Grenergy
renovables

RESULTS 1H19

January - June

1. Executive summary 2

2. Operational and Financial Review 5

3. Analysis of the Consolidated Profit and Loss Statement 7

4. Analysis of the Consolidated Balance Sheet 8

5. Analysis of Cash Flow 10

6. Relevant Issues Following the Closing of the Period 11

7. Disclaimer 12

8. Definitions 13

Annex: Consolidated and Individual audited Financial Statements

1 Executive summary

(€k)	1H19	1H18	Var.
Revenue	55.504	24.570	126%
EBITDA	12.055	5.144	134%
Net Income	8.768	3.004	192%
Capex	27.193	23.716	15%
Net debt	11.286	3.825	195%
Free cash flow	(11.345)	(12.470)	(9%)
Main KPIs			
EBITDA Margin (%)	22%	21%	4%
ND/EBITDA	0,47x	0,17x	
Earning per share (€)	0,72	0,25	192%
nº shares (k)	24.306	24.306	

Tabla 1 Executive summary

1H19 was marked by the execution of the Solar PV sale agreements in Chile, as well as the construction of the wind projects Kosten (24MW) and Duna Huambos (36MW).

- **EBITDA** for the period reached 12.1M€ (+134% vs 1H19) mainly supported by the invoicing of the milestones reached in the Solar PV plants under construction in Chile, previously agreed for sale to several international funds.

- **Net Income** in 1H19 was positive at 8.8M€, explained by the positive result in the Development and Construction division.

- During the first half of 2019, **GRENERGY invested 27.2M€**, mainly in the wind plant Kosten (18.3M€) and Duna Huambos in Peru (8.1M€)

- **Free cash flow** has been negative in -11.2M€, highly impacted by the investments produced in the period. Before Capex, Funds from operation was positive in 19M€, +67% YoY.

- **Net Debt** amounted to 11.3M€, resulting a leverage ratio Net Debt/EBITDA of 0.5x, showing an ample capacity for future investment in Solar and Wind Projects.

All in all, these 1H 2019 results illustrate a solid and positive improvement in both operating and financial figures, allowing the Company to maintain its steady growth.

1 Leverage calculated as Net debt divided by annualized EBITDA (1H19x2 for 1H19 or 24M€)

1H 2019 **GRENERGY** key highlights could be summarized as follows:

- **Keeping a good track in the development and construction of agreed Solar PV plants for sale.**
    - Delivered 3 solar PV plants in Chile during 1H19
    - Invoiced 54.9M€ in the first half 2019 (foresees 90M€ for the whole year)
    - Still pending 79M€ in sales in the next years.

- **Advancing in the construction of our own projects.**
    - Signing of project debt and starting the construction phase of Duna/Huambos in Peru (+36MW).
    - Kosten wind project (+24WM) estimated to be connected before the year end.
    - Plan to add +300MW in 2020, +400MW in 2021 and more than 500MW in 2022 to our portfolio.

- **Considerable progress in our total pipeline.**
    - More than 1.3GW added to our Solar PV Pipeline, mainly in Chile (+1,071MW) and Colombia (+318MW).
    - Wind pipeline increased by 300MW and important advances in the Peruvian Bayovar project (+80MW) to Advanced Development.
    - Well defined Capex Plan for the 2020-2022 period, fully financed for 2020 and on track for the following years.

- **Strengthening our structure**
    - Improving our Corporate Governance with important approvals of internal policies and regulations.
    - Aiming to comply with the Sustainable Development Objectives defined in the 2030 UN Plan.
    - Strengthening our corporate structure by bringing in experienced professionals in every department.
    - Improving our facilities, with new offices in Chile – South Cone control center in LATAM – and Spain – Corporate Office.
    - Approving in the previous Annual General Meeting to jump from the MAB to the Continuous Market.

2

Operational and Financial Review

SOLAR PV

(MW)	Under Construction	Backlog	Advanced Development	Early Stage	Total
Probability of execution	**100%**	**80%**	**>50%**	**<50%**	
Chile	78	209	154	1.496	**1.937**
Spain		200	660	120	**980**
Colombia		12		446	**458**
Peru				230	**230**
Mexico		30			**30**
Total	**78**	**450**	**814**	**2.292**	**3.634**
Number of projects	**9**	**15**	**10**	**27**	**61**

WIND

(MW)	Under Construction	Backlog	Advanced Development	Early Stage	Total
Probability of execution	**100%**	**80%**	**>50%**	**<50%**	
Chile				316	**316**
Peru	36		80	36	**152**
Argentina	24				**24**
Total	**60**	**-**	**80**	**352**	**492**
Number of projects	**3**	**0**	**1**	**5**	**9**

TOTAL

Total	**138**	**450**	**894**	**2.644**	**4.126**

Table 2.1 Pipeline description

Total Pipeline increased by 1,640MW vs previous report. The main differences are explained as follows:

Under Construction (+2MW vs previous report)

- Already built and delivered three solar PV plants in Chile of 28MW, previously in U.C thus now having disappeared from the pipeline. Chilean MW under construction increased to 78MW, that will be delivered in 2H19 as they are part of the previous sales agreements with Daelim, Sonnedix and CarbonFree.
- On the other hand, regarding wind farms, in the final construction phase we have Kosten in Argentina (24MW with COD in 4Q19) and Duna/Huambos in Peru (36MW with COD in 2Q20).

Backlog (+37MW vs previous report)

- Increase in Solar PV backlog in 37MW thanks to the advance in the development of the Chilean projects El Romeral, Teno, Nahuen and Santa Carolina, as well Bayunca in Colombia.

Advanced Development (+460MW vs previous report)

- Solar PV A.D pipeline increased by 380MW, mainly driven by the important advancement of the Spanish projects (+610MW). On the other hand, Chilean Victor Jara Solar PV project moves from A.D. to E.S.
- Regarding Wind A.D pipeline, Bayovar Peruvian project (80 MW) moves up to advanced development.

Early Stage (+1.141MW vs previous report)

- Solar E.S pipeline increases 921MW thanks to the new development project in Chile (+1,275MW) and Colombia (+316MW). Step up in Spanish Solar PV projects reduced the total increase in E.S pipeline.
- Wind E.S pipeline increased by 220MW due to the new Chilean project under development of 300MW. The rest is produced by the mentioned improvement in Bayovar 80MW project.

Country	Project	Type	MW	Resource (hrs)	Site Control	Interconnect. rights	Environmental approvals	Build & Own	COD	Type
Peru	Bayovar	Wind	80	4.000	Submitted	Submitted	In progress	Yes	2Q21	A.D
Chile	Condor	Solar	11	2.700	Obtained	Submitted	In progress	Yes	4Q20	A.D
Chile	Ckilir	Solar	11	2.669	Submitted	Secured	Submitted	Yes	2Q20	A.D
Chile	Lockma	Solar	11	2,669	Submitted	Secured	Submitted	Yes	2Q20	A.D
Chile	Ckuru	Solar	11	2.670	Submitted	Secured	In progress	Yes	4Q20	A.D
Chile	Arica2	Solar	11	2.300	Submitted	Secured	In progress	Yes	1Q21	A.D
Chile	Quillagua2	Solar	100	2.950	Obtained	Submitted	Obtained	Yes	2Q21	A.D
España	Belinchon	Solar	150	2.150	Secured	Obtained	In progress	Yes	3Q21	A.D
España	Ayora	Solar	160	2.212	Secured	Obtained	In progress	Yes	4Q21	A.D
España	jose cabrera	Solar	50	2.156	Secured	Obtained	In progress	Yes	3Q21	A.D
España	Tabernas2	Solar	300	2.358	Submitted	Obtained	In progress	Yes	3Q21	A.D
Chile	El Romeral	Solar	9.6	2.018	Obtained	Obtained	Obtained	No	2Q20	Backlog
Chile	Teno	Solar	11	2.001	Obtained	Secured	Submitted	Yes	4Q20	Backlog
Chile	Nahuen	Solar	10.8	2.122	Obtained	Obtained	Secured	No	3Q20	Backlog
Chile	Mitchi	Solar	11	2.734	Secured	Obtained	Secured	No	2Q20	Backlog
Chile	San Vicente	Solar	9.6	2.109	Secured	Obtained	Obtained	No	1Q20	Backlog
Chile	Molina	Solar	10.8	2.015	Obtained	Secured	Obtained	No	1Q20	Backlog
Chile	Bellavista	Solar	10.8	2.72	Secured	Secured	Obtained	No	2Q20	Backlog
Chile	Pintados	Solar	10.8	2.72	Secured	Secured	Obtained	No	2Q20	Backlog
Chile	Dolores	Solar	10.8	2.732	Secured	Submitted	Obtained	No	3Q21	Backlog
Chile	Santa Carolina	Solar	3	2.104	Obtained	Secured	Obtained	No	2Q20	Backlog
Chile	Astillas	Solar	10.8	2.442	Obtained	Secured	Obtained	No	2Q20	Backlog
Chile	Quillagua	Solar	100	2.950	Obtained	Obtained	Obtained	Yes	3Q20	Backlog
Colombia	Bayunca	Solar	12	1.957	Obtained	Obtained	Secured	Yes	4Q20	Backlog
España	Los Escuderos	Solar	200	2.128	Obtained	Obtained	Secured	Yes	3Q20	Backlog
Mexico	San Miguel de Allende	Solar	30	2.300	Obtained	Submitted	Obtained	No	4Q20	Backlog
Chile	Placilla	Solar	10.8	2.200	Obtained	Obtained	Obtained	No	4Q19	U.C
Chile	Sol de septiembre	Solar	11	1.924	Obtained	Obtained	Obtained	No	2Q20	U.C
Chile	Quinta	Solar	9.2	2.177	Obtained	Obtained	Obtained	No	1Q20	U.C
Chile	Rinconada	Solar	9.6	2.165	Obtained	Obtained	Obtained	No	4Q19	U.C
Chile	Lo Miranda	Solar	7.2	2.142	Obtained	Obtained	Obtained	No	4Q19	U.C
Chile	Paraguay	Solar	10.8	1.977	Obtained	Obtained	Obtained	No	4Q19	U.C
Chile	La Estancia	Solar	3	2.169	Obtained	Obtained	Obtained	No	4Q19	U.C
Chile	Rauquen	Solar	10.8	2.069	Obtained	Obtained	Obtained	No	4Q19	U.C
Chile	Lemu	Solar	6	2.069	Obtained	Obtained	Obtained	No	4Q19	U.C
Argentina	Kosten	Wind	24	5.033	Obtained	Obtained	Obtained	Yes	4Q19	U.C
Peru	Duna	Wind	18	4.900	Obtained	Obtained	Obtained	Yes	2Q20	U.C
Peru	Huambos	Wind	18	4.900	Obtained	Obtained	Obtained	Yes	2Q20	U.C
Total			**1.482**							

Tabla 2.2 Secured pipeline.

Revenue				
(€k)	1H19	1H18	Var.	Delta
Development & Construction	54.890	22.933	131.957	139%
Energy	-	1.299	(1.299)	(100%)
Services	614	338	276	82%
Total Revenue	**55.504**	**24.570**	**30.934**	**126%**

EBITDA				
(€k)	1H19	1H18	Var.	Delta
Development & Construction	13.851	5.474	8.377	53%
Energy	-	1.030	(1.030)	(100%)
Services	122	(67)	189	(282%)
Corporate	(1.918)	(1.293)	(625)	48%
TOTAL	**12.055**	**5.144**	**6.911**	**134%**

Tabla 2.3 Results by division

By division,

- **Development and Construction** division has increased its sales volume +139%, driven by the execution progress of Chilean Solar PV plants under construction and delivered to international investors within the period.

  EBITDA margin in 1H19 stays solid at over 25% (+24% in 1H18)

- **Energy** division did not have any sales during the period. However, the wind project Kosten is expected to be operational before year end. It will be the first step in the exponential growth in our own energy plants, considered to be the main Recurrent EBITDA division in the group.

- **Services** division has significantly increased its activity, increasing its income by 82% YoY, mainly due to the connection of new Solar PV plants in Chile, that have increased the number of contracts of both Operation & Maintenance (O&M) and Asset Management (AM).

  EBITDA margin becomes positive by +20% in 1H19 (-20% in 1H18).

3

Analysis of the Consolidated Profit and Loss Statement

Profit and Losses

(€k)	1H19	1H18	Delta
Revenue	55.504	24.570	126%
Procurement	(40.036)	(16.536)	142%
Margen bruto	**15.468**	**8.034**	**93%**
Personnel expenses	(2.044)	(1.692)	21%
Other incomes	46	12	283%
Other operating expenses	(1.456)	(1.242)	17%
Other results	41	32	28%
EBITDA	**12.055**	**5.144**	**134%**
Depreciation and amortization	(458)	(392)	17%
EBIT	**11.597**	**4.752**	**144%**
Financial incomes	109	5	2.080%
Financial expenses	(305)	(777)	(61%)
Exchange rate differences	(724)	(1.101)	(34%)
Financial result	**(920)**	**(1.873)**	**n.m**
Result before taxes	**10.677**	**2.879**	**271%**
Income tax	(1.909)	125	-1627%
Net Income	**8.768**	**3.004**	**192%**
External partners	(13)	(1)	1.200%
Net Income atributable to Parent Company	8.781	3.005	192%

Tabla 3.1 Summarized P&L

> **Total Revenue reached 55.5M€**, +126% vs 1H18, mainly driven by the good performance in the execution of the Development and Construction division.

> **EBITDA for 1H19 reached 12.1M€**, +134% vs 1H18, with a +21.7% margin.

- **EBIT reached 11,6M€**, decreasing reported EBITDA by depreciation and amortization.
- **Financial result** in the period was -0,9M€, mainly affected by a negative impact in exchange rate differences during the period of -0,9M€.
- **Net Income was positive at 8,8M€**, improving +192% vs the previous year.
- **Annualized EPS for the period reached 0.72€. PER of 9.8x**

1 Annualised Net Income as Net Income 1H19x2 or 17.5M€. 2 Market information as of 28th September 2019.

Balance Sheet

(€k)	30/6/19	31/12/18	Var.
Non-current assets	**48.151**	**18.715**	**29.436**
Intangible assets	3.667	2.697	970
Fixed asset	41.642	14.775	26.867
Deferred tax assets	871	956	(85)
Other fix assets	1.971	287	1.684
Current assets	**62.102**	**39.570**	**22.532**
Inventories	2.152	6.004	(3.852)
Trade and other accounts receivable	30.543	17.931	12.612
Current financial investments	5.376	124	5.252
Other current financial assets	404	2.392	(1.988)
Cash and cash equivalents	23.627	13.119	10.508
TOTAL ASSETS	**110.253**	**58.285**	**51.968**

(€k)	30/6/19	31/12/18	Var.
Equity	**38.603**	**28.864**	**9.739**
Non-current liabilities	**24.174**	**9.735**	**14.439**
Deferred tax liabilities	904	-	904
Non-current provisions	-	-	-
Financial debt	23.270	9.735	13.535
Non-current financial liabilities	23.270	9.735	13.535
Debt with associated companies	-	-	-
Current liabilities	**47.476**	**19.686**	**27.790**
Current provisions	**302**	**64**	**238**
Trade and other accounts payable	30.152	11.955	18.197
Financial debt	17.022	7.667	9.355
Current financial liabilities	15.774	6.089	9.685
Short-term debt with associated companies	3	334	(331)
Other current liabilities	1.245	1.244	1
TOTAL LIABILITIES AND EQUITY	**110.253**	**58.285**	**51.968**

Tabla 4.1 Consolidated Balance Sheet

> Net Debt of 11.3M€, equivalent to a leverage of 0.5x.

- The Company´s net debt with resource was 11.3M€.
- The Company project debt, that is related to the financing of wind projects, will be reclassified to non-resource once it is connected for Kosten, and one year after COD in Duna Huambos.
- The Company has 26.3M€ in Cash and Cash Equivalents at the end of 1H19, 5.9M€ as project cash. On the other hand, there is a short term financial investment of 5.2M€ that will be released before the year end.
- **Leverage Ratio**[1] stays at a very low level of 0,5x at the end of 1H19 (vs 0,2x at the end of FY18). However, it is considered that the leverage ratio will grow to similar figures within the sector.

(€k)	2017	2018	1H19	1H19-FY18
Long-term financial debt	1.769	3.116	3.140	24
Short-term financial debt	4.070	6.090	15.774	9.684
Other debts	2.586	1.511	1.480	(31)
Other current financial assets	(147)	(124)	(5.376)	(5.252)
Cash & cash equivalents	(922)	(5.753)	(17.755)	(12.002)
Corporate Net Debt with resource	**7.356**	**4.840**	**(2.737)**	**(7.577)**
Project Finance debt with resource	-	6.351	19.895	13.544
Project Finance cash with resource	-	(7.366)	(5.872)	1.494
Project Finance Net Debt with resource	**-**	**(1.015)**	**14.023**	**15.038**
Total Net Debt with resource	**7.356**	**3.825**	**11.286**	**7.461**
Project Finance debt without resource	15.844	-	-	-
Project Finance cash without resource	(2.032)	-	-	-
Net Debt without resource	**13.812**	**-**	**-**	**-**
Total Net Debt	**21.168**	**3.825**	**11.286**	**7.461**

Tabla 4.2 Financial net debt calculation

1 Leverage calculated as Net debt divided by annualized EBITDA (1H19x2 for 1Y19 or 24M€)

> Total Fund from operations: 19.1M€ in 1H19

- Net Working Capital variation resulted positive by 9.0M€.
- Taxes and Financial expenses cash out amounted -2,0M€.
- The Company invested 27.1M€ in Capex in 1H19, detailed as follows:
  - Wind farms Kosten : 13.4M€.
  - Wind farms Duna Huambos: 13.1M€.
  - Development Capex: 0.6M€
  - Other: 0.2M€.
- Change in investing WK resulted negative by -3.2M€.
- Free Cash Flow was -11.3M€, significantly better than the reported figure in 1H18 (-12.5M€).

(€k)	1H19	1H18
EBITDA	**12.055**	**5.144**
+ Change in operating WK	9.016	6.879
+ Taxes and Financial Exp. Cash out	(2.019)	(647)
Funds from operations	**19.052**	**11.376**
+ Change in investing WK	(3.204)	(130)
+ Growth capex	(27.193)	(23.716)
Free cash flow	**(11.345)**	**(12.470)**

Tabla 5.1 Free Cash Flow

GRENERGY announced last 6th August 2019 the reorganization of its management team.

GRENERGY presented a new management structure, flatter and more horizontal. This new corporate line is formed by 9 directors that will report directly to the Executive President and CEO; David Ruiz de Andrés. This line is split in two categories: Corporative Services and Business Development. This change will help to create a more agile corporate structure with a less hierarchical organization.

This document and the conference-call webcast (including the Q&A session) may contain forward-looking statements and information (hereinafter, the “Statements”) relating to Grenergy Renovables SA. (hereinafter indistinctly, “GRENERGY”, the "Company“ or the “Group") or otherwise. These Statements may include financial forecasts and estimates based on assumptions or statements regarding plans, objectives and expectations that make reference to different matters, such as the customer base and its evolution, growth of the different business lines and of the global business, market share, possible acquisitions, divestitures or other transactions, Company’s results and other aspects related to the activity and situation of the Company.

The Statements can be identified, in certain cases, through the use of words such as “forecast”, "expectation", "anticipation", “aspiration”, "purpose", “estimates“, “plan” or similar expressions or variations of such expressions. These Statements reflect the current views of GRENERGY with respect to future events, and do not represent, by their own nature, any guarantee of future fulfilment, and are subject to risks and uncertainties that could cause the final developments and results to materially differ from those expressed or implied by such Statements. These risks and uncertainties include those identified in the documents containing more comprehensive information filed by GRENERGY before the different supervisory authorities of the securities markets in which its shares are listed and, in particular, the Alternative Market Exchange (MAB)

Except as required by applicable law, GRENERGY does not assume any obligation to publicly update the Statements to adapt them to events or circumstances taking place after the date hereof, including changes in the Company's business or business development strategy or any other unexpected circumstance.

This document and the conference-call (including the Q&A session) may contain summarized, non-audited or non-GAAP financial information. The information contained herein and therein should therefore be considered as a whole and in conjunction with all the public information regarding the Company available, including any other documents released by the Company that may contain more detailed information.

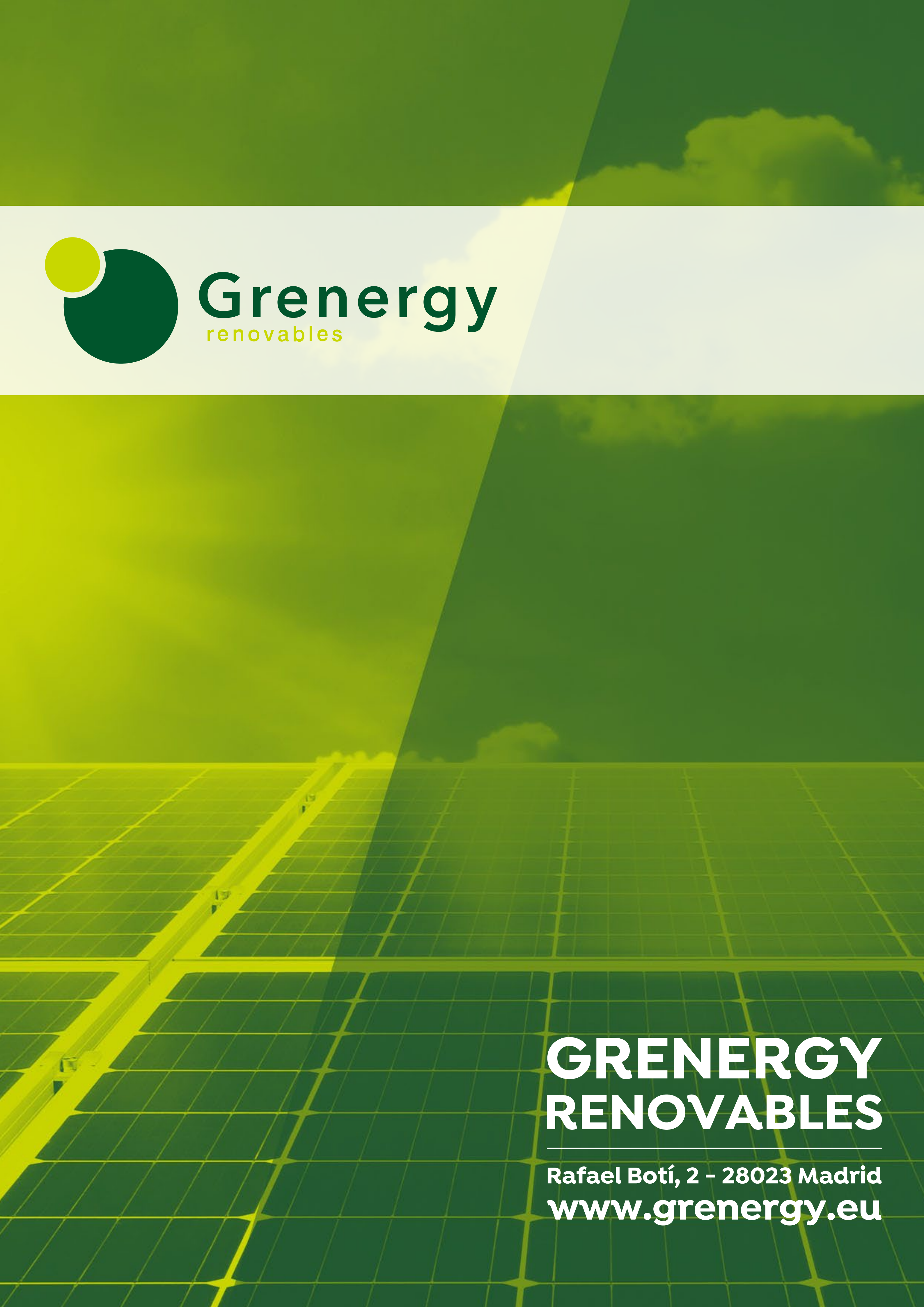
Neither this document nor the conference-call (including the Q&A session) nor any of their contents constitute an offer to purchase, sale or exchange any security, a solicitation of any offer to purchase, sale or exchange of any security, or a recommendation or advice regarding any security.

Pipeline stages

- **Early stage (<50%):** Project with technical and financial feasibility because 1) there are real possibilities to secure the land 2), access to the grid is technically feasible 3) and financially it would be possible to sell it to third parties.
- **Advanced development (>50%):** Project with an advance technical and financial stage, as 1) there is a secure land or at least more than 50% likelihood to obtain it, 2) the necessary permits have been requested to obtain grid access with more than 90% probabilities to obtain it 3) and environmental permits have been requested.
- **Backlog (80%):** Project in a final phase just before construction where 1) land and grid access are secured, 2) there is an over 90% likelihood to obtain environmental permits and 3) there is a PPA, or a term sheet with an off taker or bank ready to be signed, or there is a scheme of stabilized prices.
- **Under construction (100%):** The notice to proceed has been given to the relevant EPC.
- **In Operation:** The provisional project acceptance has been signed. Responsibility for the asset has been handed over by the construction team to the operation team.

Main Divisions

- **Development and construction:** Includes all activities related to the search of feasible projects, both financially and technically, the necessary steps to achieve all the milestones to start construction and field work for the construction and implementation of the project.
- **Energy:** It refers to the revenue from the energy sales in the markets where GRENERGY owns operating projects as an Independent Power Producer (IPP).
- **Services:** It refers to all services provided to projects, once the commissioning has been reached (COD) and therefore they are in an operational phase. It includes all Asset Management and Operation & Maintenance activities which are provided both to own projects (IPP) or third-parties projects.



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GRENERGY RENOVABLES

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Report on Limited Review

GRENERGY RENOVABLES, S.A. and SUBSIDIARIES
Interim Condensed Financial Statements
for the six month period ended
June 30, 2019

REPORT ON LIMITED REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (Note 19)

To the shareholders of GRENERGY RENOVABLES, S.A., at the request of the Board Members:

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements of Grenergy Renovables, S.A. (the Parent Company) and subsidiaries (the Group), which consists of the balance sheet at June 30, 2019, the income statement, the statement of changes in equity, the cash flow statement and the explanatory notes thereto (all of them condensed) for the six month period then ended. The directors are responsible for the preparation of the Company's interim financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed consolidated financial information and for such internal control as they determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on said interim consolidated financial statements based on our limited review.

Scope of the review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing audit regulations in Spain 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 accompanying interim consolidated financial statements.

Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, nothing came to our attention that would lead us to conclude that the accompanying interim condensed consolidated financial statements for the six month period ended at June 30, 2019 are not prepared, in all material respects, in conformity with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed consolidated financial statements.

Emphasis of matter

We draw attention to the matter described in accompanying explanatory note 2, which indicates that the abovementioned interim condensed consolidated financial statements do not include all the information that would be required for complete financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and therefore, the accompanying interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018. This matter does not modify our conclusion.

Paragraph on other issues

This report was prepared at the request of the Board of Directors of Grenery Renovables, S.A. in connection with the publication of the semi-annual financial report required by cicurlar 6/2018 of Bolsas y Mercados Españoles Sistemas de Negociación, S.A (Alternative Stock Market) on "Information to be provided by expanding companies and SOCIMI incorporated for trading on the Alternative Stock Market".

ERNST & YOUNG, S.L.

Signed in the original report issued in Spanish

____
David Ruiz-Roso Moyano

October 1, 2019

GRENERGY RENOVABLES S.A.
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AT JUNE 30, 2019

Translation of a report issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2019 AND DECEMBER 31, 2018

(Euros)

ASSETS	Notes	06.30.2019	12.31.2018 (*)	EQUITY AND LIABILITIES	Notes	06.30.2019	12.31.2018 (*)
NON-CURRENT ASSETS		**48,151,500**	**18,715,488**	**EQUITY**		**38,602,922**	**28,864,122**
Intangible assets		**3,666,611**	**2,697,418**	**CAPITAL AND RESERVES**		**38,997,247**	**29,353,127**
Software		49,715	3,093	**Share capital**	**Note 9.1**	**8,507,177**	**3,645,933**
Patents, licenses, and trademarks		3,616,896	2,694,325	Issued capital		8,507,177	3,645,933
				Share premium	**Note 9.2**	**6,117,703**	**6,117,703**
Property, plant, and equipment	**Note 4**	**41,641,985**	**14,774,624**	**Reserves**	**Note 9.3**	**17,989,718**	**8,373,059**
Plant and other PP&E items		781,521	609,331	**(Shares and participation units of the Parent)**	**Note 9.4**	**(2,398,707)**	**(2,062,970)**
PP&E under construction and prepayments		40,860,464	14,165,293	**Profit for the year attributable to the Parent**		**8,781,356**	**13,279,402**
				UNREALIZED GAINS (LOSSES) RESERVE		**(186,899)**	**(260,315)**
Right-of-use assets	**Note 2.2**	**1,837,726**	**182,641**	Currency translation differences		(186,899)	(260,315)
				MINORITY INTERESTS		**(207,426)**	**(228,690)**
Investments in group companies and associates	**Note 5.1**	**12,915**	**11,474**				
Equity instruments		12,915	11,474	**NON-CURRENT LIABILITIES**		**24,173,403**	**9,734,836**
				Borrowings	**Note 11**	**23,269,319**	**9,734,836**
Financial investments	**Note 5.2**	**120,572**	**92,737**	Bank borrowings		21,476,343	9,333,447
Other financial assets		120,572	92,737	Finance lease liabilities	**Notes 2.2 and 11**	1,558,397	134,854
				Other financial liabilities		234,579	266,535
Deferred tax assets	**Note 13**	**871,691**	**956,594**	**Deferred tax liabilities**	**Note 13**	**904,084**	**-**
CURRENT ASSETS		**62,101,273**	**39,569,876**	**CURRENT LIABILITIES**		**47,476,448**	**19,686,406**
Inventories	**Note 6**	**2,152,269**	**6,003,631**	**Provisions**	**Note 10**	**301,999**	**64,150**
Raw materials and other consumables		1,147,979	1,115,309				
Plant in progress		844,683	4,858,820	**Borrowings**	**Note 11**	**17,019,533**	**7,333,584**
Prepayments to suppliers		159,607	29,502	Bank borrowings		15,398,835	6,061,848
Trade and other receivables		**30,542,420**	**17,930,825**	Finance lease liabilities	**Notes 2.2 and 11**	375,321	27,662
Trade receivables for sales and services	**Note 7**	25,345,228	15,819,671	Other financial liabilities		1,245,377	1,244,074
Trade receivables, group companies and associates	**Note 15.1**	952	-				
Other receivables		16,374	11,817	**Payables to group companies and associates**	**Notes 12 and 15.1**	**3,249**	**333,769**
Receivables from employees		29,712	7,486				
Other receivables from public administrations	**Note 13**	5,150,154	2,091,851	**Trade and other payables**		**30,151,667**	**11,923,527**
Investments in group companies and associates		**156,118**	**45,830**	Suppliers		28,297,102	10,662,365
Loans to group companies and associates	**Notes 5.1 and 15.1**	156,118	45,830	Suppliers, group companies, and associates	**Note 15.1**	156	27,759
Financial investments	**Note 5.2**	**5,424,875**	**2,360,303**	Other payables		452,273	466,153
Loans to companies		49,439	2,236,465	Employee benefits payable		354,863	467,792
Other financial assets		5,375,436	123,838	Other payables to public administrations	**Note 13**	1,047,273	299,458
Accruals		**198,192**	**110,246**				
Cash and cash equivalents	**Note 8**	**23,627,399**	**13,119,041**	**Accruals**		**-**	**31,376**
Cash		23,627,399	13,119,041				
TOTAL ASSETS		**110,252,773**	**58,285,364**	**TOTAL EQUITY AND LIABILITIES**		**110,252,773**	**58,285,364**

(*) Restated figures (Note 2.4)

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

(Euros)

	Notes	06.30.2019	06.30.2018 (*)
CONTINUING OPERATIONS			
Revenue	Note 17	**55,180,846**	**12,273,869**
Sales revenue		54,566,977	11,936,347
Revenue from services rendered		613,869	337,522
Changes in inventories of finished goods and work in progress		**(4,014,136)**	**-**
Work performed by the entity and capitalized		**187,393**	**7,925,583**
Cost of sales	Note 14	**(36,022,321)**	**(16,536,373)**
Consumption of raw materials and other consumables		(36,009,579)	(16,301,599)
Subcontracted work		(12,742)	(234,774)
Other operating income		**45,990**	**12,685**
Ancillary income and other operating income		45,990	12,685
Employee benefits expense		**(2,043,873)**	**(1,691,543)**
Wages, salaries, et al		(1,681,357)	(1,499,644)
Social security costs	Note 14	(362,516)	(191,899)
Other operating expenses		**(1,454,415)**	**(1,242,019)**
External services		(1,390,913)	(1,173,277)
Taxes other than income tax		(3,851)	(22,129)
Losses on, impairment of, and changes in trade provisions		(59,651)	-
Other current management expenses		-	(46,613)
Depreciation and amortization		**(256,491)**	**(392,346)**
Impairment losses and gains (losses) on disposal of non-current assets		**(203,179)**	**4,723,584**
Impairment and losses		(201,694)	-
Gains (losses) on disposals		(1,485)	4,723,584
Gains (losses) due to loss of control over consolidated interests	**(Note 3.1.6)**	**136,075**	**(353,122)**
Other gains (losses)		**41,331**	**31,816**
OPERATING PROFIT		**11,597,220**	**4,752,134**
Finance income	Note 14	**108,767**	**4,651**
From marketable securities & other financial instruments		108,767	4,651
From third parties		108,767	4,651
Finance costs	Note 14	**(304,943)**	**(777,355)**
Third-party borrowings		(304,943)	(777,355)
Currency translation differences	Note 14	**(724,449)**	**(1,100,830)**
FINANCE COST		**(920,625)**	**(1,873,534)**
PROFIT BEFORE TAX		**10,676,595**	**2,878,600**
Income tax	Note 13	(1,908,701)	125,278
CONSOLIDATED PROFIT FOR THE YEAR		**8,767,894**	**3,003,878**
PROFIT (LOSS) ATTRIBUTABLE TO MINORITY INTERESTS		**(13,462)**	**(1,263)**
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE PARENT		**8,781,356**	**3,005,141**
Earnings (losses) per share	Note 9.6	**0.37**	**0.13**

(*) Restated figures (Note 2.4)

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED JUNE 30, 2019 AND THE YEAR ENDED DECEMBER 31, 2018

A) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euros)

	06.30.2019	12.31.2018
CONSOLIDATED PROFIT (LOSS) FOR THE PERIOD (I)	**8,767,894**	**13,085,899**
Income and expense recognized directly in equity		
- Currency translation differences	74,907	(319,917)
- Other	-	-
- Tax effect	-	-
TOTAL INCOME AND EXPENSE RECOGNIZED DIRECTLY IN CONSOLIDATED EQUITY (II)	**74,907**	**(319,917)**
Amounts transferred to consolidated income statement	-	-
- Currency translation differences	(1,491)	4,696
- Tax effect	-	-
TOTAL AMOUNTS TRANSFERRED TO CONSOLIDATED INCOME STATEMENT (III)	**(1,491)**	**4,696**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME FOR THE PERIOD (I+II+III)	**8,841,310**	**12,770,678**
Attributable to:		
Parent	**8,854,772**	**12,964,181**
Minority interests	**(13,462)**	**(193,503)**

GRENERGY RENOVABLES, S.A. AND SUBSIDIARIES

B) CONSOLIDATED STATEMENT OF ALL CHANGES IN EQUITY

(Euros)

	Share capital	Share premium	Reserves	(Parent company shares)	Profit for the period attributable to the Parent Company	Unrealized gains (losses) reserve	Minority interests	Total
ADJUSTED OPENING BALANCE 2017	**3,645,933**	**6,117,703**	**7,055,657**	**(1,162,402)**	**(3,035,628)**	**430,520**	**345,262**	**13,397,045**
Total consolidated comprehensive income	-	-	-	-	3,512,835	(375,614)	(10,258)	3,126,963
Transactions with shares of the Parent (net)	-	-	(695)	28,904	-	-	-	28,209
Increase (reduction) in equity arising from a business combination	-	-	17,516	-	-	-	(312,002)	(294,486)
Other movements	-	-	(3,248,941)	-	3,035,628	-	(1,824)	(215,137)
BALANCE AT DECEMBER 31, 2017	**3,645,933**	**6,117,703**	**3,823,537**	**(1,133,498)**	**3,512,835**	**54,906**	**21,178**	**16,042,594**
Adjustments for changes in criteria and misstatements	-	-	-	-	-	-	-	-
ADJUSTED OPENING BALANCE 2018	**3,645,933**	**6,117,703**	**3,823,537**	**(1,133,498)**	**3,512,835**	**54,906**	**21,178**	**16,042,594**
Total consolidated comprehensive income	-	-	-	-	13,279,402	(315,221)	(193,503)	12,770,678
Transactions with shares of the Parent (net)	-	-	800,410	(929,472)	-	-	-	(129,062)
Increase (reduction) in equity arising from a business combination	-	-	-	-	-	-	(6,577)	(6,577)
Other movements	-	-	3,749,112	-	(3,512,835)	-	(49,788)	186,489
BALANCE AT DECEMBER 31, 2018	**3,645,933**	**6,117,703**	**8,373,059**	**(2,062,970)**	**13,279,402**	**(260,315)**	**(228,690)**	**28,864,122**
Adjustments for changes in criteria and misstatements	-	-	-	-	-	-	-	-
ADJUSTED OPENING BALANCE 2019	**3,645,933**	**6,117,703**	**8,373,059**	**(2,062,970)**	**13,279,402**	**(260,315)**	**(228,690)**	**28,864,122**
Total consolidated comprehensive income	-	-	-	-	8,781,356	73,416	(13,462)	8,841,310
Capital increase	4,861,244	-	(4,861,244)	-	-	-	-	-
Transactions with shares of the Parent (net)	-	-	1,080,185	(335,737)	-	-	-	744,448
Increase (reduction) in equity arising from a business combination	-	-	-	-	-	-	-	-
Other movements	-	-	13,397,718	-	(13,279,402)	-	34,726	153,042
BALANCE AT END OF INTERIM PERIOD, JUNE 30, 2019	**8,507,177**	**6,117,703**	**17,989,718**	**(2,398,707)**	**8,781,356**	**(186,899)**	**(207,426)**	**38,602,922**

CONSOLIDATED CASH FLOW STATEMENT CORRESPONDING TO THE INTERIM PERIODS ENDED JUNE 30, 2019 AND JUNE 30, 2018

(Euros)

	06.30.2019	06.30.2018
A) CASH FLOWS FROM OPERATING ACTIVITIES		
1. Profit before tax	**10,676,595**	**2,878,600**
2. Adjustments to profit	**1,618,144**	**(2,258,907)**
a) Depreciation and amortization (+)	256,491	392,346
c) Changes in provisions (+/-)	237,849	-
e) Gains (losses) from derecognition and disposal of non-current assets (+/-)	203,179	(4,723,584)
g) Finance income (-)	(108,767)	(4,651)
h) Finance expenses (+)	304,943	777,355
i) Currency translation differences (+/-)	724,449	1,100,830
k) Other income and expenses (-/+)	-	198,797
3. Changes in working capital.	**8,777,178**	**6,925,866**
a) Inventories (+/-)	3,851,362	8,588,237
b) Trade and other receivables (+/-)	(12,611,595)	2,417,806
c) Other current assets (+/-)	(87,946)	17,578
d) Trade and other payables (+/-)	17,656,733	(1,214,545)
e) Other current liabilities (+/-)	(31,376)	(2,883,210)
4. Other cash flows from operating activities	**(2,019,974)**	**(647,426)**
a) Interest paid (-)	(304,943)	(777,355)
c) Interest received (+)	108,767	4,651
d) Income tax receipts (payments) (+/-)	(1,823,798)	125,278
5. Cash flows from operating activities (+/-1+/-2+/-3+/-4)	**19,051,943**	**6,898,133**
B) CASH FLOWS FROM INVESTING ACTIVITIES		
6. Payments on investments (-)	**(32,633,637)**	**(24,018,614)**
a) Group companies, net of cash in consolidated companies	(111,729)	-
b) Intangible assets	(48,282)	-
c) Property, plant and equipment	(27,144,754)	(23,716,336)
e) Other financial assets	(5,328,872)	(302,278)
7. Proceeds from disposals (+)	**2,236,465**	**4,650,613**
a) Group companies, net of cash in consolidated companies	-	171,464
c) Property, plant and equipment	-	4,478,020
e) Other financial assets	2,236,465	1,129
8. Cash flows from/(used in) investing activities (7+6)	**(30,397,172)**	**(19,368,001)**
C) CASH FLOWS FROM FINANCING ACTIVITIES		
9. Proceeds from and payments on equity instruments	**744,448**	**329,251**
c) Acquisition of equity instruments of the Parent (-)	(1,165,619)	-
c) Disposal of equity instruments of the Parent	1,910,067	329,251
10. Proceeds from and payments of financial liabilities	**21,074,827**	**20,525,436**
a) Issues (+)	*23,229,975*	*21,657,137*
2. Bank borrowings (+)	23,229,975	21,657,137
b) Repayment and amortization of:	*(2,155,148)*	*(1,131,701)*
2. Bank borrowings (-)	(1,824,628)	(110,377)
3. Borrowings from Group companies and associates (-)	(330,520)	-
4. Other borrowings (-)	-	(1,021,324)
12. Cash flows from financing activities (+/-9+/-10-11)	**21,819,275**	**20,854,687**
D) Effect of changes in exchange rates	34,312	(275,724)
E) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (+/-A+/-B+/-C+/- D)	**10,508,358**	**8,109,095**
Cash and cash equivalents at beginning of period	13,119,041	2,953,415
Cash and cash equivalents at end of year	23,627,399	11,062,510

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

1. Group companies

1.1. Parent

GRENERGY RENOVABLES, S.A. ("the Parent")was incorporated in Madrid on July 2, 2007 via public deed, as filed at the Mercantile Register of Madrid in Tome 24.430, Book 0, Folio 112, Section 8, Page M-439.423, 1st inscription. Its registered business and tax address, where it also performs its activities, is located at Calle Rafael Botí, nº 2, Madrid.

The corporate purpose of the Parent and the sectors in which the Grenergy Group performs its activities are as follows: the promotion and commercialization of renewable energy installations, production of electric energy as well as any complementary activities, and management and operation of such renewable energy installations.

At June 30, 2019 the Grenergy Renovables Group is comprised of 109 companies, including the Parent (98 subsidiaries held directly by the Parent and 10 held indirectly via majority shareholdings of a subsidiary). The subsidiaries were consolidated using the full consolidation method.

The shares of the Parent, Grenergy Renovables, S.A., have been listed on the Spanish Alternative Stock Market for Expanding Companies ("MAB-EE") since July 8, 2015. As a consequence of being listed on the MAB-EE, the Parent lost its status as a sole shareholder company, which had been declared during 2014.

On March 29, 2019 the Board of Directors of the Parent authorized the Group's annual consolidated financial statements for the year ended December 31, 2018, prepared in accordance with Spanish GAAP and the Standards for the Preparation of Consolidated Financial Statements. Said financial statements were approved by the shareholders in general meeting on June 17, 2019. At that date, the Board of Directors was delegated with the capacity to initiate the steps for requesting admission of the Parent's shares on the Madrid, Barcelona, Bilbao, and/or Valencia stock exchanges. Thus, and in compliance with the Spanish Securities Market Act, the Board decided to apply the International Financial Reporting Standards adopted by the EU ("IFRS-EU") for the first time. On July 23, 2019 the Board of Directors of the Parent authorized the special purpose consolidated financial statements prepared under IFRS-EU for the years 2018, 2017, and 2016.

The Parent is in turn a member of the Daruan Group, the parent of which is Daruan Group Holding, S.L., a company resident in Spain which prepares and publishes the annual consolidated financial statements.

The Daruan Group's annual consolidated financial statements corresponding to the year ended December 31, 2018, as well as the related management and audit reports, were filed at the Madrid Mercantile Register on July 29, 2019.

1.2. Subsidiaries

The financial statements of the subsidiaries are consolidated with those of the Parent by applying the full consolidation method, thereby eliminating all balances and transactions between consolidated companies during the consolidation process.

The results of subsidiaries acquired or sold during the year are recognized in the consolidated income statement from the effective acquisition or disposal date, as appropriate. Interests owned by third parties in Group equity and third parties' share in profit or loss for the year are recorded under "Minority interests" in the consolidated statement of financial position and consolidated income statement, respectively.

The separate financial statements of the Parent and the subsidiaries used for the preparation of the accompanying interim condensed consolidated financial statements all refer to the same reporting period.

There are no other companies other than those indicated above which, in accordance with prevailing regulations, form a part of said Group. None of the subsidiaries issued any shares listed on a stock exchange.

2. Basis of preparation

2.1. True and fair view

The interim condensed consolidated financial statements and corresponding explanatory notes at June 30, 2019 were prepared in accordance with the International Financial Reporting Standards (IFRS), IAS 34, adopted for application in the European Union (IFRS-EU), approved by the European Commission and in force at June 30, 2019.

The interim condensed consolidated financial statements and corresponding notes thereto were prepared using the historical cost convention. As a general rule, historical cost values are based on the fair value of the consideration delivered in exchange for goods and services.

The preparation of the interim condensed consolidated financial statements and corresponding notes thereto in accordance with IFRS-EU requires making certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant, are disclosed in Note 2.3. The interim condensed consolidated financial statements do not include all the information and disclosures required for consolidated financial statements and must be read together with the consolidated financial statements for the period ended December 31, 2018.

The directors of the Group prepared the interim condensed consolidated financial statements based on the principle of going concern.

The interim condensed consolidated financial statements are presented in euros, unless indicated otherwise.

2.2 Adoption of International Financial Reporting Standards (IFRS)

a) New standards, modifications, and interpretations of mandatory application for the year

As a consequence of their approval, publication, and entry into force on January 1, 2019, the following standards, interpretations, and modifications adopted by the European Union were applied:

Approved for use in the European Union		**Mandatory application for annual periods beginning on or after:**
IFRS 16 - Leases	A new standard which replaces IAS 17	January 1, 2019
IFRS 9 (Amendment) - Prepayment Features with Negative Compensation	Permits recognition at amortized cost of certain financial instruments with prepayments	January 1, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	Clarifies recognition and measurement as established in IAS 12 when it is uncertain whether tax authorities will accept a certain tax accounting treatment utilized by the entity	January 1, 2019
IAS 19 (Amendment) - Plan Amendment, Curtailment or Settlement	These modifications require an entity to use updated actuarial assumptions to determine the service costs for the current period as well as net interest for the remainder of the period	January 1, 2019
IAS 28 (Amendment) - Long-term Interests in Associates and Joint Ventures	The amendments clarify application of IFRS 9 to non-current interest in an associate or business combination if the equity method is not applied to them	January 1, 2019
Annual Improvements to IFRSs - 2015-2017 Cycle	Minor amendments to various standards	January 1, 2019

When applying these standards, interpretations and amendments, the only one with a significant impact on the interim financial statements is IFRS 16.

IFRS 16

IFRS 16 - "Leases" supersedes IAS 17, IFRIC 4, SIC-15 and SIC-27. It establishes the principles for accounting treatment of leases using a single balance sheet model for all leases. IFRS 16 took effect on January 1, 2019 and has not been adopted early.

Under IFRS 16 lessees must recognize a financial liability at the present value of the payments due for the remaining term of the lease agreement and a right-of-use asset for the underlying leased asset (by reference to the amount of the associated liability plus any direct upfront costs incurred) in their consolidated statements of financial position.

In addition, IFRS 16 changes how lease expenses are recognized: they are apportioned between the asset depreciation/amortization charges and a finance charge related to the effect of discounting the lease liability to present value. Lessor accounting treatment does not change significantly: they will continue to classify their leases as operating or finance leases depending on the extent to which the risks and rewards of ownership are transferred.

Grenergy has applied the following policies, estimates, and criteria:

- It has applied the recognition exemption provided for leases of low-value assets (less than 5,000 US dollars) and short-term leases (leases of 12 months or less).
- It has applied the practical expedient provided for in Paragraph C3 of Appendix C of IFRS 16, which states that it is not necessary to reassess whether a contract is, or contains, a lease at the date of initial application.
- It opted not to separate the non-lease components from lease components for those classes of underlying assets for which the relative importance of these components is not material with respect to the total value of the lease.
- For purposes of the transition, it elected to apply the modified retrospective approach, based upon which it did not have to restate any prior-year figures.
- It applied an incremental effective interest rate for financing homogeneous portfolios in terms of leases, countries, and lease duration. The weighted average incremental interest rate at the date of initial application was 2.15% in Spain and 1.8% in Chile.
- To determine the lease terms and the non-cancelable periods Grenergy used the initial term of each contract except where it has the unilateral option of extending or terminating the contract and it is reasonably certain that it will exercise that option, in which case the corresponding extension or early termination terms are factored in.

<u>Effect of applying IFRS 16</u>

- **The effect of applying IFRS 16 on the consolidated statement of financial position at January 1, 2019:**

  a) Recognition of new assets under "Right-of-use assets" (non-current) in the amount of 1,271 thousand euros and new financial liabilities under "Finance lease liabilities," both non-current and current, in the amount of 1,166 thousand euros and 105 thousand euros, respectively, corresponding to the offices leased in Chile.

  b) With respect to the finance leases prior to the date of first-time adoption, corresponding to lease agreements for vehicles, their accounting does not change as compared to IAS 17; however, the carrying amount of 183 thousand euros for finance leases was reclassified from "Property, plant, and equipment" to "Right-of-use assets."

In sum, the impact of applying IFRS 16 to the consolidated statement of financial position at January 1, 2019 is as follows:

	Thousands of euros
Property, plant, and equipment	(183)
Right-of-use assets	1,582
NON-CURRENT ASSETS	**1,399**
Finance lease liabilities	1,227
NON-CURRENT LIABILITIES	**1,227**
Finance lease liabilities	172
CURRENT LIABILITIES	**172**

The reconciliation of the operating lease commitments disclosed in the "Operating leases - Lessee" section of Note 7.2 to the special purpose consolidated financial statements prepared under IFRS-EU for the year ended December 31, 2018 and the liabilities recognized at January 1, 2019 in the initial application of IFRS 16 is as follows:

	Thousands of euros
Operating lease commitments at December 31, 2018	3,391
Discounted using the corresponding interest rate	(148)
Current and low-value leases and others excluded from the IFRS 16 scope	(1,844)
Lease liabilities recognized at January 1, 2019	**1,399**

- **The effect of applying IFRS 16 on the interim consolidated income statement at June 30, 2019:**

The application of IFRS 16 resulted in recognition of lower operating expenses in the interim consolidated financial statements at June 30, 2019, and consequently higher gross operating profits in the amount of 138 thousand euros, as a consequence of operating lease payments which were recognized as operating expenses until application, offset by a greater amortization expense for the new recognized right-of-use assets in the amount of 141 thousand euros and increased finance expenses for the new lease liabilities in the amount of 19 thousand euros, so that the accounting profit for the period was not significantly affected.

- **The effect of applying IFRS 16 on the cash flow statement at June 30, 2019:**

The application of IFRS 16 resulted in recognition of an increased cash flow from operating activities in the consolidated cash flow statement at June 30, 2019, amounting to 141 thousand euros, as a consequence of increased gross operating profits, offset by a decrease in cash flows from financing activities corresponding to the reimbursement of the principal on the new lease liabilities, so that cash flow generation was not affected.

The breakdown of right-of-use assets and liabilities by finance lease together with the movements during the six-month period ended June 30, 2019, are as follows:

	Land and buildings	Transport equipment	Total	Finance lease liabilities
First-time application IFRS 16 at 01.01.2019	**1,399**	**183**	**1,582**	**1,745**
Additions	383	33	**416**	378
Amortization allowance	(141)	(19)	**(160)**	-
Accrued interest	-	-	**-**	21
Payments	-	-	**-**	(210)
Balance at 06.30.2019	**1,641**	**197**	**1,838**	**1,934**

b) New standards, amendments, and interpretations effective for periods beginning on or after January 1, 2020:

Standards issued by the IASB pending adoption by the European Union		**Mandatory application for annual periods beginning on or after:**
References to the Conceptual Framework for IFRS (Amendment)	Ensures consistency in the standards and includes a new chapter on measurement, improved definitions and guidelines, and clarifications in important areas such as prudence and assessment of uncertainty	January 1, 2020
IFRS 3 (Amendment) - Business combinations	New definition of "business"	January 1, 2020
IAS 1 and IAS 8 (Amendment) Definition of "materiality"	New definition of materiality, ensuring consistency with respect to all standards	January 1, 2020
IFRS 17 - Insurance Contracts	A new standard which replaces IFRS 4	January 1, 2021

None of these standards and amendments were applied early.

2.3 Responsibility for the information presented and significant estimates

The Board of Directors of the Parent is responsible for the information contained in the accompanying interim condensed consolidated financial statements.

The most significant judgments and estimates necessary for application of the accounting policies described in Note 3 are as follows:

- The useful life of intangible assets and PP&E items (Notes 3.2 and 3.3)
- Impairment losses on certain assets (Notes 3.2, 3.3, and 3.5)
- The probability of occurrence and amounts corresponding to certain provisions and contingencies (Note 10)
- The measurement of financial risks to which the Group is exposed in the course of its business activities (Note 16.1).
- The recognition of income based on degree of project completion (Note 3.9)

Although these estimates were made based on the best information available regarding the events analyzed, events that take place in the future might make it necessary to change these estimates (upwards or downwards) in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8, recognizing the effects of the change in estimates in the corresponding consolidated income statement.

2.4 Comparison of information

As indicated in Note 1.1, for all prior periods, as well as for the period ended December 31, 2018, the Group prepared its financial statements in accordance with the Spanish GAAP ("PGC" in its Spanish acronym - General Chart of Accounts and "NOFCAC" in its Spanish acronym - Rules for Preparation of Annual Consolidated Financial Statements).

For purposes of the Parent applying for admission to trading of its shares on the Madrid, Barcelona, Bilbao, and/or Valencia stock exchanges, the Group opted for preparation of the special purpose consolidated financial statements for FY 2018 under international regulations (IFRS-EU).

It was not necessary to make adjustments when preparing the interim condensed consolidated financial statements for the six-month period ended June 30, 2018, previously expressed in accordance with the Spanish GAAP.

The figures included at December 31, 2018 differ from those in the consolidated financial statements of the Group authorized by the Board of Directors of the Parent on March 29, 2019 and approved by the shareholders in general meeting on June 17, 2019 as a consequence of the restatement and the change in presentation described below:

Change in presentation beginning from January 1, 2019

In 2019, and effective from January 1, 2019, the Group decided to modify the presentation of revenue with respect to capital gains obtained in the sale of companies owning the photovoltaic solar farms, with a view to improving the presentation of the transaction's economic substance. Until now, the Group recognized the gains from the sale of shares of subsidiaries under "Gains (losses) due to loss of control over consolidated interests." From 2019 onwards, the amount of the gains from the sale of said shares is recognized under "Revenue" in the consolidated income statement.

Thus, and exclusively for comparative purposes, the interim condensed consolidated financial statements for the six-month period ended June 30, 2018 were restated together with the consolidated financial statements for the year ended December 31, 2018, as described below:

STATEMENT OF FINANCIAL POSITION	12.31.2018	Reclassifications	12.31.2018 Restated
CURRENT ASSETS			
Trade and other receivables	17,930,825	-	17,930,825
Trade receivables for sales and services	8,265,413	7,554,258	15,819,671
Other receivables	7,566,075	(7,554,258)	11,817
TOTAL ASSETS	58,285,364	-	58,285,364

INCOME STATEMENT	06.30.2018	Reclassifications	06.30.2018 Restated
CONTINUING OPERATIONS			
Revenue	9,316,316	2,957,553	12,273,869
Sales	8,978,794	2,957,553	11,936,347
Gains (losses) due to loss of control over consolidated interests	2,604,431	(2,957,553)	(353,122)
OPERATING PROFIT	4,752,134	-	4,752,134
CONSOLIDATED PROFIT FOR THE YEAR	3,003,878	-	3,003,878

In contrast, as a consequence of IFRS 16 becoming effective (Note 2.2), certain balances were restated in the consolidated statement of financial position for the year ended December 31, 2018. The accounting treatment of finance leases prior to the date of first-time adoption, and which correspond to rental contracts for vehicles, is maintained without changes as compared to IAS 17; however, the carrying amount of 183 thousand euros for finance leases recognized under "Property, plant, and equipment" was reclassified to "Right-of-use assets."

2.5 Regulatory framework

Sector regulation in Spain

The renewable energies sector is a regulated sector which saw fundamental changes in recent years, receiving a new regulatory framework in 2013. Within said framework, the main legislative reference is Act 24/2013, of December 26, on the Electricity Sector, which repealed Act 54/1997 of November 27, on the Electricity Sector.

The new Sector Act (Law 24/2013), published on December 26, 2013, ratified the provisions of Royal Decree-Law 9/2013, eliminating the so-called special regime and proposing a new remuneration regime for facilities that generate power from renewable sources, cogeneration, and waste. The new remuneration regime (known as specific remuneration, to be applied to the new installations exceptionally) is additional to the revenue obtained from the sale of energy in the market and is composed of a term per unit of installed capacity to cover, where applicable, the investment costs which cannot be recovered in the market, and a term for the operation to cover, where applicable, the difference between the operating costs and the market price.

This new specific remuneration is calculated based on a standard installation over the length of its useful regulatory life in the context of the activity performed by an efficient and well-managed company, as per the following:

- standard revenues from the sale of energy valued at the market price;
- standard operating costs; and
- the standard value of the original investment.

This remuneration regime is underpinned by a "reasonable return" on investment which is defined as the yield on the 10-year sovereign bond plus a spread (which has initially been set at 300 basis points).

The new regime establishes regulatory periods of six years and sub-periods of three years. Every three years there is scope for changing the remuneration parameters related to market price forecasts, factoring in any deviations that may have arisen during the sub-period.

Every six years the standard parameters for installations can be modified, except for the amount of initial investment and the regulatory useful lives, which remain unchanged throughout the life of the installations. Likewise, every six years the interest rate for remuneration can be changed, but only with respect to future remuneration.

The value of the standard investment for the new installations is determined via a competitive procedure.

This new remuneration is applicable from July 2013, the date on which Royal Decree Law 9/2013 entered into force.

On June 6, 2014, Royal Decree Law 413/2014 was published, regulating the production of electric energy from renewable energy sources, cogeneration, and waste. Subsequently, on June 16, 2014, Order IET/1045/2014, of the Ministry for Industry, Energy, and Tourism, was published, approving the remuneration parameters of standard facilities applicable to certain installations that produce electricity from renewable sources, cogeneration, and waste. In accordance with this new regulation, in addition to the revenue obtained from the sale of energy valued at market prices, the installations will receive specific remuneration during their regulatory life composed of a term per unit of installed capacity to cover, where applicable, the investment costs of each standard facility which cannot be recovered by the sale of energy in the market, known as investment remuneration, and a term for the operation to cover, where applicable, the difference between operating costs and revenue from participating in the market for production of a standard facility, know as operational remuneration.

It is worth highlighting that at June 30, 2019 the Group does not own any assets in Spain which could be classified as a renewable energy plant or installation whose remuneration is determined by the aforementioned regulatory framework. The Parent focused its efforts on carrying out new developments and constructing new installations in Latin America via its subsidiaries.

Sector regulation in Latin America

With respect to the regulatory framework in Latin America which will affect operations of the Grenergy Group in Chile, Peru, Mexico, Colombia, and Argentina in the short and medium term, it is worth highlighting that above all else the energy market is a private market without any support in the form of public premiums or subsidies for renewable energies as was the case in Spain some years ago.

Thus, there is no regulatory or legal uncertainty with respect to investments in photovoltaic installations or wind farms.

<u>Chile</u>

Until now the Group has operated in Chile via photovoltaic installations operated under the regime for small power producers ("SPP"). The SPPs comprise all those means of generation with excess capacity less than or equal to 9 MW, connected via medium voltage networks in the distribution systems. These types of projects make up the short term Grenergy project portfolio in Chile.

The main difference in the commercialization of energy between an SPP and other producers consists in sales made at a stabilized price. This stabilized price is offered by the distributing company to the which the producer sells. This price is in turn set by the National Energy Commission every six months. It is based on the forecast made for marginal costs over the following 48 months for each base price. As it corresponds to an average performance of marginal costs over the next four years and 24 hours a day, this price does not change significantly, remaining stable in comparison with spot prices.

In addition, all producing companies can sign contracts with their clients at freely agreed-upon prices (non-regulated clients) and with the transmission/distribution companies at the base price, determined by the National Energy Commission as explained above. Another type of commercialization of generated energy is via a regulated process for supply tenders involving distributor companies. The distributor companies in turn sell their energy to final regulated clients or to unregulated clients who do not wish to freely agree upon supply contracts with producer companies.

The producing companies must notify the CDEC six months in advance with respect to the option of selling energy they will choose (at the base price or stabilized price). In order to change the option, advance notice of 12 months must be provided, with the minimum term for each option corresponding to four years.

Peru

The electricity sector in Peru is regulated by the Electricity Concession Law, in accordance with Decree Law No. 25844, Supreme Decree No. 009-93-EM and its modifications and extensions. In accordance with this law, the electric energy sector in Peru is divided into three principal segments: generation, transmission, and distribution. Since October 2000, the Peruvian electricity system has been comprised of the National Interconnected Electricity System ("SEIN" in its Spanish acronym) as well as other connecting systems. The Group supplies renewable electric energy in the segment which belongs to SEIN based on Law No. 28832 of 2006, which ensures the efficient generation of electric energy, introducing important changes in the regulation of the sector.

In accordance with the Electricity Concession Law, the operation of energy generation installations and transmission systems is subject to the regulations of the National Committee for Economic Operations - ("COES-SEIN") so as to coordinate operations at a minimum cost, ensuring the secure supply of electricity, as well as the best use of energy resources.
The COES-SEIN regulates electric energy prices and transmission prices between energy producers, as well as the consideration for owners of the transmission systems.

At June 30, 2019 the Group did not own any operational photovoltaic installation in this country.

3. Accounting principles and policies and measurement criteria

3.1. Consolidation principles

3.1 Subsidiaries

All companies over which Grenergy Renovables, S.A. exercises control are considered subsidiaries. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the entity. When assessing whether the Group controls another company, the existence and effect of potential voting rights exercisable at the date to which the assessment relates is taken into account together with possible agreements with other shareholders.

The Group's subsidiaries are consolidated using the full consolidation method: all of their assets, liabilities, income and expenses are included in the interim condensed consolidated financial statements once the adjustments and eliminations corresponding to intra-group transactions have been performed. Subsidiaries are excluded from consolidation from the date on which they no longer form part of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method. Acquisition cost is the fair value of the assets delivered, equity instruments issued, and liabilities incurred or assumed at the exchange date, plus any costs directly attributable to the acquisition. Any excess of the acquisition cost over the fair value of the identifiable net assets acquired is recognized as goodwill. If the acquisition cost is less than the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognized directly in the consolidated income statement.

The intangible assets acquired via a business combination are recognized separately to goodwill if the recognition criteria for assets are fulfilled, that is, if they can be separated or arise from legal or contractual rights and when their fair value can be reliably measured.

Identifiable assets acquired and liabilities or contingent liabilities assumed in a business combination are initially measured at their fair values as of the acquisition date, regardless of the percentage of minority interests.

When loss of control over a subsidiary occurs, for exclusive purposes of the consolidation, the gains or losses recognized in the separate financial statements of the company which is reducing its interests must be adjusted by the amount which arose from the reserves held in consolidated companies and generated from the acquisition date, as well as the amount which arose from income and expenses generated by the subsidiary in the year until the date on which control is lost.

With respect to the interest held by external partners, their interest in equity is recognized under "Equity" as "Minority interests" in the Group's consolidated statement of financial position. Likewise, profit for the year attributable to minority interests is recorded under "Results attributable to minority interests" in the consolidated income statement.

3.1.2 Prior standardization of the balances recognized in the separate financial statements

Before proceeding to perform the eliminations upon consolidation, the reporting periods, measurement criteria, and internal operations were standardized.

The financial statements of the companies included in the consolidation scope utilized for consolidation correspond to the six-month interim period ended on June 30, 2019, so that it was not necessary to perform adjustments to standardize the reporting periods.

In order to standardize internal operations, the amounts recognized for balances arising from internal transactions which were not in agreement, or those for which there were amounts pending recognition, the appropriate adjustments were made to perform the subsequent eliminations.

In order to standardize the groupings, when the structure of the financial statements of a Group company did not agree with that of the interim condensed consolidated financial statements, the necessary reclassifications were performed.

3.1.3 Conversion of financial statements of companies included in the consolidation scope

All the goods, rights, and obligations of foreign companies are translated into euros using the exchange rate prevailing at the closing date to which the financial statements of said companies refer. The balances in the income statements are converted using the exchange rates prevailing at the dates upon which the transactions were carried out, applying an average rate. The difference between the amount of equity calculated as per the above and the amount of equity converted at the historic exchange rates is recorded under equity in the consolidated statement of financial position under "Currency translation differences."

3.1.4 Goodwill on consolidation or negative consolidation difference

There was no goodwill on consolidation or negative consolidation difference at the closing of June 30, 2019 or December 31, 2018.

3.1.5 Transactions between companies included in the consolidation scope

Subsequent to the standardizations described in the previous section, the reciprocal credits and debits as well as income and expenses, and results from internal transactions not carried out with respect to third parties, were eliminated.

3.1.6 Changes in the consolidation scope and main transactions in 2019 and 2018

The main changes to the consolidation scope corresponding to the six-month period ended on June 30, 2019 were as follows:

a) New additions to the consolidation scope:

- On February 20, 2019 the following companies were incorporated in Spain: GR Sison Renovables, S.L.U., GR Porron Renovables, S.L.U., GR Bisbita Renovables, S.L.U., GR Avutarda Renovables, S.L.U., GR Colimbo Renovables S.L.U., GR Mandarin Renovables, S.L.U., GR Danico Renovables, SLU, GR Charran Renovables, S.L.U., GR Cerceta Renovables, S.L.U., GR Calamon Renovables, S.L.U., GR Cormoran Renovables, GR Garcilla Renovables, S.L.U., GR Launico Renovables, S.L.U., GR Malvasia Renovables, S.L.U., GR Martineta Renovables, S.L.U., and GR Faisan Renovables, S.L.U.; with share capital of 3,000 euros for each of them. At June 30, 2019 the share capital of these companies was not yet paid in.

b) Removal from consolidation scope:

- On April 19, 2019 the Parent sold its interests in GR Tamarugo, SpA. Said transaction generated a capital gain of 2,194 thousand euros, 2,167 thousand euros of which is recognized under "Sales" and 27 thousand euros of which is recognized under "Gains (losses) due to loss of control over consolidated interests" in the accompanying consolidated income statement.

- On June 26, 2019 the Parent sold its interests in GR Molle, SpA. Said transaction generated a capital gain of 1,284 thousand euros, 1,246 thousand euros of which is recognized under "Sales" and 38 thousand euros of which is recognized under "Results from losing control over consolidated interests" in the accompanying consolidated income statement.

- On June 27, 2019 the Parent sold its interests in GR Guindo, SpA. Said transaction generated a capital gain of 2,411 thousand euros, 2,390 thousand euros of which is recognized under "Sales" and 21 thousand euros of which is recognized under "Results from losing control over consolidated interests" in the accompanying consolidated income statement.

- On June 28, 2019 the Parent sold its interests in GR Belloto, SpA. Said transaction generated a capital gain of 1,400 thousand euros, 1,350 thousand euros of which is recognized under "Sales" and 50 thousand euros of which is recognized under "Results from losing control over consolidated interests" in the accompanying consolidated income statement.

The main changes to the consolidation scope corresponding to the six-month period ended on June 30, 2018 were as follows:

c) New additions to the consolidation scope:

- On January 31, 2018 the following companies were incorporated in Spain: Chambo Renovables, S.L.U., Eiden Renovables, S.L.U., El Águila Renovables, S.L.U., and Mambar Renovables, S.L.U. with a share capital of 3,000 euros each. At June 30, 2018 the share capital of these companies was fully subscribed and paid in.

- On April 18, 2018 the following companies were incorporated in Chile: GR Pimiento, S.P.A., GR Chañar, S.p.A., GR Carza, S.p.A., GR Pilo, S.p.A., GR Lúcumo, S.p.A., GR Pitao, S.p.A., GR Lleuque, S.p.A., GR Notro, S.p.A., GR Lenga, S.p.A., GR Tepú, S.p.A., GR Lumilla, S.p.A., GR Toromiro, S.p.A., GR Pacama, S.p.A., GR Temo, S.p.A., and GR Ruil, S.p.A. with a share capital of 1,358 euros each. At June 30, 2018 the share capital of these companies was pending disbursement.

d) Removal from consolidation scope:

- On April 11, 2018 the Parent sold its interests in GR Avellano, SpA. Said transaction generated a capital gain of 436 thousand euros, 421 thousand euros of which is recognized under "Sales" and 15 thousand euros of which is recognized under "Gains (losses) due to loss of control over consolidated interests" in the accompanying consolidated income statement.

- On June 29, 2018 the Parent sold its interests in the following companies: GR Huingan, S.p.A., GR Pacific Pan de Azucar, S.p.A., and GR Arrayán, S.p.A. Said transaction generated a capital gain of 2,168 thousand euros, 2,536 thousand euros of which is recognized under "Sales" and -368 thousand euros of which is recognized under "Results from losing control over consolidated interests" in the accompanying consolidated income statement.

3.2. Intangible assets

Intangible assets are considered to be identifiable non-monetary assets, without physical substance, which arise as a result of a legal business or are developed internally. Only those assets are recognized whose cost can be estimated reliably and from which the Group considers it probable that future economic benefits will be generated.

Intangible assets are initially recognized at acquisition or production cost, and subsequently they are measured at cost less any accumulated amortization and impairment losses.

Licenses, patents, and trademarks (industrial property)

Patents, licenses, and trademarks are initially measured at acquisition price and are amortized on a straight-line basis over the estimated length of their useful lives (25 years).

Software

This heading includes amounts paid to acquire software and licenses to programs and computer applications, provided the Group plans to use them for several years. They are amortized systematically on a straight-line basis over a period of four years.

Expenses for maintenance or global reviews of the systems, or recurring expenses as a consequence of the modification or upgrading of these applications, are recognized directly as expenses in the year in which they are incurred.

3.3. Property, plant, and equipment

PP&E items correspond to the assets owned by the Group for use in production and provision of goods and services or for administrative purposes and which are expected to be used during more than one period.

The assets comprising PP&E are recognized at acquisition cost (updated as per various legal provisions if applicable) or production cost, less accumulated depreciation and any impairment losses.

Likewise, "PP&E under construction" includes those expenses relating to the development and construction of certain installations which are still in the process of construction, in their initial phases of design, development, and construction, and which will be operated by the Group once they have started up.

The cost of PP&E constructed by the Group is determined following the same principles applied to acquisitions. Capitalized production costs are recognized under "Work performed by the entity and capitalized" in the consolidated income statement.

Costs incurred to enlarge, upgrade, improve, substitute or renovate PP&E items which increase productivity, capacity or efficiency, or extend the useful life of the asset, are recognized as a greater cost of said assets with the corresponding derecognition of the assets or items that have been substituted or renovated.

The acquisition cost of the PP&E items which require a period of more than one year to be readied for use includes those financial expenses accrued before being readied for use. No corresponding amounts were recorded in this respect during the period. In contrast, finance interest accrued subsequent to said date or used for financing the remaining PP&E items do not increase the acquisition cost and are recognized in the consolidated income statement for the year in which they accrue.

The costs incurred for refurbishing leased premises are classified as installations, and are depreciated systematically on a straight-line basis over a period of 8 years, never exceeding the duration of the lease agreement.

Conservation, repair, and maintenance expenses that do not increase the useful lives of assets are charged to the consolidated income statement of the year in which they are incurred.

Depreciation is calculated systematically on a straight-line basis so as to write off the acquisition or production cost over the estimated useful life of each asset, less the residual value, as follows:

	Years of useful life
Machinery	5-10
Plant and tools	3-50
Transport equipment	5-20
Furniture and fixtures	10
Data processing equipment	4
Other PP&E	6-8

The values and remaining life of these assets are reviewed at each reporting date and adjusted if necessary.

At the end of each period, the Group analyzes whether there are any indications that the carrying amounts of its PP&E assets exceed their corresponding recoverable amounts, that is, whether any of them are impaired. For those assets identified, it estimates the recoverable amount, which is understood to be the greater of (i) fair value less necessary sales costs and (ii) value in use. Where the asset does not generate cash flows independently of other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount thus determined is lower than the asset's carrying amount, the difference is recognized in the consolidated income statement, reducing the carrying amount of the asset to the recoverable amount, and future depreciation charges are adjusted in proportion to the adjusted carrying amounts and the new remaining useful life, should a new estimate be necessary.

Similarly, if there is an indication of recovery in the value of an impaired asset, the Group recognizes the reversal of the impairment loss previously recorded and adjusts the future depreciation charges accordingly. Under no circumstances will said reversal result in an increase in the carrying amount of the asset exceeding that amount that would have been recognized had no impairment losses been recognized in previous years.

The gain or loss arising from the disposal or derecognition of a PP&E item is calculated as the difference between the consideration received and the carrying amount of the asset, and is included in the consolidated income statement of the year in which the change occurs.

3.4. Lease agreements

At inception of a contract, the Group assesses whether it is a lease agreement or includes a lease. A contract is a lease agreement, or contains a lease, when it transfers the right to control use of an identified asset for a period of time in exchange for consideration.

The lease term is the non-cancelable period, taking into account the initial term of each contract, unless Grenergy has the unilateral option of extending or terminating the contract and it is reasonably certain that it will exercise that option, in which case the corresponding extension or early termination terms are factored in.

Grenergy subsequently again assesses whether the contract is a lease agreement or contains a lease only if the terms and conditions agreed upon in the contract change.

Lessee

For each of the lease agreements in which it is the lessee, Grenergy will recognize a right-of-use asset and a financial lease liability (Note 3.4.1 and 3.4.2).

Lessor

In the case of lease agreements in which it is the lessor, Grenergy will classify them as either operating leases or finance leases.

A lease is classified as a finance lease when Grenergy substantially transfers all the risks and rewards incidental to ownership of the underlying asset to the client. A lease is classified as an operating lease when the risks and rewards incidental to ownership of the underlying asset are not substantially transferred.

- Operating leases: Payments for operating leases are recognized as income in the income statement of the lessor on a straight-line basis over the term of the contract, except when a different distribution more faithfully reflects the pattern in which the profits deriving from use of the underlying leased asset are distributed.

- Finance leases: Grenergy recognizes the assets it holds in connection with a finance lease as a receivable balance in the consolidated statement of financial position, at an amount equal to the net investment in the lease, utilizing the implicit interest rate of the lease agreement for its valuation.

Subsequently, the lessor recognizes finance income over the term of the lease so that it obtains a constant interest rate for each period with respect to the pending net finance investment relating to the lease (leased asset). Further, the lessor applies the lease payments against the gross investment in order to reduce both the principal as well as the accrued finance income.

3.4.1 Right-of-use assets

The Group recognizes a right-of-use asset at the inception date of the lease agreement. The cost of the right-of-use asset includes the initial amount of the lease liability, any direct initial costs, payments for leases made prior to the inception date, as well as any dismantling costs related to the asset. Subsequently, the right-of-use asset is recognized at cost less accumulated amortization/depreciation and, if applicable, the associated impairment provision, adjusted to reflect any subsequent valuation or modification of the lease.

The Group applies the extension for leases in the short term (defined as leases with a duration less than or equal to 12 months) and leases of low-value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term, unless a different approach more faithfully reflects the time pattern over which the economic benefits of the leased asset are consumed.

The right-of-use assets are depreciated/amortized on a straight-line basis over the shorter period of the lease term and the useful life of the underlying asset. If a lease involves transfer of ownership of the underlying asset or the cost of the right-of-use asset reflects the intention of the Group to exercise a purchase option, the asset related to the right-of-use is depreciated/amortized over the useful life of the underlying asset. Depreciation/amortization starts from the inception date of the lease.

3.4.2 Financial liabilities by lease

At the inception date of the lease, the Group recognizes a lease liability at the present value of the lease payments to be made over the lease term, discounted using the implicit interest rate of the lease or, if this cannot be easily determined, the incremental borrowing rate.

The lease payments to be made include fixed payments less any receivable lease incentives, variables which depend on an index or rate, as well as guarantees for the residual value expected to arise, the exercise price of a purchase option if it is expected to be exercised, as well as termination penalty payments, if the term of the lease reflects the intention of the lessor to exercise an option to terminate the lease.

Any other variable payment is excluded from recognition of the lease liability and the right-of-use asset.

Subsequently, the lease liability is increased by the interest on the lease liability, reduced by the payments made. Likewise, the liability will again be measured if there are any modifications to the amounts payable and the lease duration.

3.5. Financial Instruments

A financial instrument is any contract that simultaneously gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. The Group only recognizes financial instruments in the statement of financial position when it becomes party to such a type of contract.

In the accompanying consolidated statement of financial position, financial assets and liabilities are classified as current depending on whether their maturity is equal to or less than twelve months from the reporting date. In the case of longer maturities, they are classified as non-current.

The financial assets and liabilities which the Group most frequently owns are the following:

- Financing granted to related parties and personnel of the Group, regardless of the legal manner in which this occurs.

- Trade receivables

- Financing received from financial institutions and suppliers

- Securities, both those representing debt (obligations, bonds, letters of credit, etc.) and those representing equity instruments of other entities (shares) or interests held in collective investment institutions.

a) Financial assets

Based on the characteristics of the contractual cash flows and the entity's business model for managing its financial assets, the Group recognizes the financial assets it holds in the following categories:

a) Assets at amortized cost: these financial assets are held in order to collect contractual cash flows which, based on their contractual terms, give rise to cash flows on specified dates that are solely payments of principal and interest.

This category includes "Trade and other receivables" which are measured at the moment of their recognition in the statement of financial position at market value and subsequently at amortized cost utilizing the effective interest rate. The Group recognizes the corresponding impairment provisions for any differences between the amount of its accounts receivable it reasonably expects to recover and their carrying amounts in accordance with the previous paragraph. The Group recognizes an impairment provision for these items in accordance with the expected losses. As indicated in Note 2.2 the Group has carried out an analysis of expected losses and concluded that this IFRS does not have any significant effect on the interim condensed consolidated financial statements for the periods reported on in 2019 and 2018.

b) Financial assets at fair value through other comprehensive income: these are assets held with the objective of both obtaining contractual cash flows from them and selling them, and, based on the contractual clauses, the cash flows are received on specified dates that are solely payments of principal and interest. Interest, impairment losses, and translation differences are recognized in the consolidated income statement as per the amortized cost model. The remaining changes in fair value are recognized in consolidated equity balances and can be reclassified to the consolidated income statement when sold.

However, in the cases of equity instruments, provided they are not held for trading, they can be measured under this category without the amounts recognized in consolidated equity subsequently being reclassified to the consolidated income statement upon their sale, with only dividends received being recognized in the consolidated income statement.

c) Financial assets at fair value through profit or loss: this category includes the remaining financial assets not described in the previous categories.

b) Financial liabilities

Financial liabilities are classified based on the agreed-upon contractual terms and taking into account the economic substance of the corresponding transactions.

- <u>Bank borrowings and other remunerated financial liabilities:</u> Loans, bank overdrafts, obligations, and other similar instruments which accrue interest are initially recognized at fair value, which is equivalent to the cash received net of directly attributable transaction costs incurred. Finance expenses accrued, including premiums payable on settlement or redemption and direct issue costs, are recognized in the consolidated income statement using the effective interest rate method, increasing the carrying amount of the financial liabilities to the extent that they are not settled in the period in which they accrue. Said expense likewise include loans at zero interest, recognized at their nominal amounts given that they do not significantly differ from fair value.

  Loans repayable in the short term, but whose long-term refinancing is assured at the discretion of Group through available long-term credit facilities, are classified as non-current liabilities in the accompanying consolidated statement of financial position.

- <u>Trade receivables:</u> the Group's trade receivables in general do not mature in more than one year and do not accrue explicit interest, and are recognized at their nominal value, which is not significantly different to their amortized cost.

The Group derecognizes a financial liability, or a part of the financial liability, as soon as the obligations relating to the corresponding contract have either expired or been settled or canceled.

The substantial modifications of initially-recognized financial liabilities are accounted for as a cancellation of the original financial liability and the recognition of a new financial liability, provided the related conditions of the instruments are substantially different. The Group recognizes the difference between the carrying amount of the financial liability, or part of that liability, that has been extinguished or assigned to a third party and the consideration paid, including any assets assigned (other than cash) or liabilities assumed, in the consolidated income statement.

c) Own equity instruments

All equity instruments issued by the Parent are classified in "Share capital" under "Capital and reserves" in the accompanying consolidated statement of financial position. The Group does not hold any other own equity instruments.

Said instruments are recognized under consolidated equity at the amount received net of direct issue costs.

When the Parent acquires or sells own equity instruments, the amount paid or received is recognized directly in consolidated net equity accounts, and no amounts are recognized in the consolidated income statement for said transactions (Note 9.4).

d) Cash and cash equivalents

This heading in the accompanying consolidated statement of financial position includes cash in hand, demand deposits at credit entities and other short-term highly liquid investments with original maturities of three months or less. The bank overdrafts are classified as borrowings under current liabilities in the accompanying consolidated statement of financial position.

3.6. Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of finished products and products in progress includes design costs, raw material and direct labor costs, as well as any other direct costs and general production overheads (based on the normal working capacity of the production methods), and interest expenses. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable sales costs.

Fixed assets (basically installations and civil engineering works) at the photovoltaic solar plants of subsidiaries included in the consolidation scope, meant for sale, are classified as inventories including reimbursable external finance expenses until they have been readied for operations.

The Group assesses the net realizable value of its inventories at each reporting date, recognizing any impairment losses as required if they are overstated. When the circumstances which gave rise to recognition of impairment losses on inventories no longer hold or there is clear evidence justifying an increase in the net realizable value due to changes in economic circumstances, the previously recognized impairment losses are reversed. This reversal is limited to the lower amount corresponding to cost or net realizable value of the inventories. Both impairment losses on inventories as well as their reversal are recognized in the consolidated income statement for the period.

The photovoltaic solar plants owned by the Group are initially classified as inventories given that the directors consider that they will normally be sold. In those cases in which a decision is initially taken to operate the photovoltaic solar plant, they are classified under PP&E.

3.7. Foreign currency translation

Functional and presentational currency

The balances included in the interim condensed consolidated financial statements and the corresponding notes thereto for each of the Group's entities are measured using the currency of the main economic environment in which they operate ("the functional currency"). The Group companies use the currencies of the countries in which they are located as their functional currency, except for Kosten, S.A., which uses the US dollar as its functional currency.

The interim condensed consolidated financial statements of the Group and the corresponding notes thereto are presented in euros, unless explicitly stated otherwise in the explanatory notes.

Transactions and balances in foreign currency

As the Group's functional currency is the euro, all balances and transactions denominated in currencies other than the euro are deemed to be denominated in foreign currency. Said transactions are recognized in euros applying the spot exchange rates prevailing at the transaction dates.

At financial year end, the monetary assets and liabilities denominated in foreign currenciesare converted to euros utilizing the spot exchange rate prevailing at said date in the corresponding currency markets.

The gains or losses obtained from settling transactions denominated in foreign currency and the conversion at closing date exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement for the year under "Currency translation differences."

3.8. Income tax

Income tax expense for the year is calculated as the sum of current tax, resulting from applying the corresponding tax rate to taxable income for the year (after applying any possible tax deductions), and any changes in deferred tax assets and liabilities.

The tax effect relating to items directly recognized in equity is recognized under equity in the consolidated statement of financial position.

Deferred taxes are calculated in accordance with the liability method, considering the temporary differences that arise between the tax bases of assets and liabilities and their carrying amounts, applying the regulations and tax rates that have been approved or are about to be approved at the reporting date and which are expected to apply when the corresponding deferred tax asset is realized or deferred tax liability is settled.

Deferred tax liabilities are recognized for all taxable temporary differences except for those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that is not a business combination and affects neither taxable profit or accounting profit. Deferred tax assets are recognized when it is probable that the Group will generate sufficient taxable profit in the future against which the deductible temporary differences or the unused tax loss carryforwards or tax assets can be utilized.

At each reporting date the Group reviews the deferred tax assets and liabilities recognized to verify that they remain in force, making any appropriate adjustments on the basis of the results of the analysis performed.

The Spanish companies which belong to the Group file their tax returns under a consolidated regime, together with the parent of the Group, Daruan Group Holding, S.L. and the remaining companies that make up the tax group comprised of Daruan Group Holding, S.L. and subsidiaries, with tax identification number 0381/14. Thus, the deductions on payable taxes affect the calculation of the Group's tax obligations by the effective amount applicable under the consolidated tax regime and not by the amount that would result under an individual tax regime.

3.9. Income and expense recognition

The Group recognizes revenue and expenses on an accrual basis, that is, when the goods or services are actually provided, regardless of when actual collection or payment occurs.

The most significant criteria utilized by the Group for recognition of its revenue and expenses are the following:

- Revenue from sales and the rendering of services: is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT, and other sales related taxes.

  The sale of goods is recognized as revenue when control over them has been transferred in such a manner that, in general, results in the transfer of the risks and rewards inherent to ownership of the goods, the results of the transaction can be reliably determined, and it is probable that the Group will receive the economic returns relating to the transaction. Specifically, sales of photovoltaic solar farms, the fixed assets of which are classified as inventories, are recognized under "Revenue" in the consolidated income statement at the amount corresponding to the capital gain obtained from selling the shares relating to the photovoltaic solar farm.

For engineering, procurement, and construction contracts ("EPC contracts"), the Group in general applies the criteria for recognizing income and results corresponding to each contract based on their stage of completion, obtained based on the percentage of costs incurred with respect to the total costs budgeted. Losses which may arise on the contracted projects are recognized, in their totality, at the moment said losses become apparent and can be estimated. The difference between revenue recognized for a project and the amount invoiced for that project is recognized in the following manner:

- if it is positive, such as "Work completed pending invoice" (deferred invoicing), under "Trade and other receivables;"
- if it is negative, such as "Advance collections" (early invoicing), under "Accruals."

Revenue from services rendered is likewise recognized considering the degree of completion at the balance sheet date, provided that the result of the transaction can be estimated reliably and it is probable the economic benefits associated with the transaction will flow to the Group.

- Expenses: are recognized in the consolidated income statement when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen and can be measured reliably. This means that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets. Further, expenses are recognized immediately when an outflow does not generate future economic benefits or when the necessary requirements for recognition as an asset are not met.
- Interest income and expenses and similar items: are generally recognized by applying the effective interest rate method.

3.10. Provisions and contingencies

At the date of authorization of the accompanying interim condensed consolidated financial statements the directors of the Parent made the following distinctions:

- Provisions: existing obligations at the reporting date arising from past events that are uncertain as to amount or timing, but for which it is probable that the Group will suffer an outflow of resources the amount of which can be reliably estimated.
- Contingent liabilities: possible obligations arising as a consequence of past events, materialization of which is conditional upon one or more events occurring in the future not entirely within control of the Group and which do not meet the requirements for recognition as provisions.

The interim condensed consolidated financial statements of the Group record all significant provisions with respect to which it considers there is a high probability that the related obligation will have to be met. These liabilities are quantified based on the best information available at the reporting date regarding the consequences of the triggering event and taking into account the time value of money, if significant.

Their allocation is made with a charge against the consolidated income statement for the year in which the obligation arises (legal, contractual, or implicit), and can be fully or partially reversed with a credit to the consolidated income statement when the obligations cease to exist or decrease.

At the closing of the six-month period ended June 30, 2019 and at 2018 year end, there were no contingent liabilities.

3.11. Environmental assets and liabilities

Environmental assets are classified as those the Group utilizes in its activities over a long period of time whose primary purpose is to minimize the environmental impact and protect or improve the environment, including those assets designed to reduce or eliminate future contamination from the Group's activities.

The criteria for initial recognition, allocation, amortization/depreciation, and possible valuation adjustments due to impairment losses on said assets are as described in Note 3.3 above.

Given the Group's activities, and in accordance with prevailing legislation, it controls the degree of contamination produced by waste and emissions by applying an appropriate waste disposal policy. Expenses for these purposes are charged to the consolidated income statement for the year in which they are incurred.

3.12. Employee benefits expenses

Employee benefits expenses include all the Group's duties and obligations of a social nature, whether mandatory or voluntary, recognizing the obligations for bonus salary payments, holidays, and variable remuneration, as well as associated expenses.

a) Short-term employee benefits

This type of remuneration is measured at the undiscounted amount payable in exchange for services received. These benefits are generally recognized as personnel expenses for the year and are presented as a liability in the consolidated statement of financial position corresponding to the difference between the total expense accrued and the amount settled at the reporting date.

b) Termination benefits

In keeping with prevailing legislation, Group entities are obliged to pay indemnities to employees who are dismissed through no fault of their own. Said termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it has a demonstrable commitment to terminate its current labor contracts under an irrevocable and detailed plan or to provide the benefits as part of an offer to encourage voluntary redundancy.

At the closing of the interim six-month periods ended June 30, 2019 and June 30, 2018 there were no plans for reducing personnel which would require a corresponding provision.

3.13. Share-based payments

Transactions in which the company receives goods or services, including services rendered by employees, in exchange for its own equity instruments, or an amount based on the value of its equity instruments, such as share options or share appreciation rights, are considered equity-settled share-based payment transactions.

The Group shall first recognize the goods and services received as an asset or an expense, based on their nature, at the date obtained and, subsequently, the corresponding increase in equity if the transaction is settled with equity instruments or the corresponding liability if settled with a cash amount based on the value of equity instruments.

If the Group has the option to settle with equity instruments or in cash, it must recognize a liability to the extent that it has incurred a present obligation to settle in cash or with other assets; alternatively, it shall recognize an increase in equity. If the choice corresponds to the supplier of the goods or services, the Group will recognize a compound financial instrument, which shall include a liability component, for the other party's right to demand payment in cash, and an equity component, for the right to receive the consideration in equity instruments.

In transactions in which services must be completed throughout a certain period of time, these services shall be recognized as rendered during said period.

In transactions with employees which are settled with equity instruments, both the services rendered and the increase in equity to be recognized shall be measured at fair value of the equity instruments assigned on the grant date.

Equity-settled transactions which relate to goods or services other than those offered by employees shall be measured at the fair value of those goods or services, if this can be measured reliably, at the date received. If the fair value of the goods or services received cannot be reliably measured, the goods or services received and the increase in equity shall be measured at the fair value of the equity instruments granted at the date the Group obtains the goods or the other party renders the services.

After recognition of the goods and services received, as established in the above paragraphs, as well as the corresponding increase in equity, no additional adjustments shall be made to equity after the vesting date.

For cash-settled transactions, the goods or services received and the liability to be recognized shall be measured at the fair value of the liability corresponding to the date recognition requirements are met.

Thereafter, and until settlement, the fair value of the corresponding liability shall be remeasured at each year end and any changes in value during the year shall be recognized in the income statement.

At June 30, 2019 the Parent had granted an incentive plan to its employees consisting of options on its shares. Said plan establishes that the transactions shall be settled via delivery of equity instruments (Note 9.5).

3.14. Related party transactions

Transactions carried out between Group companies are in general measured initially at fair value. When the agreed-upon prices differ from fair value, the differences are recognized based on the economic reality of the transaction. Subsequent measurements are carried out as established in the corresponding regulations.

Notwithstanding the above, in the case of merger transactions, spin-offs, or non-monetary contributions of a business, the Group applies the following criteria:

a) For transactions between Group companies in which the Parent is involved, or the parent of a subgroup and one of its subsidiaries (directly or indirectly owned), the items comprising the acquired business are measured at the corresponding amount, once the transaction has been carried out, recorded in the consolidated financial statements of the Group or subgroup.

b) In the case of transactions between other Group companies, the assets and liabilities of the business are measured at the amounts at which they were carried in the separate financial statements prior to the transaction.

The difference which may arise is recognized under reserves.

4. Property, plant, and equipment

The breakdown and movements during the six-month period ended June 30, 2019 and FY 2018 of balances recognized under this heading in the accompanying consolidated statement of financial position are as follows:

	Machinery and technical installations	Other installations, tools and furniture	Other PP&E	PP&E under construction	TOTAL
COST					
Balance at 12.31.2017	**15,467,216**	**506,017**	**275,578**	**1,293,467**	**17,542,278**
Additions	162,241	5,833	72,095	26,570,743	26,810,912
Derecognitions and decreases	(25,551,747)	(32,705)	(28,073)	-	(25,612,525)
Reclassifications	153,399	68,894	(222,293)	-	-
Transfers	11,524,431	-	-	(11,524,431)	-
Balance at 12.31.2018	**1,755,540**	**548,039**	**97,307**	**16,339,779**	**18,740,665**
Additions	169,356	154,514	28,234	26,792,649	27,144,753
Derecognitions and decreases	-	(156,710)	(778)	-	(157,488)
Balance at 06.30.2019	**1,924,896**	**545,843**	**124,763**	**43,132,428**	**45,727,930**
DEPRECIATION					
Balance at 12.31.2017	**(700,259)**	**(221,562)**	**(66,244)**	**-**	**(988,065)**
Allowance for the period	(810,120)	(40,290)	(14,939)	-	(865,349)
Decreases	17,974	20,191	23,694	-	61,859
Balance at 12.31.2018	**(1,492,405)**	**(241,661)**	**(57,489)**	**-**	**(1,791,555)**
Allowance for the period	(42,021)	(23,480)	(10,464)	-	(75,965)
Decreases	-	53,539	-	-	53,539
Balance at 06.30.2019	**(1,534,426)**	**(211,602)**	**(67,953)**	**-**	**(1,813,981)**
IMPAIRMENT					
Balance at 12.31.2017	**-**	**-**	**-**	**-**	**-**
Allowance for the period	-	-	-	(2,174,486)	(2,174,486)
Decreases	-	-	-	-	-
Balance at 12.31.2018	**-**	**-**	**-**	**(2,174,486)**	**(2,174,486)**
Allowance for the period	-	-	-	(97,478)	(97,478)
Decreases	-	-	-	-	-
Balance at 06.30.2019	**-**	**-**	**-**	**(2,271,964)**	**(2,271,964)**

Carrying amount at 12.31.2018	**263,135**	**306,378**	**39,818**	**14,165,293**	**14,774,624**
Carrying amount at 06.30.2019	**390,470**	**334,241**	**56,810**	**40,860,464**	**41,641,985**

The useful lives and depreciation criteria used for these items are disclosed in Note 3.3.

The main additions for the period ended June 30, 2019 and FY 2018 correspond to the plants under construction in Argentina and Peru.

The principal derecognitions during FY 2018 mainly correspond to the sale of the solar plants associated with the following Group companies: Grupo GR Huingan SpA, GR Litre SpA, GR Laurel SpA, GR Tineo SpA, GR Lingue SpA, GR Guayacan SpA, and GR Pan de Azucar Spa.

Impairment losses

During the period ended June 30, 2019 the Group recognized impairment losses on PP&E in the amount of 97 thousand euros (2018: 2,174 thousand euros), mainly corresponding to various ongoing projects principally located in Mexico.

5. Financial assets

5.1. Investments in group companies, jointly-controlled entities, and associates

The breakdown and movements during the interim period ended June 30, 2019 and FY 2018 of balances recognized under this heading in the accompanying consolidated statement of financial position are as follows:

	Balance at 12.31.2017	Additions	Retirements	Balance at 12.31.2018	Additions	Retirements	Balance at 06.30.2019
Non-current investments							
Equity instruments	-	11,474	-	11,474	1,441	-	12,915
Other financial assets	-	-	-	-	-	-	-
	-	**11,474**	**-**	**11,474**	**1,441**	**-**	**12,915**
Current financial investments							
Loans to companies	32,151	45,830	(32,151)	45,830	110,288		156,118
	32,151	**45,830**	**(32,151)**	**45,830**	**110,288**	**-**	**156,118**
Total	**32,151**	**57,304**	**(32,151)**	**57,304**	**111,729**	**-**	**169,033**

Equity instruments correspond to the interests held by the Parent in certain Group companies which were not included in the consolidation scope as they were inactive and not significant.

Loans to companies correspond to loans granted to certain Group companies not included in the consolidation scope as they were inactive and not significant, including the tax related borrowings which some of the Group companies held with the Parent of the Daruan Group Holding, S.L. Group, the parent of the tax group (Note 13).

5.2. Other financial investments

The movements during the interim period ended June 30, 2019 and FY 2018 of the different balances recognized under the headings for financial investments in the accompanying consolidated statement of financial position are as follows:

	Balance at 12.31.2017	Additions	Decreases	Balance at 12.31.2018	Additions	Decreases	Balance at 06.30.2019
Non-current investments							
Other financial assets	**6,453**	-	(5,705)	**748**	-	-	**748**
Security deposits and guarantees	**84,387**	7,602	-	**91,989**	27,835	-	**119,824**
	90,840	**7,602**	**(5,705)**	**92,737**	**27,835**	**-**	**120,572**
Current financial investments							
Loans to companies	**-**	2,236,465	-	**2,236,465**	49,439	(2,236,465)	**49,439**
Other financial assets	**147,345**	130,707	(154,214)	**123,838**	5,251,598	-	**5,375,436**
Security deposits and guarantees	**-**		-	**-**			**-**
	147,345	**2,367,172**	**(154,214)**	**2,360,303**	**5,301,037**	**(2,236,465)**	**5,424,875**
Total	**238,185**	**2,374,774**	**(159,919)**	**2,453,040**	**5,328,872**	**(2,236,465)**	**5,545,447**

Current loans to companies at December 31, 2018 correspond to three loans which the subsidiary Grenergy Pacific Limitada granted to entities which left the Group at December 31, 2018 (GR Tineo S.p.A, GR Lingue S.p.A. y GR Guayacan S.p.A.). These loans were repaid in February 2019.

Other financial assets recognized under current assets at June 30, 2019 correspond to short-term deposits at financial entities which bear interest at market rates.

6. Inventories

The breakdown of inventories at the closing of the interim period ended June 30, 2019 and FY 2018 is as follows:

	06.30.2019			12.31.2018		
	Cost	Impairment losses	Balance	Cost	Impairment losses	Balance
Raw materials and other consumables	1,147,979	-	1,147,979	1,115,309	-	1,115,309
Plant in progress	844,683	-	844,683	4,858,820	-	4,858,820
Prepayments to suppliers	159,607	-	159,607	29,502	-	29,502
Total	**2,152,269**	**-**	**2,152,269**	**6,003,631**	**-**	**6,003,631**

At June 30, 2019 the Group recorded components and other materials under inventories in the amount of 1,147,979 euros (2018: 1,115,309 euros). In addition, 159,607 euros were recognized under "Prepayments to suppliers" (2018: 29,502 euros).

"Plant in progress" presents a balance of 844,683 euros (2018: 4,858,820 euros), which includes construction costs for the photovoltaic farms mainly located in Chile which will be sold.

The Group has arranged insurance policies to cover the potential risks to which its inventories are exposed. The coverage of these insurance policies is considered sufficient.

7. Trade receivables for sales and services

This heading in the accompanying consolidated statement of financial position presents receivable balances from construction activities and sales of photovoltaic solar plants as well as income from operating and maintenance services in connection with photovoltaic solar plants.

At June 30, 2019, "Trade receivables for sales and services" mainly records the amounts pending collection for the sale of photovoltaic solar plants in the amount of 22,906 thousand euros (2018: 15,233 thousand euros). At June 30, 2019, of the aforementioned amount, 17,897 thousand euros correspond to invoices pending issue in connection with "work completed pending invoice" resulting from the positive difference between income recognized for each construction project and the amount invoiced for each such project (2018: 7,465 thousand euros), in accordance with the recognition criteria for income based on the degree of completion.

At the closing of the interim period ended June 30, 2019 and the closing of FY 2018 there were no balances recognized as doubtful debts.

8. Cash and cash equivalents

The breakdown of this heading at the closing of the interim period ended June 30, 2019 and FY 2018 is as follows:

	Balance at 06.30.2019	**Balance at 12.31.2018**
Cash in hand	23,627,399	13,119,041
Total	**23,627,399**	**13,119,041**

Of the amounts shown in the table above, at June 30, 2019 and December 31, 2018, 1,227,762 euros and 7,098,860 euros, respectively, correspond to current accounts pledged for obtaining guarantees.

9. Capital and reserves

9.1. Share capital

At June 30, 2019 the Parent’s share capital amounted to 8,507,177 euros corresponding to 24,306,221 shares with a nominal value of 0.35 euros each.

At June 30, 2019 the following shareholders of the Parent held a direct stake of more than 10% of share capital:

Shareholder	No. of shares	Percentage of ownership interest
Daruan Group Holding, S.L.	18,469,590	75.99%

The shareholders in general meeting at June 17, 2019 agreed upon a capital increase of 4,861,244 euros with a charge to the Parent's voluntary reserves, via increase of the nominal value of already issued shares by 0.2 euros per share, resulting in a value of 0.35 euros per share.

9.2. Share premium

The share premium amounted to 6,117,703 euros at June 30, 2019. This balance can be used for the same purposes as the voluntary reserves of the Parent, including conversion to capital.

9.3. Reserves

The consolidated statement of changes in equity which forms a part of these interim condensed consolidated financial statements provides a breakdown of the aggregate balances and movements for the interim period ended June 30, 2019 and FY 2018. The breakdown and composition of the different line items are shown below:

	Balance at 12.31.17	Increase	Decrease	Transfers	Balance at 12.31.18	Increase	Decrease	Transfers	Balance at 06.30.2019
Parent company reserves:									
Non distributable reserves									
Legal reserve	729,187	-	-		729,187	-	-	-	729,187
Capitalization	315,027	-	-	20,194	335,221	-	-	-	335,221
Unrestricted reserves									
Voluntary reserves	7,394,946	3,801,634	-	836,371	12,032,951	12,131,908	(4,861,244)	(46,269)	19,257,346
Total reserves of the Parent	**8,439,160**	**3,801,634**	**-**	**856,565**	**13,097,359**	**12,131,908**	**(4,861,244)**	**(46,269)**	**20,321,754**
Reserves in consolidated companies	**(4,615,622)**	**1,473,192**	**(725,305)**	**(856,565)**	**(4,724,300)**	**3,902,108**	**(1,556,113)**	**46,269**	**(2,332,036)**
Total	**3,823,538**	**5,274,826**	**(725,305)**	**-**	**8,373,059**	**16,034,016**	**(6,417,357)**	**-**	**17,989,718**

9.4. Own equity instruments

The treasury share portfolio at the closing of the interim period ended June 30, 2019 and FY 2018 is comprised of the following:

	Balance at 06.30.2019	Balance at 12.31.2018
No. of shares in treasury share portfolio	**745,507**	**888,177**
Total treasury share portfolio	**2,398,707**	**2,062,970**
Liquidity Account	431,569	511,329
Fixed Own Portfolio Account	1,967,138	1,551,641

During the interim period ended June 30, 2019 and FY 2018, the movements in the treasury sure portfolio of the Parent were as follows:

Period ended June 30, 2019

	Treasury shares		
	Number of shares	Nominal amount	Average purchase/sales price
Balance at 12.31.2018	**888,177**	**2,062,969**	**2.32**
Acquisitions	160,171	1,165,619	7.28
Disposals	(302,841)	(829,881)	6.33
Balance at 06.30.2019	**745,507**	**2,398,707**	**3.22**

Year ended December 31, 2018

	Treasury shares		
	Number of shares	Nominal amount	Average purchase/sales price
Balance at 12.31.2017	**741,577**	**1,133,498**	**1.55**
Acquisitions	658,055	1,869,232	2.84
Disposals	(511,455)	(939,761)	3.43
Balance at 12.31.2018	**888,177**	**2,062,969**	**2.32**

The purpose of holding the treasury shares is to maintain them available for sale in the market and for the incentive plan approved for directors, executives, employees, and key collaborators of the Group (Note 9.5)

At June 30, 2019 treasury shares represent 3.07% (2018: 3.65%) of all the Parent's shares.

9.5. Incentive plan for executives and key personnel

At the meeting held on June 26, 2015, the Board of Directors of the Parent approved an incentive plan for certain executives and key personnel based on the granting of options on the Parent's shares. At June 30, 2019 the number of shares set aside for covering this plan totaled 174,000 shares. The exercise price of the share options was established as 1.38 euros per share.

The beneficiary will be able to acquire:

- A third of the shares granted for the option from the date on which two years have elapsed counting from the grant date.
- A third of the shares granted for the option from the date on which three years have elapsed counting from the grant date.

- A third of the shares granted for the option from the date on which four years have elapsed counting from the grant date.

At June 2, 2016 a second incentive plan was approved based on the granting of options on the Parent's shares with similar characteristics to the first one. At June 30, 2019 the number of shares set aside for covering this plan totaled 82,667 shares. The exercise price of the share options was established as 1.90 euros per share.

At November 27, 2018 a third incentive plan was approved based on the granting of options on the Parent's shares with similar characteristics to the previous two plans. At December 31, 2018 the number of shares set aside for covering this plan totaled 157,143 shares. The exercise price of the share options was established as 3.50 euros per share.

At March 29, 2019 a fourth incentive plan was approved based on the granting of options on the Parent's shares with similar characteristics to the previous three plans. At June 30, 2019 the number of shares set aside for covering this plan totaled 62,200 shares. The exercise price of the share options was established as 6.90 euros per share.

Said incentive plans establish that their settlement will be carried out by delivery of equity instruments to the employees should they exercise the options granted. The exercise prices of the options on shares were established by reference to the fair value of the corresponding equity instruments at the grant date. The Group did not recognize any amounts relating to this item since it considered that the fair value of the option price is not significant.

At June 30, 2019 there were 224,666 exercisable options (2018: 198,000).

9.6. Earnings (loss) per share

<u>Basic</u>

The basic earnings (losses) per share from continuing operations corresponding to the interim periods ended June 30, 2019 and June 30, 2018 were as follows:

	Thousands of euros	
	06.30.2019	**06.30.2018**
Profit attributable to the partners of the Parent	8,781,356	3,005,141
Weighted average number of ordinary shares outstanding	23,489,379	23,491,344
Earnings (losses) per share	**0.37**	**0.13**

Basic earnings per share are calculated by dividing the profit attributable to the partners of the Parent by the weighted average number of ordinary shares outstanding during the year.

<u>Diluted</u>

There are no agreements for diluting basic earnings per share as calculated in the previous paragraph.

10. Provisions and contingencies

The movements during the interim period ended June 30, 2019 and FY 2018 in the line items included under this heading in the accompanying consolidated statement of financial position were as follows:

	Provision for dismantling costs	Provision for delays and guarantees	Total
Balance at 12.31.2017	**-**	**-**	**-**
Allowances	-	64,150	64,150
Amounts used	-	-	-
Balance at 12.31.2018	**-**	**64,150**	**64,150**
Allowances	-	237,849	237,849
Amounts used	-	-	-
Balance at 30.06.2019	**-**	**301,999**	**301,999**

Provision for dismantling costs

The Group recognizes a provision for dismantling costs when the construction period for the solar plants ends. This provision is calculated by estimating the present value of the obligations assumed in connection with dismantling or retirement and other associated obligations, such as restoration costs for the location on which the solar plants were constructed. At June 30, 2019 and December 31, 2018 the Group did not recognize any amounts for this item as it had no operational plants or was committed to their sale.

Provision for delays and guarantees

At each year end the Group evaluates the need to recognize a provision for guaranteeing and covering any inconsistencies that may arise with respect to materials, supplies, and spare parts delivered as well as penalties due to delays in connecting solar plants. At June 30, 2019 and December 31, 2018 the Group had set aside provisions for these items based on the best estimates possible.

At June 30, 2019 and December 31, 2018 there were no provisions of a significant nature or contingent liabilities which had not been recognized or disclosed in the interim condensed consolidated financial statements and the corresponding explanatory notes thereto.

11. Non-current and current borrowings

The breakdown of these consolidated statement of financial position headings at June 30, 2019 and December 31, 2018 is as follows:

	Non-current borrowings	Current borrowings	Total at 06.30.2019	Non-current borrowings	Current borrowings	Total at 12.31.2018
Bank borrowings	**21,476,343**	**15,398,835**	**36,875,178**	**9,333,447**	**6,061,848**	**15,395,295**
Loans	21,476,343	2,819,450	24,295,793	9,333,447	2,799,001	12,132,448
Credit facilities	-	1,739,244	1,739,244	-	2,424,089	2,424,089
Foreign financing	-	10,840,141	10,840,141	-	838,758	838,758
Other financial liabilities	**234,579**	**1,245,377**	**1,479,956**	**266,535**	**1,244,074**	**1,510,609**
Finance lease liabilities	**1,558,397**	**375,321**	**1,933,718**	**134,854**	**27,662**	**162,516**
Total	**23,269,319**	**17,019,533**	**40,288,852**	**9,734,836**	**7,333,584**	**17,068,420**

All the financial liabilities held by the Group are classified under "Trade and other payables."

At June 30, 2019 and December 31, 2018 the breakdown of borrowings by residual maturities is as follows:

Interim period ended June 30, 2019

	Bank borrowings	Other borrowings	Finance lease liabilities	Total
Until 06.30.2020	15,398,835	1,245,377	375,321	**17,019,533**
Until 06.30.2021	2,786,923	52,361	412,462	**3,251,746**
Until 06.30.2022	1,636,728	182,218	341,263	**2,160,209**
Until 06.30.2023	1,421,058	-	285,623	**1,706,681**
Until 06.30.2024	1,421,058	-	214,690	**1,635,748**
More than 5 periods	14,210,576	-	304,359	**14,514,935**
Total	**36,875,178**	**1,479,956**	**1,933,718**	**40,288,852**

Year ended December 31, 2018

	Bank borrowings	Other borrowings	Finance lease liabilities	Total
Within one year	6,061,848	1,244,074	27,662	**7,333,584**
Until 2020	2,618,644	52,060	27,688	**2,698,392**
Until 2021	1,271,276	52,060	23,168	**1,346,504**
Until 2022	453,627	52,060	80,887	**586,574**
Until 2023	453,627	52,060	3,111	**508,798**
More than 5 periods	4,536,273	58,295	-	**4,594,568**
Total	**15,395,295**	**1,510,609**	**162,516**	**17,068,420**

During 2019 and 2018 the Group complied with the payment of all amounts of its financial debt at maturity. Likewise, at the date of authorization of these interim condensed consolidated financial statements the Group had complied with all related obligations assumed.

11.1. Bank borrowings

The breakdown of loans subscribed and their main contractual conditions at June 30, 2019 and December 31, 2018 is as follows:

Period ended June 30, 2019

					Euros		
Financial institution	**Maturity date**	**Interest rate**	**Type of guarantee**	**Installments**	**Non-current liabilities**	**Current liabilities**	**Total**
KFW BANK (Project finance)	7/31/2034	5.00%	Project/corporate guarantee	Semi-annual	14,122,977	-	14,122,977
CAF-Banco de Desarrollo de América Latina & ICO (Project finance)	4/30/2036	6.79%	Project/corporate guarantee	Semi-annual	5,771,831	-	5,771,831
BANCO SABADELL	10/20/2021	2.50%	Corporate	Monthly	840,781	605,886	1,446,667
BANCO SABADELL (USD denominated loan)	4/19/2021	3.60%	Corporate	Monthly	733,568	880,282	1,613,850
BANCO SANTANDER	4/10/2020	2.15%	Corporate	Quarterly	7,186	1,333,282	1,340,468
Total					**21,476,343**	**2,819,450**	**24,295,793**

Year ended December 31, 2018

					Euros		
Financial institution	**Maturity**	**Interest rate**	**Interest guarantee**	**Installments**	**Non-current liabilities**	**Current liabilities**	**Total**
KFW BANK (Project finance)	7/31/2034	5.00%	Project guarantee	Semi-annual	6,350,782	-	6,350,782
BANCO SABADELL	10/20/2021	2.50%	Corporate	Monthly	1,143,724	602,127	1,745,851
BANCO SABADELL (USD)	4/19/2021	3.60%	Corporate	Monthly	1,165,114	870,701	2,035,815
BANCO SANTANDER	4/10/2020	2.15%	Corporate	Quarterly	673,827	1,326,173	2,000,000
Total					**9,333,447**	**2,799,001**	**12,132,448**

The project finance agreement with KFW Bank corresponds to a senior financing contract with a maximum principal amount of 31.7 million US dollars, maturing on July 31, 2034 and repayable in semi-annual installments at an interest rate of 5%. In the framework of said contract Grenergy assumed certain positive and negative obligations as well as sponsorship commitments to cover the risks of overshooting costs and delays as well as until the Commercial Operation Date ("COD").

With regard to the construction of the wind farms at Duna and Huambos, in March 2019 two syndicated loan contracts were subscribed for a maximum principal amount of 42.8 million US dollars with CAF-Banco de Desarrollo de América Latina and the Spanish Instituto de Crédito Oficial (ICO), as well as mezzanine credit contracts with Sinia Capial, S.A. de C.V. These credit contracts foresee certain obligations and commitments regarding contribution of contingent funds, as well as certain positive and negative obligations and sponsorship commitments for covering risks related to overshooting costs or delays of up to one year counting from the foreseen COD date.

All the subscribed loans bear interest at market rates. The annual average interest rate during 2019 was 5.01% (2018: 3.31%).

11.2. Credit facilities and discount lines

At June 30, 2019 and December 31, 2018 the Group had subscribed credit facilities and credit financing for foreign operations with various financial entities. The breakdown of these items at said dates and their contractual terms are as follows:

Interim period ended June 30, 2019

		Euros		
Financial institution	**Maturity**	**Credit limit**	**Amount drawn**	**Drawable amount**
SABADELL	5/10/2020	200,000	79,410	120,590
BANCO SANTANDER	4/17/2020	300,000	284,456	15,544
BANCO SANTANDER (PREVIOUSLY "POPULAR")	5/7/2020	200,000	194,597	5,403
BANKINTER	Indefinite	300,000	(83)	300,083
BANKIA I	5/27/2020	100,000	90,428	9,572
BANKIA II	4/21/2020	1,500,000	1,085,419	414,581
SABADELL credit cards	Indefinite	200,000	985	199,015
BANKIA credit cards	Indefinite	200,000	86	199,914
SECURITY credit cards	Indefinite	200,000	3,946	196,054
Total credit facilities		**3,200,000**	**1,739,244**	**1,460,756**
BANCO SABADELL foreign credit line	5/27/2020	9,000,000	-	9,000,000
BANCO SANTANDER foreign credit line	4/17/2020	11,750,000	2,598,988	9,151,012
BANKIA foreign credit line	5/27/2020	9,000,000	2,171,064	6,828,936
BANKINTER foreign credit line	Indefinite	11,200,000	1,194,977	10,005,023
CAIXABANK foreign credit line	1/23/2020	5,478,000	4,875,112	602,888
BBVA foreign credit line	3/1/2020	5,000,000	-	5,000,000
Total foreign financing		**51,428,000**	**10,840,141**	**40,587,859**
Total		**54,628,000**	**12,579,385**	**42,048,615**

Year ended December 31, 2018

		Euros		
Financial institution	**Maturity**	**Credit limit**	**Amount drawn**	**Drawable amount**
BANKIA I	9/7/2019	100,000	93,524	6,476
BANKIA II	4/21/2019	1,500,000	1,494,422	5,578
SANTANDER	4/14/2019	300,000	281,761	18,239
POPULAR	10/26/2019	200,000	189,852	10,148
SABADELL	5/25/2019	200,000	80,203	119,797
BANKINTER	7/28/2019	300,000	271,616	28,384
BANKIA (VISA)	Indefinite	3,000	-	3,000
BANCO SABADELL (VISA)	Indefinite	30,000	12,711	17,289
Total credit facilities		**2,633,000**	**2,424,089**	**208,911**
SABADELL	Indefinite	6,500,000	250,952	6,064,509
SANTANDER	Indefinite	6,000,000	-	2,959,432
BANKIA	9/7/2019	6,000,000	587,806	2,336,537
POPULAR	10/26/2019	2,000,000	-	2,000,000
BANKINTER	7/28/2019	6,500,000	-	6,500,000
CAIXABANK	1/23/2019	5,000,000	-	5,000,000
BBVA	7/12/2019	3,000,000	-	1,994,369
Total foreign financing		**35,000,000**	**838,758**	**26,854,847**
Total		**37,633,000**	**3,262,847**	**27,063,758**

The average annual interest rate on the credit facilities during 2019 was 2.13%. (2018: 2.15%).

11.3. Other borrowings

At June 30, 2019 and December 31, 2018 the breakdown of other borrowings held by the Group was as follows:

Interim period ended June 30, 2019

					Euros		
Financial institution	**Maturity**	**Interest rate**	**Type of guarantee**	**Installments**	**Non-current liabilities**	**Current liabilities**	**Total**
Spanish Centre for the Development of Industrial Technology (CDTI)	5/12/2022	Zero interest	No	Monthly	234,279	52,060	286,339
Ministry of Economy and Competition	1/20/2021	Zero interest	No	Monthly	300	5,926	6,226
Other borrowings	-	-	-	-	-	1,187,391	1,187,391
Total					**234,579**	**1,245,377**	**1,479,956**

Year ended December 31, 2018

Financial institution	Maturity	Interest rate	Type of guarantee	Installments	Euros		
					Non-current liabilities	Current liabilities	Total
Spanish Centre for the Development of Industrial Technology (CDTI)	5/12/2022	Zero interest	No	Monthly	260,308	52,060	312,368
Ministry of Economy and Competition	1/20/2021	Zero interest	No	Monthly	6,227	5,926	12,153
Other borrowings	-	-	-	-	-	1,186,088	1,186,088
Total					**266,535**	**1,244,074**	**1,510,609**

The balance relating to CDTI corresponds to the amount pending repayment at the end of the period of a zero interest loan granted by the CDTI on October 13, 2011 in the amount of 520,609 euros in order to help financing the necessary investments for the project known as "Design and Modeling of a forecasting system for performance and integral control at energy distribution installations." The Group did not recognize said loan at its fair value as it considers that said fair value does not significantly differ from its nominal amount.

Further, the Group received a zero interest rate loan granted by the Ministry of Economy and Competition on April 16, 2012 in the amount of 33,756 euros relating to the personnel expenses for carrying out the project known as "Design and Modeling of a forecasting system for performance and integral control at energy distribution installations."

The repayment of these loans can be extended over a maximum period of seven yearly installments at identical amounts, allowing a maximum maturity for the first annual installment of five years counted from the date on which they were granted. The first of said annual installments fell due for the year 2015.

Other borrowings at June 30, 2019 and December 31, 2018 mainly correspond to the amount pending payment generated by the Parent in the purchase of Kosten S.A., included in the Group in 2017.

12. Borrowings from group companies and associates

The breakdown of these headings in the accompanying consolidated statements of financial position at June 30, 2019 and December 31, 2018 is as follows:

Interim period ended June 30, 2019

	Maturity date	Interest rate	Type of guarantee	Non-current borrowings	Current borrowings	Total at 06.30.19
Borrowings from group companies						
Loan debt	Indefinite	12-month Euribor + 2%	-	-	3,249	3,249
Tax related debt	-	-	-	-	-	-
Total				**-**	**3,249**	**3,249**

Year ended December 31, 2018

	Maturity Maturity	Interest rate	Type of guarantee	Non-current borrowings	Current borrowings	Total at 12.31.18
Borrowings from group companies						
Loan debt	Indefinite	12-month Euribor + 2%	-	-	17,033	17,033
Tax related debt	-	-	-	-	316,736	316,736
Total				**-**	**333,769**	**333,769**

The above table shows the debt owed Daruan Group Holding, S.L. at the closing of the interim period ended June 30, 2019 and the closing of FY 2018, amounting to 3 thousand and 14 thousand euros, respectively.

The Group files its corporate tax return as part of the tax group comprised of all companies which fulfill the requirements established in Chapter VI of Title VII of Law 27/2014 of November 27, on Corporate Income Tax, with Daruan Group Holding, S.L. as the parent of said tax group. Thus, a related debt of 317 thousand euros owed to this company was recorded at December 31, 2018.

13. Public administrations and tax matters

The breakdown of balances with public administrations at June 30, 2019 and December 31, 2018 is as follows:

Payable to public administrations	Non-current	Current	Balance at 06.30.2019	Non-current	Current	Balance at 12.31.18
Deferred tax liabilities	**904,084**	**-**	**904,084**	-	-	-
Current tax liabilities	**-**	**747,907**	**747,907**	-	-	-
Other payables to public administrations	**-**	**299,366**	**299,366**	**-**	**299,458**	**299,458**
VAT payable	-	22,080	**22,080**	-	128,172	**128,172**
Payable to the public treasury for withholdings	-	204,406	**204,406**	-	129,526	**129,526**
Social security agencies	-	72,880	**72,880**	-	41,760	**41,760**
Total	**904,084**	**1,047,273**	**1,951,357**	**-**	**299,458**	**299,458**

Income tax

The Spanish companies of the Grenergy Group file their tax returns under a consolidated tax regime since 2012, together with other companies of the Daruan Group. During 2012 and 2013 the parent of the tax group ws Daruan Venture Capital, S.C.R., and since 2014 the new parent of the tax group has been Daruan Group Holding, S.L.

The breakdown of income tax expense is as follows:

	06.30.2019	06.30.2018
Current income tax	(1,909,124)	(441,955)
Deferred tax	423	567,233
Total	**(1,908,701)**	**125,278**

14. Income and expenses

Cost of Sales

The breakdown of the consolidated balance recognized under this heading by sector of activity is as follows:

	06.30.2019			06.30.2018		
	Purchases	Impairment / (Reversal)	Total applied	Purchases	Impairment / (Reversal)	Total applied
Consumption of goods for resale	36,009,579	-	36,009,579	16,301,599	-	16,301,599
Subcontracted work	12,742	-	12,742	234,774	-	234,774
Total	**36,022,321**	**-**	**36,022,321**	**16,536,373**	-	**16,536,373**

The breakdown of the purchases recorded in the accompanying consolidated income statement is as follows:

	06.30.2019	06.30.2018
Spain	9,708,708	10,389,215
Imports	26,313,613	6,147,158
Total	**36,022,321**	**16,536,373**

Social security costs, et al.

The breakdown of this heading in the consolidated income statement at June 30, 2019 and June 30, 2018 is as follows:

	06.30.2019	06.30.2018
Social security payable by the Company	326,911	140,660
Other social security expenses	35,605	51,239
Total	**362,516**	**191,899**

The Group's average number of employees during the interim periods ended June 30, 2019 and June 30, 2018 by professional category is as follows:

Category	06.30.2019	06.30.2018
Senior management	2	2
Department directors	18	9
Other	95	68
Total	**115**	**79**

The breakdown by gender of employees, directors, and senior management at June 30, 2019 and June 30, 2018 is as follows:

	06.30.2019			06.30.2018		
Category	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Senior management	2	-	**2**	2	-	**2**
Department Directors	15	4	**19**	6	3	**9**
Other	78	27	**105**	52	19	**71**
Total	**95**	**31**	**126**	**60**	**22**	**82**

The Group had no employees under contract with disabilities greater than or equal to 33% during 2019 or 2018.

Finance income and expenses

The breakdown of finance income and expenses recognized in the accompanying consolidated income statement is as follows:

	06.30.2019	06.30.2018
Income	**108,767**	**4,651**
Interest from other financial assets	108,767	4,651
Expenses	**(304,943)**	**(777,355)**
Interest on borrowings	(304,943)	(777,355)
Currency translation differences	**(724,449)**	**(1,100,830)**
Finance cost	**(920,625)**	**(1,873,534)**

The negative exchange differences at June 30, 2019 and 2018 mainly correspond to the pronounced depreciation of the Chilean peso with respect to the US dollar during both interim periods.

15. Related-party transactions

15.1. Related-party transactions and balances

In addition to group entities, jointly controlled entities, and associates, the Group's related parties also include directors and senior management of the Parent (including close family members) as well as those entities over which they may exercise control or significant influence.

Receivable and payable balances with related parties at June 30, 2019 and December 31, 2018 are as follows:

	Parent company	Other related parties	Total 06.30.2019	Parent company	Other related parties	Total 12.31.2018
Assets						
Trade receivables from group companies	-	952	**952**	-	-	**-**
Loans to group companies	-	156,118	**156,118**	45,830	-	**45,830**
	-	**157,070**	**157,070**	**45,830**	**-**	**45,830**
Liabilities						
Payable to suppliers, group companies	-	(156)	**(156)**	-	(27,759)	**(27,759)**
Borrowings from group companies	-	(3,249)	**(3,249)**	(332,879)	(890)	**(333,769)**
	-	**(3,405)**	**(3,405)**	**(332,879)**	**(28,649)**	**(361,528)**

The balances with related parties at June 30, 2019 and December 31, 2018 are comprised of the following:

- Loans to Daruan Group companies: at June 30, 2019 this amount reflects the debt pending collection by the Group from certain subsidiaries which were not included in the consolidation scope as they were not significant. At December 31, 2018 this amount reflects the debts of certain Group companies owed to the Parent in connection with corporate income tax, as well as credits to other associated entities.

- Borrowings from group companies reflect the balance at the end of the period corresponding to the loan facility subscribed with Daruan Group Holding, S.L. as well as the debt of the Parent in connection with corporate income tax.

- "Suppliers, group companies" reflects the debt pending payment for the fees invoiced by other Group companies at each year end.

The breakdown of transactions carried out with related parties during the interim periods ended June 30, 2019 and June 30, 2018 is as follows:

	06.30.2019			06.30.2018		
	Parent company	Key management personnel	Other related parties	Parent company	Key management personnel	Other related parties
Expenses	**(25,144)**	**(103,904)**	**(116,342)**	**-**	**(109,204)**	**(65,429)**
Services received	(25,144)	-	(116,342)	-	-	(65,429)
Remuneration (Note 21.2)	-	(103,904)	-	-	(109,204)	-

The transactions with related parties carried out during the interim periods ended June 30, 2019 and 2018 relate to the normal course of the Group's business and were generally carried out on an arm's length basis.

15.2. Disclosures relating to the directors and senior management

During the interim period ended June 30, 2019 and FY 2018, the directors of the Parent were not granted any advances or credit, nor did the Parent assume any obligations on their behalf by way of guarantees extended. Likewise, the Parent has no pension or life insurance commitments for any of its current or former directors.

The directors and senior management received remuneration as per the following breakdown:

	06.30.2019		06.30.2018	
Item	**Board of Directors**	**Senior managers**	**Board of Directors**	**Senior managers**
Fixed remuneration	24,000	96,000	24,000	105,000
Compensation in kind	-	7,904	-	4,204
Total	**24,000**	**103,904**	**24,000**	**109,204**

As indicated in Note 3.13, the incentive plan approved for the directors, executives, employees, and key collaborators of Grenergy Renovables, S.A. was exclusively offered to the executives and key personnel of the Parent.

15.3. Other disclosures relating to the directors

At the date of authorization of these interim condensed consolidated financial statements none of the members of the Parent's Board of Directors disclosed any conflicts of interest, direct or indirect, with those of the Group in connection with said members themselves or any persons to whom article 231 of the Spanish Corporate Enterprises Act refers.

16. Other information

16.1. Risk management policy

The activities of the Group are exposed to various financial risks: market risk (including exchange rate risk), and liquidity risk. The Group's risk management is focused on the uncertainty of financial markets and attempts to minimize the potentially adverse effects on its profitability, using certain financial instruments for this purpose, described further on in the notes.

Market risk

The market in which the GRENERGY RENOVABLES, S.A. Group and its subsidiaries operate is related to the sector for production and commercialization of renewable energies. It is for this reason that the factors which influence said market positively and negatively can affect the Group's performance.

Market risk in the electricity sector is based on a complex price formation process in each of the countries or markets in which the Grenergy Group performs its business activities.

In general, the price of products offered in the sector of renewable energies contains a regulated component as well as a market component. The first is controlled by the competent authorities of each country or market and can vary whenever said authorities consider it appropriate and necessary, resulting in an obligation for all market agents to adapt to the new circumstances, including the Group companies active in said countries. The cost of energy production would be affected as well as distribution to networks, thereby also affecting the price paid by Grenergy Group clients, either with respect to the negotiation of purchase-sales prices for its projects or price formation in the wholesale market ("merchant") as well as under the Power Purchase Agreements ("PPAs").

As far as the market component is concerned, there is the risk that the competitors of the Grenergy Group, both for renewable energies as well as for conventional energies, may be able to offer lower prices, generating competition in the market which, via pricing, may endanger the stability of the Grenergy Group's client portfolio and could thereby provoke a substantial negative impact on its activities, results, and financial position.

At any rate, as the performance of said sector varies significantly from country to country and continent to continent, three years ago the Group initiated a geographical diversification process, breaking into markets outside Spain (currently the Group is present in Spain, Chile, Mexico, Colombia, Argentina, and Peru), thereby reducing this type of risk even more. At present, all the efforts being made by Grenergy are focused on further developing the projects it owns in these countries.

Product responsibility

The Group designs, develops, executes, and promotes large scale renewable energy projects, certified by TÜV Rheinland; its integrated quality management system (ISO9001) and environmental management system (ISO 14001) systematizes the identification of each project's requirements in terms of quality, safety, and efficiency for each of the phases of said projects.

Client credit risk for Operations and Maintenance (O&M) and Asset Management ("AM") services

With respect to those projects for which the Grenergy Group performs its O&M and AM services, credit risk arises from non-compliance with the recurring payment obligations of the clients party to said contracts, in spite of the fact that these contracts generally foresee quarterly commission payments and payments 30 days subsequent to the issuing of invoices.

The percentage of allowances for insolvencies was zero for 2019.

Exchange rate risk

GRENERGY performs a large part of its economic activities abroad and outside the European market, specifically, in Chile, Peru, Argentina, Mexico, and Colombia. At June 30, 2019 practically all Group revenue was denominated in currencies other than the euro, specifically, the US dollar. Likewise, a large part of the expenses and investments, especially the expenses for the consumables required in the construction activities and investments in development projects, were also obtained in US dollars, Thus, the currency used in the normal course of the Group's corporate activity in LATAM is the local currency or the US dollar.

As a consequence of the fluctuations in the value of local LATAM currencies and the US dollar with respect to the euros (mainly the US dollar) and to the extent that the Group does not at present have any mechanisms or hedging agreements for mitigating exchange rate risks, the Grenergy Group could suffer a negative impact.

Liquidity risk

Liquidity risk refers to the possibility that the Group not be able to meet its financial commitments in the short term. As the Group's business is capital intensive and involves long term debt, it is important for the Group to analyze the cash flows generated by the business so that it can fulfill its debt payment obligations, both financial and commercial.

Liquidity risk arises from the financing needs of the Grenergy Group's activities due to the time lag between requirements and generation of funds. The management of this risk by the Group is based on the rapid rotation of projects which allows the Group to obtain significant cash flows, subsequently reinvesting them in new projects, and the availability of working capital facilities and credit financing with different financial entities for operations abroad.

As the Group has no significant financial commitments in the short term, at the date of authorization of the interim condensed consolidated financial statements, the cash flows generated in the short term by the Group are sufficient to meet the maturities of financial and commercial debt in the short term. Liquidity risk refers to the possibility that the Group may not be able to meet its financial commitments in the short term. As the Group's business is capital intensive and involves long term debt, it is important for the Group to analyze the cash flows generated by the business so that it can fulfill its debt payment obligations, both financial and commercial.

Liquidity risk arises from the financing needs of the Grenergy Group's activities due to the time lag between requirements and generation of funds. The management of this risk by the Group is based on the rapid rotation of projects which allows the Group to obtain significant cash flows, subsequently reinvesting them in new projects, and the availability of working capital facilities and credit financing with different financial entities for operations abroad.

As the Group has no significant financial commitments in the short term, at the date of authorization of the interim condensed consolidated financial statements, the cash flows generated in the short term by the Group are sufficient to meet the maturities of financial and commercial debt in the short term. However, the future cash flows which the Group will generate in the short term may not prove sufficient to meet its debt commitments in the short term, which could provoke a substantial negative impact on its activities, results, and financial position.

Interest-rate risk

The changes in variable interest rates (e.g. EURIBOR) alter the future flows of assets and liabilities referenced to such rates, especially short and long-term financial debt. The objective of the Grenergy Group's interest rate risk management policy is to achieve a balanced structure of financial debt with a view to reducing the financial cost of debt to the extent possible.

A significant portion of financial debt of the Issuer (e.g. loans and working capital facilities) accrues interest at fixed rates, and as far as structured financing is concerned, such as the "Project Finance" of the Argentinian and Peruvian subsidiaries, the financing contracts are referenced at fixed interest rates or, when referenced to variable rates, allow the Special Purpose Vehicle ("SPV") to substitute the variable rates for fixed rates at each payment request.

However, if future financing is referenced to variable rates or fixed rates increase as a consequence of variable reference rates increasing (EURIBOR or LIBOR), this could provoke a negative impact for the Grenergy Group.

Regulatory risk

The Group's activities are subject to both specific sector and general regulations of the different jurisdictions in which it is present (accounting, environmental, labor, data protection or tax regulations, amongst others). Likewise, though many projects are profitabe without any need for public subsidies or regulated tariffs, the development of renewable energy sources in certain countries and regions still depends on national and international policies regarding support for this industry.

Spain

In the particular case of the projects which the Grenergy Group is developing in Spain, the risk of changes in the regulatory framework is limited to the extent that revenue from the production installations of said projects is not subject to the regime established in Royal Decree 413/2014, of June 6, regulating electric energy production from renewable energies, cogeneration, and waste, and by virtue of which certain remuneration parameters were approved for standard facilities already operating at the date of said Royal Decree becoming effective. Further, it establishes that said remuneration parameters be reviewed for regulatory periods of six years based on the reasonable returns for installations, calculated as the yield on the Spanish ten-year bond plus 300 basis points.

However, if the review of the remuneration parameters established in Royal Decree 413/2014 for the 2020-2025 regulatory period results in higher amounts than foreseen or higher than market expectations, or the price of the Spanish ten-year bond sees a strong increase in yield, this could make the investment in brownfield projects which benefit from said remuneration parameters (especially the investment remuneration and the operation remuneration) more attractive as compared to greenfield projects and therefore negatively affect the business margins obtained by the Group in the sale of projects to third parties.

Likewise, the energy generation activity of the Group in Spain as Independent Power Producer ("IPP") is subject to various external costs defined by regulations, such as the tax on the value of electric energy production introduced by Law 15/2012, of December 27, on tax measures for energy sustainability, which means that the tax base, tax rate (currently at 7%), and accrual (currently suspended) could change in the future.

In addition, as IPP the Group could be subject to the payment of access tolls for transportation and distribution networks as per Royal Decree 1544/2011, of October 31, which establishes the access tolls for transportation and distribution networks that producers of electric energy must pay, as well as the remaining applicable regulations that may substitute it at any given moment.

At present in Spain there is regulatory uncertainty due to the formation of a new government and the parliamentary support it will have during the legislature arising from the last elections in May 2019, and, especially, in connection with how this will affect or influence the current European process defining environmental objectives leading up to 2030.

Prior to the elections of May 2019 the government presented its National Integrated Energy and Climate Plan ("PNIEC" in its Spanish acronym) to the European Union. Said plan establishes the objectives and measures to be taken for the time horizon leading up to 2030.

The PNIEC establishes objectives for renewable energies to enter the mix of energy generation in Spain. However, depending on how the tenders established in the PNIEC are set up, the impact may be negative for projects whose revenue depends on the wholesale market. This risk does not affect those projects that have subscribed a PPA for the duration of the PNIEC.

Another regulatory risk in Spain relates to the possible failure to adopt measures that are currently in development and favor the development of new projects (such as the new regulation on access and connection) or the interconnectivity with Europe.

Chile

A large part of the historic business of the Grenergy Group in Chile has been carried out via projects with a capacity of less than 9MW connected to distribution networks (SSPs). These projects enjoy the option of being able to avail themselves of the "Stabilized Price" ("SP"), which is much less volatile than the wholesale price.

Currently, there is a regulatory proposal to eliminate the option for the SSPs to avail themselves of said SP as it is considered to have a negative impact on system costs. This proposal, however, includes the possibility that those projects which already have connection permits and are under construction before a certain deadline (yet to be established though the first proposal was for December 31, 2019), in addition to those projects which have already availed themselves of the SP at the moment the change is approved, can continue availing themselves of the SP during 12 years.

At present said regulatory proposal is open to public consultation and renewable energy associations are proposing a deadline of at least 24 months for projects in development to avail themselves of the mechanism subsequent to approval of the regulatory change (estimated for mid-2020, that is, the projects that declare themselves under construction before mid-2022 would be able to avail themselves of the SP).

The proposal of said associations also includes the possibility that the projects that have already availed themselves of the SP can maintain this arrangement for 20 years, as compared to the 12 years proposed by the Ministry.

Other risks in Chile include the base price risk (which can be mitigated during the negotiation for PPAs) and the risk of network disconnection, with lower prices in zones which enjoy more solar exposure (formerly SING).

Peru

The Peruvian market currently presents various challenges for the development of renewable energy projects, though said challenges are in the process of being removed by various regulatory proposals. The Grenergy Group is developing an important pipeline with the intention of occupying an advantageous position in the market once these regulatory proposals have been approved.

However, there is the risk that approval of these proposals will be delayed (though all are in an advanced stage of development), resulting in a delay in the Group's new developments.

The main risks of the sector in Peru are as follows:

- Current regulations do not permit the signing of PPAs for the sale of energy produced at renewable energy installations as they require firm power sales and do not allow for the PPAs. At the date of these interim condensed consolidated financial statements a draft had been prepared to recognize power for these installations which, though only applicable for wind farms, is in the phase open for public commentary.

- The market is not functioning correctly and presents energy prices in the wholesale energy market below the real marginal cost of energy. This is due to the natural gas plants, which have "take-or-pay" supply contracts, and are not declaring any fuel expenses. This situation is not sustainable and the Peruvian government has declared its intention to address the issue, working on various regulatory proposals that would provide a solution.

Colombia

In Colombia, some of the projects being developed by the Grenergy Group have obtained connection permits at connection points that depend on public entities taking measures to strengthen the transportation and distribution networks. These measures have been approved and the investment commitments made, but there is the risk of delays which will directly impact the Group's developments in this country.

Environmental risks

Amongst the commitments acquired in connection with Environmental certification, objectives for continual improvements were set with respect to the environment and the environmental externalities were identified, such as contamination of the atmosphere or water, dangerous waste, and sound or landscape pollution, all considered relatively insignificant.

Thus, in view of its activities and considering the periodic studies carried out on these externalities, the Group does not have any environmental responsibilities, expenses, assets, provisions or contingencies that might be material with respect to its consolidated equity, consolidated financial position, or consolidated results.

17. Segmented information

The activity of the Group consists in the promotion and commercialization of renewable energy installations as well as the production of electric energy and any other complementary activities, together with the management and operation of such renewable energy installations.

The Group classifies its different business activities under the following operational divisions:

- Development and Construction: This division's activities involve the search for feasible projects, in both financial as well as technical terms, the necessary work for reaching all the milestones for initiating construction, and preparatory work on the land for the construction and starting up of each project.

- Energy: This division deals with revenue obtained from the sale of energy in each of the markets in which the Group has or will have its own operational projects as Independent Power Producer ("IPP").

- Services: This division includes the services rendered for projects once they have been started up or from the COD under the corresponding EPC Contract, thus relating to projects which are in the operational phase and comprising services rendered under O&M and Asset Management Contracts.

The distribution of revenue and EBITDA amongst the three business divisions at the closing of the interim periods ended June 30, 2019 and 2018 is as follows:

	Thousands of euros	
Income	**06.30.2019**	**06.30.2018**
Development and Construction	54,890	22,933
Energy	-	1,299
Services	614	338
Total income	**55,504**	**24,570**

	Thousands of euros	
EBITDA	**06.30.2019**	**06.30.2018**
Development and Construction	13,851	5,474
Energy	-	1,030
Services	122	(67)
Corporate	(1,918)	(1,293)
Total	**12,055**	**5,144**

The amount of income shown in the above table includes the following headings in the accompanying consolidated income statement: "Revenue;" "Work performed by the entity and capitalized;" "Gains (losses) on disposals;" and "Gains (losses) due to loss of control over consolidated interests."

Revenue at the closing of the interim periods ended June 30, 2019 and 2018 is broken down by geographical location as follows:

	06.30.2019	06.30.2018
Chile	55,057	12,159
Spain	124	115
Total (thousands of euros)	**55,181**	**12,274**

The Group's assets and liabilities at June 30, 2019 and December 31, 2018 are shown below by geographical location:

Interim period ended June 30, 2019

ASSETS	Spain	Chile	Mexico	Peru	Colombia	Argentina	Total 06.30.2019
NON-CURRENT ASSETS	**2,349,591**	**2,306,043**	**64,436**	**9,892,190**	**59,903**	**33,479,337**	**48,151,500**
Intangible assets	49,715	-	-	-	-	3,616,896	3,666,611
Property, plant, and equipment	1,014,199	986,480	61,265	9,891,172	59,903	29,628,966	41,641,985
Right-of-use assets	532,846	1,229,185	-	-	-	75,695	1,837,726
Investments in group companies and associates	12,915	-	-	-	-	-	12,915
Financial investments	75,009	39,929	3,171	1,018	-	1,445	120,572
Deferred tax assets	664,907	50,449	-	-	-	156,335	871,691
CURRENT ASSETS	**18,333,431**	**35,311,766**	**217,494**	**1,750,877**	**95,154**	**6,392,551**	**62,101,273**
Inventories	1,073,833	1,061,692	-	8,034	-	8,710	2,152,269
Trade and other receivables	5,305,751	21,800,400	186,829	893,921	26,102	2,329,417	30,542,420
Investments in group companies and associates	40,513	107,441	8,164	-	-	-	156,118
Financial investments	4,781,910	460,955	8,245	-	-	173,765	5,424,875
Accruals	175,601	5,142	-	-	17,449	-	198,192
Cash and cash equivalents	6,955,823	11,876,136	14,256	848,922	51,603	3,880,659	23,627,399
TOTAL ASSETS	**20,683,022**	**37,617,809**	**281,930**	**11,643,067**	**155,057**	**39,871,888**	**110,252,773**

EQUITY AND LIABILITIES	Spain	Chile	Mexico	Peru	Columbia	Argentina	Total 06.30.2019
EQUITY	**38,960,864**	**3,323,257**	**(2,123,423)**	**(888,356)**	**(121,186)**	**(548,234)**	**38,602,922**
Capital and reserves	39,122,195	3,459,088	(2,185,305)	(750,476)	(155,226)	(493,029)	38,997,247
Share capital	8,507,177	-	-	-	-	-	8,507,177
Share premium	6,117,703	-	-	-	-	-	6,117,703
Legal reserve	728,631	-	-	-	-	-	728,631
Other reserves	19,688,121	361,193	(2,126,787)	(531,703)	(145,292)	15,555	17,261,087
Profit (loss)	6,479,270	3,097,895	(58,518)	(218,773)	(9,934)	(508,584)	8,781,356
Treasury shares	(2,398,707)	-	-	-	-	-	(2,398,707)
Unrealized gains (losses) reserve	-	(136,306)	95,912	(125,340)	34,040	(55,205)	(186,899)
Minority interests	(161,331)	475	(34,030)	(12,540)	-	-	(207,426)
NON-CURRENT LIABILITIES	**2,182,113**	**1,123,176**	**-**	**5,771,831**	**-**	**15,096,283**	**24,173,403**
Provisions	-	-	-	-	-	-	-
Borrowings	2,182,287	1,123,142	-	5,771,831	-	14,192,059	23,269,319
Deferred tax liabilities	(174)	34	-	-	-	904,224	904,084
CURRENT LIABILITIES	**30,517,140**	**5,911,526**	**263,373**	**86,664**	**2,639**	**10,695,106**	**47,476,448**
Provisions	-	256,162	45,837	-	-	-	301,999
Borrowings	16,810,406	199,625	-	-	-	9,502	17,019,533
Payables to group companies and associates	2,332	-	917	-	-	-	3,249
Trade and other payables	13,704,402	5,455,739	216,619	86,664	2,639	10,685,604	30,151,667
Accruals	-	-	-	-	-	-	-
TOTAL EQUITY AND LIABILITIES	**71,660,117**	**10,357,959**	**(1,860,050)**	**4,970,139**	**(118,547)**	**25,243,155**	**110,252,773**

Year ended December 31, 2018

ASSETS	Spain	Chile	Mexico	Peru	Colombia	Argentina	Total 12.31.2018
NON-CURRENT ASSETS	**2,533,001**	**424,934**	**64,649**	**1,423,216**	**6,194**	**14,263,494**	**18,715,488**
Intangible assets	3,093	-	-	-	-	2,694,325	2,697,418
Property, plant, and equipment	1,803,436	345,098	61,572	1,420,847	6,194	11,320,119	14,957,265
Investments in group companies and associates	11,474	-	-	-	-	-	11,474
Financial investments	50,010	36,533	3,077	2,369	-	748	92,737
Deferred tax assets	664,989	43,303	-	-	-	248,302	956,594
CURRENT ASSETS	**21,655,692**	**16,669,849**	**150,480**	**333,031**	**35,219**	**725,605**	**39,569,876**
Inventories	1,116,306	4,873,259	-	9,092	-	4,974	6,003,631
Trade and other receivables	12,079,613	5,069,355	169,620	277,707	9,870	324,659	17,930,825
Investments in group companies and associates	94,006	-	(48,177)	-	-	-	45,830
Financial investments	-	2,274,570	11,844	-	-	73,889	2,360,303
Accruals	69,289	-	-	-	-	40,957	110,246
Cash and cash equivalents	8,296,478	4,452,664	17,193	46,232	25,348	281,125	13,119,041
TOTAL ASSETS	**24,188,693**	**17,094,782**	**215,129**	**1,756,247**	**41,412**	**14,989,100**	**58,285,364**

EQUITY AND LIABILITIES	Spain	Chile	Mexico	Peru	Colombia	Argentina	Total 12.31.2018
EQUITY	**32,674,631**	**(896,082)**	**(2,027,427)**	**(729,853)**	**(135,504)**	**(21,642)**	**28,864,122**
Capital and reserves	32,835,962	(721,622)	(2,126,787)	(504,689)	(145,292)	15,555	29,353,127
Share capital	3,645,933	-	-	-	-	-	3,645,933
Share premium	6,117,703	-	-	-	-	-	6,117,703
Legal reserve	728,631	-	-	-	-	-	728,631
Other reserves	12,544,835	(3,330,911)	(1,114,456)	(355,425)	(89,488)	(10,125)	7,644,106
Profit (loss)	11,861,830	2,609,289	(1,012,330)	(149,263)	(55,804)	25,680	13,279,724
Treasury shares	(2,062,970)	-	-	-	-	-	(2,062,970)
Unrealized gains (losses) reserve	-	(153,468)	137,978	(217,416)	9,788	(37,197)	(260,315)
Minority interests	(161,331)	(20,992)	(38,618)	(7,748)	-	-	(228,690)
NON-CURRENT LIABILITIES	**3,384,054**	**-**	**-**	**-**	**-**	**6,350,782**	**9,734,836**
Provisions	-	-	-	-	-	-	-
Borrowings	3,384,054	-	-	-	-	6,350,782	9,734,836
Deferred tax liabilities	-	-	-	-	-	-	-
CURRENT LIABILITIES	**16,588,140**	**2,560,922**	**257,895**	**242,477**	**783**	**36,189**	**19,686,405**
Provisions	-	19,669	44,481	-	-	-	64,150
Borrowings	7,330,185	3,400	-	-	-	-	7,333,585
Payables to group companies and associates	332,879	-	890	-	-	-	333,769
Trade and other payables	8,925,075	2,506,477	212,525	242,477	783	36,189	11,923,526
Accruals	-	31,376	-	-	-	-	31,376
TOTAL EQUITY AND LIABILITIES	**52,646,825**	**1,664,840**	**(1,769,532)**	**(487,377)**	**(134,721)**	**6,365,329**	**58,285,364**

18. Subsequent events

On October 1, 2019 the Board of Directors approved the establishment of a program for issuing fixed income securities at a maximum nominal amount of 50 million US dollars.

19. Explanation to the translation to English

These consolidated financial statements are prepared on the basis of IFRSs, as issued by the International Accounting Standard Board and as adopted by the European Union, and certain accounting practices applied by the Group that conform with IFRSs may not conform with other generally accepted accounting principles.

AUTHORIZATION FOR ISSUE OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2019

The interim condensed consolidated financial statements for the six-month period ended June 30, 2019 were authorized by the Board of Directors of the Parent Company, GRENERGY RENOVABLES, S.A. (Sole Shareholder Company) at its meeting on October 1, 2019, for their verification by auditors and subsequent approval by the shareholders in general meeting.

Mr. Florentino Vivancos Gasset is authorized to sign all pages comprising the interim condensed consolidated financial statements and explanatory notes thereto.

Signed in the original report issued in Spanish

____
Mr. David Ruiz de Andrés
(Chief Executive Officer)

Signed in the original report issued in Spanish	Signed in the original report issued in Spanish
Daruan Group Holding, S.L. (Board Member) (represented by Mr. Antonio Jiménez Alarcón)	Mr. Florentino Vivancos Gasset (Board Member)
Signed in the original report issued in Spanish	Signed in the original report issued in Spanish
Ms. Ana Peralta Moreno (Board Member)	Mr. Nicolás Bergareche Mendoza (Board Member)

GRENERGY RENOVABLES S.A.

INTERIM INDIVIDUAL FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2019

GRENERGY RENOVABLES, S.A.

BALANCE SHEET AT JUNE 30, 2019 AND DECEMBER 31, 2018

(Euros)

ASSETS	30.06.2019	31.12.2018	EQUITY AND LIABILITIES	30.06.2019	31.12.2018
NON-CURRENT ASSETS	**14.962.628**	**13.371.329**	**EQUITY**	**35.891.431**	**29.417.990**
Intangible assets	**49.715**	**3.093**	**CAPITAL AND RESERVES**	**35.891.431**	**29.417.990**
Software	49.715	3.093	**Share capital**	**8.507.177**	**3.645.933**
Property, plant and equipment	**377.614**	**327.759**	Issued capital	8.507.177	3.645.933
Technical installations and other items	377.614	327.759	**Share premium**	**6.117.703**	**6.117.703**
Investments in group companies and associates	**13.819.350**	**12.349.619**	**Reserves**	**17.732.329**	**12.726.160**
Equity instruments	13.819.350	11.493.997	Legal reserve	729.187	729.187
Loans to group companies and associates	-	855.622	Voluntary reserves	17.003.142	11.996.973
Financial investments	**51.040**	**26.040**	**(Shares and participation units)**	**(2.398.707)**	**(2.062.969)**
Other financial assets	51.040	26.040	**Profit/(loss) for the period**	**5.932.929**	**8.991.163**
Deferred tax assets	**664.909**	**664.818**			
			NON-CURRENT LIABILITIES	**1.961.170**	**3.384.055**
			Borrowings	**1.961.170**	**3.384.055**
			Bank borrowings	1.581.535	2.982.665
			Finance lease liabilities	145.056	134.854
			Other financial liabilities	234.579	266.536
CURRENT ASSETS	**55.007.687**	**38.453.315**	**CURRENT LIABILITIES**	**32.117.714**	**19.022.599**
Inventories	**1.339.579**	**1.116.306**	**Borrowings**	**16.674.565**	**7.330.185**
Raw materials and other supplies	1.339.579	1.115.309	Bank borrowings	15.394.889	6.058.449
Prepayments to suppliers	-	997	Finance lease liabilities	34.299	27.662
Trade and other receivables	**32.472.481**	**26.569.024**	Other financial liabilities	1.245.377	1.244.074
Trade receivables for sales and services	3.222.363	3.746.848			
Trade receivables, group companies and associates	27.223.628	16.062.110	**Payables to group companies and associates**	**245.321**	**2.773.719**
Other receivables	1.630.600	6.524.215			
Receivables from employees	-	494	**Trade and other payables**	**15.197.828**	**8.918.695**
Other receivables from public administrations	395.890	235.357	Suppliers	13.095.215	7.096.642
Investments in group companies and associates	**9.347.196**	**2.449.123**	Suppliers, group companies and associates	156	27.759
Loans to group companies and associates	9.347.196	2.449.123	Other payables	1.757.669	1.321.583
Financial investments	**4.781.910**	-	Employee benefits payable	271.241	398.660
Other financial assets	4.781.910	-	Other payables to public administrations	73.547	74.051
Accruals	**159.852**	**62.539**			
Cash and cash equivalents	**6.906.669**	**8.256.323**			
Cash	6.906.669	8.256.323			
TOTAL ASSETS	**69.970.315**	**51.824.644**	**TOTAL EQUITY AND LIABILITIES**	**69.970.315**	**51.824.644**

GRENERGY RENOVABLES, S.A.

PROFIT AND LOSS ACCOUNT CORRESPONDING TO THE PERIOD ENDED AT JUNE 30, 2019 AND 2018

(Euros)

	30.06.2019	30.06.2018
CONTINUING OPERATIONS		
Revenue	**28.146.271**	**9.899.372**
Sales revenue	28.022.726	9.784.642
Revenue from services rendered	123.545	114.730
Cost of sales	**(26.234.207)**	**(9.240.993)**
Consumption of raw materials and other consumables	(26.234.207)	(9.240.993)
Other operating income	**33.365**	**612.685**
Ancillary income and other operating income	33.365	612.685
Employee benefits expense	**(1.166.779)**	**(935.636)**
Wages, salaries, et al	(857.307)	(777.211)
Social security costs	(309.472)	(158.425)
Other operating expenses	**(650.777)**	**(594.566)**
External services	(650.122)	(547.252)
Taxes other than income tax	(655)	(701)
Other current management expenses	-	(46.613)
Depreciation and amortization	**(40.993)**	**(23.547)**
Impairment losses and gains (losses) on disposal of non-current assets	**(1.485)**	**912**
Gains (losses) on disposals	(1.485)	912
Other gains (losses)	**17.100**	**(7.566)**
OPERATING PROFIT	**102.495**	**(289.339)**
Finance income	**5.498**	**13.595**
From marketable securities & other financial instruments	5.498	13.595
- Group companies and associates	-	9.974
- Third parties	5.498	3.621
Finance costs	**(289.015)**	**(152.037)**
Third-party borrowings	(289.015)	(152.037)
Currency translation differences	**169.285**	**272.332**
Impairment and gains/(losses) on disposal of financial instruments	**7.089.352**	**2.733.259**
Gains/(losses) on disposal and other	7.089.352	2.733.259
FINANCE COST	**6.975.120**	**2.867.149**
PROFIT BEFORE TAX	**7.077.615**	**2.577.810**
Income tax	(1.144.686)	(441.955)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**5.932.929**	**2.135.855**
PROFIT/(LOSS) FOR THE PERIOD	**5.932.929**	**2.135.855**