENTS AND GUARANTEES

PLC

- surety issued by PLC System on behalf of PLC S.p.A. in favour of Banca Nazionale del Lavoro to guarantee the loan granted for € 5,000 thousand;
- guarantee issued by SACE S.p.A. on behalf of PLC S.p.A. in favour of Banca Nazionale del Lavoro to guarantee the loan granted for € 2,500 thousand;

PLC SYSTEM

- bank sureties issued by Unicredit in favour of domestic customers for a total of € 636 thousand;
- bank sureties issued by BNL in favour of domestic customers for a total of € 1,870 thousand;
- bank sureties issued by Credito Emiliano in favour of domestic customers for a total of € 169 thousand;
- insurance sureties issued by Atradius, Generali and Coface in favour of domestic customers for a total of € 2,026 thousand;
- surety issued by PLC Group on behalf of PLC System in favour of Banca Nazionale del Lavoro to guarantee the bank credit facility granted for € 2,550 thousand;
- surety issued by Esposito F. and Scognamiglio A. on behalf of PLC System in favour of Unicredit to guarantee the bank credit facility granted for € 2,698 thousand;
- pledge on securities to guarantee the sureties issued by Credito Emiliano for € 150 thousand.
- corporate guarantee issued by PLC in favour of Siemens Gamesa Renewable Energy Wind S.r.l. for Euro 318 thousand.

PLC SERVICE

- bank sureties issued by Unicredit in favour of domestic customers for € 35 thousand;
- insurance sureties issued by Atradius, Sace and Coface in favour of national customers for € 245 thousand;

- surety issued by Esposito F. and Scognamiglio A. on behalf of PLC Service in favour of Unicredit for € 46 thousand;
- first mortgage on the property located in Acerra - Pantano district, for € 2,886 thousand to guarantee the loan granted by BNL.

PLC SERVICE WIND

- surety issued by PLC Service on behalf of PLC Service Wind in favour of Unicredit to guarantee the credit line of € 325 thousand granted;

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- insurance surety issued by Atradius in favour of the municipality of Pergola for € 182 thousand.

PLC POWER

- 2 corporate guarantees issued by PLC in favour of Enel Green Power SpA to guarantee the amounts already paid pursuant to the preliminary contracts for the sale of the investments held in C&C Uno Energy and C&C Castelvetere for a total of € 456 thousand.

MSD SERVICE

- Insurance surety issued by Reale Mutua di Assicurazioni on behalf of Burgentia Energia S.r.l. for a total of € 500 thousand;
- Bank surety issued by Banca Nazionale del Lavoro S.p.A. in favour of Terna S.p.A. for a total of € 50 thousand.

MM. SEGMENT REPORTING

An operating segment is a component of an entity that undertakes business activities that generate revenues and expenses (including revenues and expenses from transactions with other segments of the same entity), whose operating results are periodically reviewed at the Company's chief operating decision making level for the purpose of making decisions about resources to be allocated to the segment, assessing results and for which separate financial statements information is available.

The following operating segments have been identified in line with the activities carried out by the Group:

EPC - BOT segment: into which PLC System and its subsidiaries fall;

O&M segment: which includes PLC Service, its subsidiary PLC Service Wind and the Monsson Operation Perimeter;

PV segment: which includes the newly formed Tirreno

HOLDING segment: which includes the parent company PLC SpA.

Other: which temporarily includes Richini Due

STATEMENT OF FINANCIAL POSITION (figures in thousands of Euro)	EPCBOT	O&M	Holding	FV	Other	30.06.2019
Non-current assets						
Tangible assets	3.882	4.446	45	43	-	8.416
Goodwill	2	2.828	7.327	-	-	10.157
Other intangible assets	6.166	86	21	-	-	6.273
Equity investments valued with net equity method	384	10	-	-	-	394
Equity investments in other companies	11	-	-	-	-	11
Deffered tax assests	26	19	12	-	-	57
Non-current receivables	2.117	111	5	-	-	2.233
Non-current derivative instruments	-	-	3	-	-	3
Other non-current assets	-	-	-	-	-	-
Total non-current assets	**12.588**	**7.500**	**7.413**	**43**	**-**	**27.544**
Current assets						
Inventories	2.233	2.134	-	-	-	4.367
Contact assets	3.059	-	-	-	-	3.059
Trade receivables	3.188	9.780	12	-	-	12.980
Financial receivables	357	121	57	-	-	535
Other receivables	1.741	849	120	4	1	2.715
Cash and cash equivalents	4.352	1.200	2.588	5	7	8.152
Other current assets	300	-	-	-	-	300
Total current assets	**15.230**	**14.084**	**2.777**	**9**	**8**	**32.108**
Non-current assets held for sale / disposal		1.998				1.998
TOTAL ASSETS	**27.818**	**23.582**	**10.190**	**52**	**8**	**61.650**

STATEMENT OF FINANCIAL POSITION (figures in thousands of Euro)	EPCBOT	O&M	Holding	FV	Other	30.06.2019
Group shareholders' equity	12.378	11.882	(3.415)	49	8	20.902
Minority interests in shareholders' equity	102	(193)	193	2	-	104
TOTAL SHAREHOLDERS' EQUITY	**12.480**	**11.689**	**(3.222)**	**51**	**8**	**21.006**
Non-current liabilities						
Non-current financial liabilities	2.047	559	5.468	-	-	8.074
Provision for non-current risk and charges	-	7	33	-	-	40
Employee severance indemnity	494	657	187	-	-	1.338
Deferred tax liabilities and other non-current taxes	1.538	-	-	-	-	1.538
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	**4.079**	**1.223**	**5.688**	**-**	**-**	**10.990**
Current liabilities						
Current financial liabilities	1.236	1.817	1.430	-	-	4.483
Current trade payables	5.019	3.863	899	1	-	9.782
Contractual liabilities	721	46	-	-	-	767
Other current liabilities	4.283	2.904	5.395	-	-	12.582
Total current liabilities	**11.259**	**8.630**	**7.724**	**1**	**-**	**27.614**
Non-current liabilities held for sale / disposal	-	2.040	-	-	-	2.040
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**27.818**	**23.582**	**10.190**	**52**	**8**	**61.650**

STATEMENT OF FINANCIAL POSITION (figures in thousands of Euro)	EPCBOT	O&M	Holding	FV	Other	30.06.2018
Non-current assets						
Tangible assets	2.927	2.382	-	-	-	5.309
Goodwill	2.561	-	4.710	-	-	7.271
Other intangible assets	26	21	-	-	-	47
Equity investments valued with net equity method	472	-	-	-	-	472
Equity investments in other companies	32	-	-	-	-	32
Deffered tax assests	39	30	-	-	-	69
Non-current receivables	2.467	-	-	-	-	2.467
Non-current derivative instruments	-	-	-	-	-	-
Other non-current assets	345	-	-	-	-	345
Total non-current assets	8.869	2.433	4.710	-	-	16.012
Current assets						
Inventories	2.956	1.914	-	-	-	4.870
Contact assets	3.921	-	-	-	-	3.921
Trade receivables	10.171	4.275	166	-	-	14.612
Financial receivables	328	-	-	-	-	328
Other receivables	1.258	337	275	-	60	1.930
Cash and cash equivalents	5.659	821	145	-	4	6.629
Other current assets	149	-	-	-	-	149
Total current assets	24.442	7.346	587	-	64	32.439
Non-current assets held for sale / disposal	3.976	-	-	-	2.164	6.140
TOTAL ASSETS	37.287	9.779	5.297	-	2.228	54.591

STATEMENT OF FINANCIAL POSITION (figures in thousands of Euro)	EPCBOT	O&M	Holding	FV	Other	30.06.2018
Group shareholders' equity	16.588	4.253	4.600	-	-	25.442
Minority interests in shareholders' equity	109	-	-	-	-	109
TOTAL SHAREHOLDERS' EQUITY	16.698	4.253	4.600	-	-	25.551
Non-current liabilities						
Non-current financial liabilities	300	163	-	-	-	463
Provision for non-current risk and charges	-	-	-	-	-	-
Employee severance indemnity	440	541	135	-	-	1.116
Deferred tax liabilities and other non-current taxes	742	-	-	-	-	742
Other non-current liabilities	-	-	-	-	-	-
Total non-current liabilities	1.482	704	135	-	-	2.321
Current liabilities						
Current financial liabilities	3.262	1.489	18	-	-	4.769
Current trade payables	11.066	1.896	208	-	4	13.174
Contractual liabilities	2.721	1.437	336	-	1	4.495
Other current liabilities	2.058	-	-	-	-	2.058
Total current liabilities	19.107	4.822	562	-	5	24.496
Non-current liabilities held for sale / disposal	-	-	-	-	2.223	2.223
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	37.287	9.779	5.297	-	2.228	54.591

STATEMENT OF COMPREHENSIVE INCOME (figures in thousands of Euro)	EPC BOT	O&M	Holding	FV	Other	01.01.2019 30.06.2019
Revenues from ordinary operations	4.193	11.852	7	-	-	16.052
Other operating revenues	130	73	-	-	-	203
Operating costs	(5.511)	(9.831)	(1.196)	(2)	(1)	(16.541)
Other operating costs	(409)	(769)	(56)	-	(1)	(1.235)
GROSS OPERATING MARGIN (EBITDA)	(1.597)	1.325	(1.245)	(2)	(2)	(1.521)
Depreciations and write-downs	(93)	(380)	(5)	-	-	(478)
OPERATING RESULT (EBIT)	(1.690)	945	(1.250)	(2)	(2)	(1.999)
Net financial income (expenses)	(47)	(121)	(145)	-	-	(313)
Income from (charges on) equity investments	(7)	1	(39)	-	-	(45)
Income taxes	53	(244)	-	-	-	(191)
Profit (loss) from continuing operations	(1.691)	581	(1.434)	(2)	(2)	(2.548)
Profit (loss) from discontinued operations	-	-	-	-	-	-
PROFIT (LOSS) FOR THE PERIOD	(1.691)	581	(1.434)	(2)	(2)	(2.548)
Total other components of comprehensive income	-	-	-	-	-	-
COMPREHENSIVE INCOME	(1.691)	581	(1.434)	(2)	(2)	(2.548)

STATEMENT OF COMPREHENSIVE INCOME (figures in thousands of Euro)	EPC BOT	O&M	Holding	FV	Other	01.01.2018 30.06.2018
Revenues from ordinary operations	18.341	5.361	-	-	-	23.702
Other operating revenues	710	98	-	-	-	808
Operating costs	(12.510)	(4.395)	(601)	-	(2)	(17.508)
Other operating costs	(263)	(292)	(92)	-	-	(647)
GROSS OPERATING MARGIN (EBITDA)	6.278	772	(693)	-	(2)	6.355
Depreciations and write-downs	(107)	(165)	-	-	-	(272)
OPERATING RESULT (EBIT)	6.171	607	(693)	-	(2)	6.083
Net financial income (expenses)	(17)	(12)	14	-	-	(15)
Income from (charges on) equity investments	6	-	-	-	-	6
Income taxes	(1.800)	(139)	-	-	-	(1.939)
Profit (loss) from continuing operations	4.360	456	(679)	-	(2)	4.135
Profit (loss) from discontinued operations	-	-	-	-	-	-
PROFIT (LOSS) FOR THE PERIOD	4.360	456	(679)	-	(2)	4.135
Total other components of comprehensive income	-	-	-	-	-	-
COMPREHENSIVE INCOME	4.360	456	(679)	-	(2)	4.135

3.2.4 FINANCIAL RISK MANAGEMENT POLICY

The financial risks to which the PLC Group is exposed are as follows: (i) credit risk arising from the possibility of default by a counterparty, (ii) foreign exchange risk arising from the performance of its business also in foreign markets, and (iii) interest rate risk arising from financial exposure.

Financial risk management is an integral part of the management of the Group's activities and is carried out centrally by the Parent Company, which defines the risk categories and, for each type of transaction and/or instrument, indicates the methods and operating limits.

Types of financial instruments and fair value hierarchy

Below is a breakdown of financial assets and liabilities, as required by IFRS 7, as part of the categories envisaged by IFRS 9, with an indication of the measurement criteria adopted.

FINANCIAL ASSETS AND LIABILITIES - IFRS 9 (in Euro/thousands)	Measurement criteria adopted				30.06.2019	31.12.2018
	Fair value	Fair Value Hierarchy	Measurement at cost	Amortised cost	Carrying amount	Carrying amount
Financial assets at fair value through profit or loss						
Loans and receivables	-	-	-	535	535	455
Cash and cash equivalents	8,152	Level 1	-	-	8,152	5,858
Trade receivables	-	-	-	12,980	12,980	18,330
Other current receivables	-	-	-	2,715	2,715	2,245
Other non-current receivables	-	-	-	2,233	2,233	1,812
Financial assets available for sale					-	
Investments in other companies measured at fair value	-	-	-	-	-	-
Investments in other companies measured at cost	-	-	11	-	11	11
Other financial assets	-	-	-	300	300	482
Financial assets held for sale	-	Level 3	-	-	-	-
TOTAL FINANCIAL ASSETS	8,152	-	11	18,763	26,926	29,193
Financial liabilities at amortised cost						
Trade payables	-	-	-	9,783	9,783	15,835
Other current payables	-	-	-	13,349	13,349	10,861
Current financial payables	-	-	-	4,482	4,482	4,702
Non-current financial payables	-	-	-	8,074	8,074	6,683
Financial liabilities held for sale	-	-	-	2,040	2,040	2,049
TOTAL FINANCIAL LIABILITIES	-	-	-	37,728	37,728	40,130

With regard to cash and cash equivalents, trade receivables and payables, other current and non-current receivables and current payables, the amortised cost is a reasonable approximation of fair value.

Financial assets and liabilities due within one year have not been measured at fair value because their amortised cost is about the same.

Financial assets and liabilities due after one year are measured using the amortised cost method.

With regard to financial instruments measured at fair value, their classification is reported on the basis of the hierarchy of levels that reflects the significance of the inputs used in determining fair value, as required by IFRS 13. The following levels can be distinguished:

- level 1 - listed (unadjusted) prices in active markets for identical assets or liabilities available to the entity at the measurement date;
- level 2 - inputs other than the listed prices referred to in the previous point, which are observable on the market directly (as in the case of prices) or indirectly (i.e. derived from prices);
- level 3 - inputs that are not based on observable market data.

Liquidity Risk

The evolution of the Group's net working capital and financial requirements is heavily influenced by the timing of invoicing of construction contracts (with reference to the EPC segment) and services (with reference to the O&M segment) and collection of the related receivables. Consequently, although the Group has put in place measures to ensure that adequate levels of working capital and liquidity are maintained, any delays in the progress of projects and/or in the definition of positions being finalised with clients could have an impact on the capacity and/or timing of cash flow generation.

Liquidity risk represents the risk that, due to the inability to raise new funds or liquidate assets on the market, the Group will not be able to meet its payment obligations, resulting in an impact on the economic result in the event that the Group is forced to incur additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that puts the Group's business at risk. The Group's risk management objective is to put in place a financial structure that, in line with the business objectives and defined limits, guarantees an adequate level of liquidity of credit facilities and credit lines for the entire Group.

Despite the fact that, at present, the Group has access to adequate sources of financing to meet its foreseeable financial needs, the reorganisation and rationalisation of the management of credit facilities and credit lines, which is more flexible and functional to the business, is continuing.

The policies applied were aimed at guaranteeing sufficient financial resources to cover short-term commitments and maturing bonds, as well as to ensure the availability of an adequate level of operational flexibility for the Group's development programmes, pursuing the maintenance of balance in terms of duration and composition of debt and an adequate structure of bank credit lines.

Credit Risk

Credit risk is the risk that a counterparty will fail to meet its obligations in relation to a financial instrument or contract, thereby generating a financial loss.

Credit risk is generally mitigated by the fact that the Group carries out a prior assessment of the counterparty risk of solvency on the basis of procedures and that, generally, receivables of a significant amount are due from known and reliable counterparties.

Despite the measures implemented, it cannot be ruled out that some of the Group's customers may delay, or fail to honour payments under the agreed terms and conditions.

Where there are changes in the creditworthiness of a counterparty, the value of the credit is adjusted accordingly to bring it into line with the actual probability of recovery.

At 30 June 2019, the maximum exposure to credit risk was equal to the carrying amount of the receivables in the financial statements.

Market risk

Market risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate as a result of changes in market prices, due to fluctuations in exchange rates, interest rates or the prices of equity instruments. The objective of market risk management is to manage and control the Group's exposure to such risk within acceptable levels, while optimising the return on investments.

Exchange rate risk

Over 2019, 69% of the Group's activity was mainly carried out in the Italian market and 31% abroad, mainly through the Monsson Operation perimeter. The Group does not currently have any hedging contracts in place to manage exchange rate risks.

Interest rate risk

The Group's exposure to the risk arising from changes in interest rates originates from floating rate financial payables that expose the Group to a cash flow risk linked to the volatility of the Euribor curve. Generally, the objective of the management is to limit the fluctuation of the financial charges that have an impact on the economic result, limiting the risk of a potential increase in interest rates, possibly through the use of derivative contracts for hedging purposes. At June 30, 2019, a Cap Strike agreement existed on the outstanding loan agreement with BNL.

Capital management

The objectives identified by the Group in the management of capital are the creation of value for all shareholders, the safeguarding of business continuity and support for the development of the Group, to which the new management is heavily committed.

3.3 CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH ART. 154-BIS of Italian Legislative Decree No. 58/98

The undersigned Michele Scoppio and Cecilia Mastelli, the Chief Executive Officer and Manager in charge of Financial Reporting of PLC respectively, certify, taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the business and
- of the effective application of administrative and accounting procedures for the preparation of the financial statements at 30 June 2019.

There are no significant aspects to be mentioned in this regard.

It is also certified that:

the interim financial statements at 30 June 2019:

- have been prepared in accordance with the applicable international accounting standards recognised by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- are consistent with the data in the accounting records and other corporate documents;
- are suitable to provide a true and fair view of the equity, economic and financial situation of the issuer and of the group of companies included in the consolidation.

The interim management report includes a reliable analysis of the references to important events that occurred in the first six months of the year and their impact on the condensed half-year financial statements, together with the description of the main risks and uncertainties for the remaining six months of the year. The management report also includes a reliable analysis of information on significant transactions with related parties.

Milan, 25 September 2019

The Chief Executive Officer

signed Michele Scoppio

The Manager in charge of financial reporting

signed Cecilia Mastelli

3.4 INDEPENDENT AUDITORS' REPORT

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Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
PLC S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statement and other comprehensive income, the statement of changes in equity and cash flows and the related explanatory notes of PLC S.p.A. and its subsidiaries (the "PLC Group") as of 30 June 2019. The Directors of PLC S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of PLC Group as of June 30, 2019 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, September 30, 2019

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EY S.p.A.
Signed by: Gabriele Grignaffini, Auditor

This report has been translated into the English language solely for the convenience of international readers

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