2016

ETRION CORPORATION

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

etrion

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Etrion Corporation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Etrion Corporation and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statement of loss and other comprehensive loss, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Etrion Corporation and its subsidiaries as at December 31, 2016, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters

The financial statements of Etrion Corporation for the year ended December 31, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on March 15, 2016.

As part of our audit of the 2016 consolidated financial statements, we also audited the adjustments described in Note 1 that were applied to amend the 2015 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial statements of Etrion Corporation other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2015 consolidated financial statements taken as a whole.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 10, 2017

CONSOLIDATED STATEMENT OF NET LOSS AND COMPREHENSIVE LOSS

FOR THE YEAR ENDED DECEMBER 31, 2016

Expressed in US$'000

	Note	2016	2015 (Restated)*
Continuing operations			
Revenue	7	15,233	10,416
Operating expenses	8	(18,799)	(14,889)
Gross loss		**(3,566)**	**(4,473)**
General and administrative expenses	9	(8,106)	(9,879)
Impairment	10	(75,953)	(2,881)
Other income		300	77
Operating loss		**(87,325)**	**(17,156)**
Finance income	11	6,112	6,132
Finance costs	11	(21,715)	(22,210)
Net finance costs		**(15,603)**	**(16,078)**
Loss before income tax		**(102,928)**	**(33,234)**
Income tax (expense) recovery	12	(7,450)	5,770
Loss for the year from continuing operations		**(110,378)**	**(27,464)**
Profit from discontinued operations, net of tax	5	35,960	8,727
Net loss for the year		**(74,418)**	**(18,737)**
Other comprehensive loss			
Items that may be reclassified to profit and loss:			
(Loss) gain on currency translation		(4,936)	532
Loss on cash flow hedges, net of tax	22	(3,062)	(869)
Loss on cash flow hedges, net of tax – discontinued operations	5	29,146	(8,494)
Items that will not be reclassified to profit and loss:			
Actuarial gain (loss) of post-employment benefits	27	424	(254)
Total other comprehensive loss		**21,572**	**(9,085)**
Total comprehensive loss for the year		**(52,846)**	**(27,822)**
Loss attributable to:			
Common shareholders		(43,153)	(15,317)
Non-controlling interest	14	(31,265)	(3,420)
Total comprehensive loss attributable to:			
Common shareholders		(21,016)	(24,309)
Non-controlling interest	14	(31,830)	(3,513)
Total comprehensive loss attributable to owners of Etrion from:			
Continuing operations		(86,122)	(24,542)
Discontinued operations	5	65,106	233
Basic and diluted loss per share from continuing operations	13	**$(0.24)**	**$(0.07)**
Basic and diluted loss per share from loss of the year	13	**$(0.13)**	**$(0.05)**

The accompanying notes are an integral part of these consolidated financial statements.

* See note 1 for details regarding the restatement as a result of discontinued operation.

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2016

Expressed in US$'000

	Note	December 31 2016	December 31 2015
Assets			
Non-current assets			
Property, plant and equipment	15	189,599	480,973
Intangible assets	16	15,879	27,637
Deferred income tax assets	12	2,848	19,809
Derivative financial instruments		-	702
Trade and other receivables	18	5,964	2,256
Total non-current assets		**214,290**	**531,377**
Current assets			
Trade and other receivables	18	13,177	29,444
Cash and cash equivalents (including restricted cash)	19	61,174	52,499
Total current assets		**74,351**	**81,943**
Total assets		**288,641**	**613,320**
Equity			
Attributable to common shareholders			
Share capital	20	111,304	111,304
Contributed surplus		11,989	11,547
Other reserves	22	(17,340)	(37,782)
Accumulated deficit		(120,768)	(78,039)
Total attributable to common shareholders		**(14,815)**	**7,030**
Non-controlling interest	14	**(31,474)**	**(626)**
Total equity		**(46,289)**	**6,404**
Liabilities			
Non-current liabilities			
Borrowings	23	269,350	485,372
Derivative financial instruments	25	8,347	10,639
Deferred income tax liabilities	12	-	400
Provisions	26	5,618	7,226
Other liabilities	26	22,521	22,795
Total non-current liabilities		**305,836**	**526,432**
Current liabilities			
Trade and other payables	28	10,671	27,379
Current tax liabilities	12	558	672
Borrowings	23	15,427	47,688
Derivative financial instruments	25	1,167	3,230
Other liabilities	26	1,271	1,515
Total current liabilities		**29,094**	**80,484**
Total liabilities		**334,930**	**606,916**
Total equity and liabilities		**288,641**	**613,320**

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors:

"Marco Antonio Northland"
Marco A. Northland, CEO and Director

"Aksel Azrac"
Aksel Azrac, Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016

Expressed in US$'000

		Attributable to common shareholders						
	Note	Share capital	Contributed surplus	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance at January 1, 2015		**111,300**	**11,048**	**(29,837)**	**(62,468)**	**30,043**	**2,887**	**32,930**
Comprehensive loss:								
- Loss for the year		-	-	-	(15,317)	(15,317)	(3,420)	(18,737)
- Other comprehensive loss:								
Cash flow hedges (net of tax)	22	-	-	(8,876)	-	(8,876)	(114)	(8,990)
Currency translation	22	-	-	511	-	511	21	532
Actuarial loss on post-employment benefits	27	-	-	-	(254)	(254)	-	(254)
Total comprehensive loss		**-**	**-**	**(8,365)**	**(15,571)**	**(23,936)**	**(3,513)**	**(27,449)**
Transactions with owners in their capacity as owners:								
- Stock options exercised	20	4	(2)	-	-	2	-	2
- Written call options	22	-	-	420	-	420	-	420
- Share-based payments	21	-	501	-	-	501	-	501
Balance at December 31, 2015		**111,304**	**11,547**	**(37,782)**	**(78,039)**	**7,030**	**(626)**	**6,404**
Comprehensive loss:								
- Loss for the year		-	-	-	(43,153)	(43,153)	(31,265)	(74,418)
- Other comprehensive loss:								
Cash flow hedges (net of tax)	22	-	-	26,553	-	26,553	(469)	26,084
Currency translation	22	-	-	(4,840)	-	(4,840)	(96)	(4,936)
Actuarial gain on post-employment benefits	27	-	-	-	424	424	-	424
Total comprehensive loss		**-**	**-**	**21,713**	**(42,729)**	**(21,016)**	**(31,830)**	**(52,846)**
Transactions with owners in their capacity as owners:								
- Stock options exercised	21	-	(46)	-	-	(46)	-	(46)
- Written call options	22	-	-	(1,271)	-	(1,271)	-	(1,271)
- Share-based payments	21	-	488	-	-	488	-	488
- Capital contributions	14	-	-	-	-	-	982	982
Balance at December 31, 2016		**111,304**	**11,989**	**(17,340)**	**(120,768)**	**(14,815)**	**(31,474)**	**(46,289)**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2016

Expressed in US$'000

	Note	2016	2015 (Restated)*
Operating activities:			
Net loss for the year		**(74,418)**	**(18,737)**
Less: profit from discontinued operations, net of tax		35,960	8,727
Loss for the year from continuing operations		**(110,378)**	**(27,464)**
Adjustments for the following non-cash items:			
Depreciation and amortization	8/9	10,957	10,269
Impairment		75,953	2,881
Current income tax expense	12	1,046	964
Deferred income tax expense	12	6,404	(6,734)
Share-based payment expense	9/21	442	496
Interest expense	11	19,805	20,209
Interest expense relating to interest rate swap contracts	11	176	-
Amortization of transaction costs	11	1,083	989
Foreign exchange gain	11	(4,414)	(4,893)
Fair value changes associated with derivative financial instruments	11	(1,206)	427
Other income		(300)	(77)
Interest income	11	(63)	(1,143)
Sub-total		**(495)**	**(4,076)**
Changes in working capital:			
Decrease (increase) in trade and other receivables		(3,996)	6,853
Decrease in trade and other payables		2,406	12,919
Income tax paid		(1,172)	(289)
Total cash flow from (used in) operating activities		**(3,257)**	**15,407**
Investing activities:			
Purchases of property, plant and equipment		(46,934)	(29,317)
Purchases of intangible assets	16	(3,918)	(2,748)
Proceeds from sale of subsidiary	5	76,179	-
Proceeds from sale of financial asset	5	6,473	-
Total cash flow from (used in) investing activities		**31,800**	**(32,065)**
Financing activities:			
Interest paid (including interest relating to interest rate swap contracts)	23	(19,217)	(18,980)
Interest income		63	1,143
Repayment of borrowings	23	(51,163)	(26,400)
Proceeds from borrowings	23	56,455	43,259
Contributions from non-controlling interest	26/14	2,350	-
Total cash flow (used in) from financing activities		**(11,512)**	**(978)**
Net (decrease) increase in cash and cash equivalents		**17,031**	**(17,636)**
Effect of exchange rate changes on cash and cash equivalents		(1,769)	(3,406)
Cash and cash equivalents (including restricted cash) at the beginning of the year			
From continuing operations		**45,912**	**66,954**
Cash and cash equivalents (including restricted cash) at the end of the year:			
From continuing operations		61,174	45,912
From discontinued operations		-	6,587
Cash and cash equivalents (including restricted cash) at the end of the year		**61,174**	**52,499**

The accompanying notes are an integral part of these consolidated financial statements.

* See note 1 for details regarding the restatement as a result of discontinued operation.

1. GENERAL INFORMATION

Etrion Corporation ("Etrion" or the "Company" or, together with its subsidiaries, the "Group") is incorporated under the laws of the Province of British Columbia, Canada. The address of its registered office is 1600-925 West Georgia Street, Vancouver, British Columbia V62 3L2, Canada. The Company is listed on the Toronto Stock Exchange in Canada and the NASDAQ OMX Stockholm exchange in Sweden under the same ticker symbol, "ETX".

Etrion is an independent power producer that develops, builds, owns and operates solar power generation plants. The Company owns 109.3 megawatts ("MW") of installed solar capacity in Japan and Chile, including the 5.3 MW from the Aomori solar park that achieved commercial operation in February 2017 (Note 33).

The Company has 17.4 MW of solar projects under construction as of the date of approval of this consolidated financial statements and 200 MW of greenfield solar power projects which it is pursuing in Japan.

In December 2016, the Group completed, in two phases, a sale transaction where its 60 MW portfolio of Italian assets was disposed in exchange for €78.1 million cash consideration (Note 5), not including certain contingent payments.

These consolidated financial statements are presented in United States ("US") Dollars ("$"), which is the Group's presentation currency. The Company's functional currency is the Euro ("€"). However, since the Group operates in Japan, had operations in Europe until the date of disposal of its Italian assets, and is listed in both Canada (Primary) and Sweden (Secondary), certain financial information within the notes to these consolidated financial statements has been presented in Japanese yen ("¥"), Euros and Canadian dollars ("CAD$"). The Company's Board of Directors approved these consolidated financial statements on March 10, 2017.

The Company has restated the disclosures for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the year ended December 31, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

(a) BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee ("IFRIC") that are effective or available for early adoption for accounting periods beginning on January 1, 2016. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities, such as derivative financial instruments and defined benefit plans that are measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where the assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

(b) GOING CONCERN

The Company's consolidated financial statements for the year ended December 31, 2016, have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future. At December 31, 2016, the Group had cash and cash equivalents of $61.2 million, $42.3 million of which was unrestricted and held at the parent level (2015: $52.5 million and $17.6 million, respectively) and working capital of $45.3 million (2015: $1.5 million). During 2016, the Group recognized a net loss of $74.4 million (2015: $18.7 million). The Company's management is confident that the Group will be able to fund its working capital requirements for at least twelve months from the date of these consolidated financial statements. These consolidated financial statements for the year ended December 31, 2016, do not include the adjustments that would result if the Group were unable to continue as a going concern.

(c) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New standards and amendments adopted by the Group

There are no IFRS or interpretations that have been issued effective for financial years beginning on or after January 1, 2016, that would have a material impact on the Company's consolidated financial statements.

New standards and amendments issued and not yet adopted by the Group

The following new standards and amendments, applicable to the Group, available for application and not yet adopted, are as follows:

IFRS 9, Financial Instruments: This standard addresses the classification, measurement and recognition of financial assets and liabilities, replacing IAS 39 Financial Instruments: Recognition and Measurement.

Management expects IFRS 9 to affect the Companies' hedge accounting processes and controls. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Group is in the process of evaluating the impact of the IFRS 9 on the financial statements and on the internal controls and intends to adopt this standard no later than the accounting period beginning on or after January 1, 2018.

IFRS 15, Revenue from contracts with customers: This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. The Company's revenue generating activities are governed by power purchase agreements with defined standards terms and conditions widely used in the renewable energy industry Note 7. The Group continues with the preliminary assessment and full impact of IFRS 15 which are not expected to be material to the Company and intends to adopt this standard no later than the accounting period beginning on or after January 1, 2018.

IFRS 16, Leases: This standard addresses the measurement and recognition of leases which will result in almost all lease contracts being recognized in the balance sheet, as the distinction between operating and finance leases is removed. IFRS 16 is mandatory for financial years commencing on or after January 1, 2019. The Group is in the process of assessing to what extent existing commitments under lease contracts (Note 29) will result in the recognition of an asset and a liability for future payments.

There are no other IFRS or interpretations that are not yet effective and that would be expected to have a material impact on the Group.

(d) BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control and are consolidated. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Non-controlling interests' share of total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance. Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. The accounting policies used by subsidiaries, where different from those of the Group, are amended where necessary to ensure consistency with the accounting policies adopted by the Group.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the Group's share of the carrying value of the net assets is recorded within equity. Gains or losses recognized on the disposal of non-controlling interests are also recorded in equity.

(e) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors is the Chief Operating Decision-Maker ("CODM") responsible for making strategic decisions, allocating resources and assessing the performance of the operating segments.

(f) FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company's subsidiaries is primarily the €, $ and ¥. The consolidated financial statements are presented in $, which is the Group's presentation currency, due to the Company's listing in North America. Foreign exchange gains and losses are presented within finance income and costs.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies translated at the year-end exchange rate are recognized in the profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges.

Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

Expressed in US$'000 unless otherwise stated

- assets and liabilities for each balance sheet item are translated at the closing exchange rates prevailing at the balance sheet date;
- income and expenses for each statement of comprehensive income item are translated at the exchange rate at the transaction date (or the average exchange rate if this represents a reasonable approximation); and
- all resulting exchange differences are recognized in other comprehensive income.

Exchange differences arising from the translation of monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognized initially in other comprehensive income. On the disposal or partial disposal of the net investment (reduction in ownership percentage), the amounts recognized in other comprehensive income are reclassified from equity to profit or loss. Management does not consider the repayment of quasi-equity loans designated as 'net investment' to qualify as a disposal and therefore no reclassification of exchange differences is made from equity to profit or loss when such repayment occurs. Where, as a result of a change in circumstances, a previously designated 'net investment' loan is settled (monetary items receivable from or payable to a foreign operation are actually repaid), the loan is de-designated and then exchange differences arising from the translation are accounted for in profit or loss from that point forward.

In preparing the consolidated financial statements, the individual financial statements of the Company's subsidiaries are translated into the functional currency of the Company, the Euro. Once the financial statements have been consolidated, they are then translated into the presentation currency, the US dollar. Exchange rates for the relevant currencies of the Group with respect to the US dollar are as follows: (CHF refers to Swiss francs and CLP refers to Chilean pesos)

	CHF/$	€/$	CLP/$	CAD$/$	¥/$
December 31, 2016	0.97	1.05	0.0015	0.74	0.0085
December 31, 2015	1.01	1.09	0.0014	0.72	0.0083
December 31, 2014	1.01	1.21	0.0016	0.86	0.0083
Average 2016	1.02	1.11	0.0015	0.76	0.0094
Average 2015	1.05	1.11	0.0015	0.79	0.0083

(g) PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditure directly attributable to the acquisition of the asset and, for self-constructed assets, the costs include material costs, direct labor and any other costs directly attributable to bringing the asset into working condition for its intended use. The cost of dismantling and removing items of property, plant and equipment and site restoration are also included as part of the cost of the relevant asset.

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use are undertaken and continues until the date in which development of the relevant asset is complete. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items within property, plant and equipment.

Subsequent costs are included in the carrying amount of an item of property, plant and equipment or as a separate asset, as appropriate, only if it is probable that the future economic benefits embodied within the item will flow to the Group and its cost can be measured reliably. The carrying amount of any replaced items of property, plant and equipment are derecognized and the cost of maintenance and repairs are charged to the profit or loss during the financial period in which they are incurred. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the profit or loss within other income and expenses.

Depreciation

Depreciation is recognized within operating expenses for operating solar power projects and general and administrative expenses for all other items of property, plant and equipment. In order to expense the cost of assets less their residual values over their useful lives the straight-line method is used. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period with the effect of any changes in estimates accounted for on a prospective basis. Land is not depreciated. The estimated useful lives are as follows:

	2016	2015
Solar power plants - Japan	20 years	20 years
Solar power plants – Chile	20 years	20 years
Equipment and furniture	1-5 years	1-5 years

(h) INTANGIBLE ASSETS

Recognition and measurement

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Costs include expenditures directly attributable to the acquisition of the asset and, for self-constructed assets, the costs include material costs, direct labor and any other costs directly attributable to prepare the asset for its intended use.

Licenses and permits

Costs of licenses and permits for projects internally developed include all the associated expenditures and internally generated costs incurred by the Group to successfully meet all the technical and environmental requirements from the local authorities where the Group operates that are necessary to build and operate solar power projects. Project permits and licenses acquired through business combinations or through the acquisition of a project company accounted for as an asset acquisition are recognized at their fair values at the date of acquisition Note 2(d). Project permits and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method. The estimated useful life of project permits and licenses is based on the applicable energy supply contracts which is generally 20 years. The amortization expense recognized in relation to intangible assets is included within operating expenses. The amortization expense of permits and licenses related to the construction of solar power projects is capitalized as assets under construction within property, plant and equipment during the construction phase.

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, including the fair value of non-controlling interests in the acquiree at the date of acquisition, less the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is not amortized and is tested for impairment at least annually. For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units ("CGUs") expected to benefit from the synergies of the combination. Note 2(i). CGUs to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount, the impairment is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets on a pro-rata basis. An impairment loss recognized for goodwill is not subsequently reversed.

(i) IMPAIRMENT OF TANGIBLE ASSETS AND INTANGIBLE ASSETS

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. CGUs are identified for each operating solar power project.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. The recoverable amount of the asset is the higher of the fair value less costs of disposal and value-in-use calculations. In assessing value-in-use calculations, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount and an impairment loss is recognized immediately in the profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the profit or loss.

(j) FINANCIAL ASSETS

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss; loans and receivables; available-for-sale; and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired and the Company's management determines the classification of its financial assets at initial recognition as follows:

Financial assets at fair value through profit or loss: This category includes financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as held for trading unless they are designated as cash flow hedges. Assets in this category are classified as current assets if expected to be settled within the next twelve months or as non-current assets if expected to be settled after twelve months.

Loans and receivables: This category includes non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets in this category are classified as current assets, except when the maturity is greater than twelve months from the reporting date, which are classified as non-current assets. The Group's loans and receivables are comprised of trade and other receivables and cash and cash equivalents.

Available-for-sale financial assets: This category includes non-derivative financial assets that are either designated in this category or that are not classified in any of the other categories. Assets in this category are classified as non-current assets unless the investment matures or the Company's management intends to dispose of it within twelve months from the reporting date.

Held-to-maturity investments: This category includes financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed within finance income or costs. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value, except where the fair value cannot be measured reliably in which case the assets are carried at cost less impairment. Loans and receivables and held-to-maturity investments are subsequently carried at amortized cost using the effective interest method. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included within finance income or costs in the period in which they arise.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses are only recognized if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Group uses the following criteria to determine whether there is objective evidence for the recognition of an impairment loss associated with financial assets:

- significant financial difficulty of the obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for that financial asset because of financial difficulties; and
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets.

Assets carried at amortized cost

The Group first assesses whether objective evidence of impairment exists at the end of each reporting period and in the event such evidence exists, the amount of impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the impairment loss is recognized in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. If, in a subsequent period, the fair value of the asset carried at amortized cost increases and the increase can be objectively related to an event occurring after the impairment loss was initially recognized (such as an improvement in the debtor's credit rating), the impairment loss is reversed in the profit or loss.

Assets classified as available for sale

The Group uses the same criteria to assess whether there is objective evidence that a financial asset classified as available for sale is impaired, at the end of each reporting period, as outlined above for assets carried at amortized cost. However, in the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the asset is impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized, is removed from equity and recognized in the profit or loss in the period it occurs. Impairment losses relating to equity instruments recognized in the profit or loss are not subsequently reversed. However, if, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was initially recognized, the impairment loss is reversed.

Offsetting financial instruments

Financial assets and liabilities are offset and shown net in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(k) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction or
- hedges of the fair value of recognized assets and liabilities or a firm commitment or
- Hedges of a net investment in a foreign operation.

The Group documents at the inception of the transaction, the relationship between hedging instruments and the hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items. The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 25. Movements on the hedging reserve in other comprehensive income are shown in Note 22. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than twelve months and as a current asset or liability when the remaining maturity of the hedged item is less than twelve months. Trading derivatives are classified as current assets or liabilities.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately within finance income or costs. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss finance income or costs.

(l) TRADE RECEIVABLES

Trade receivables are amounts due for solar energy produced by the Group and sold to the electricity grid operator in accordance with electricity sale contracts. If collection is expected in one year or less, they are classified as current assets. If not, they are recognized as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less any provision for impairment.

(m) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities. Restricted cash relates to cash and cash equivalents held at the project level that are restricted by the lending banks to future repayment of interest and principal and working capital requirements related to the specific project. Restricted cash and cash equivalents can be distributed from the Group's projects, subject to approval from the lending banks, either through repayment of shareholder loans or through dividend distributions.

(n) SHARE CAPITAL

Common shares are classified as equity. Incremental costs directly attributable to the issuance of new shares or share options are shown in equity as a deduction, net of tax, from the proceeds.

(o) TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(p) BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost using the effective interest rate method, with any difference between the proceeds (net of transaction costs) and the redemption value recognized in the profit or loss within finance costs. Since the Group's non-recourse project loans are floating rate instruments, the application of the effective interest rate method is not necessary as re-estimating the future interest payments has no significant impact on the carrying amount of the financial liability. Transaction costs incurred in acquiring a floating rate instrument are amortized using the straight-line amortization method.

Fees paid on the establishment of loan facilities are recognized as transaction costs to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. If there is no evidence to indicate that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized within property plant and equipment. Capitalization of borrowing costs commences when the activities to prepare the asset for its intended use are undertaken and continue to be capitalized until the date in which development of the relevant asset is complete. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

(q) CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred income tax. Tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. The Company's management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill, and deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(r) PROVISIONS

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate of the obligation can be made. The Group recognizes a provision for the future costs expected to be incurred in relation to the decommissioning, dismantling and site restoration associated with its solar power projects Japan and Chile with a corresponding increase in the relevant asset. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the project, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Period charges for changes in the net present value of the provision arising from discounting are included within finance costs.

(s) REVENUE RECOGNITION

Revenue is recognized upon delivery of electricity produced to the local operator of the electricity grid, and when applicable, when customers receive electricity from the off take point in accordance existing contracts. Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. Revenues from the sale of electricity are recognized at the time the electricity is supplied on the basis of periodic meter readings. Revenues are recognized net of value added tax ("VAT") and rebates. Revenues are measured at the fair value of the consideration received or receivable, which is calculated based on the price of electricity established in the contract. Revenues obtained from solar power plants that are still within the testing period (the time interval to bring the asset to the intended use conditions) are deducted from capitalized costs.

(t) INTEREST INCOME

Interest income is recognized using the effective interest method. When a loan or receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

(u) SHARE-BASED PAYMENT

Stock-options

The Company operates an equity-settled, share-based compensation plan under which the entity receives services from employees, consultants, directors and officers as consideration for equity instruments of the Company. The total amount to be expensed within general and administrative expenses is determined by reference to the fair value of the options granted. The fair value of share-based payments is determined using the Black-Scholes option-pricing model. When a stock option is exercised, the Company recognizes an increase in its share capital equivalent to the consideration paid by the option holder and the amount previously recognized in equity within contributed surplus. The fair value of any stock options granted to employees, consultants, directors and officers of the Group is recorded as an expense over the vesting period of the options granted, which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity within contributed surplus.

Restricted share units (RSUs)

The Company also operates another equity-settled, share-based compensation plan under which the entity receives services from employees, consultants, directors and officers as consideration for equity instruments of the Company. The Board of Directors of the Company has, in its sole discretion, the option to settle the RSUs in either treasury shares, cash or through open market share purchases. The total amount to be expensed within general and administrative expenses is determined by reference to the fair value of the options granted. The fair value of non-market performance and service condition grants is determined using the share market price at the date of grant. The fair value of grants with market performance conditions is calculated using an adjusted share market price calculated with a valuation model that incorporates all the variables included in the market conditions. Once the fair value is calculated this is not reassessed since the valuation model includes the value of all possible outcomes including the possibility that the grant is never exercised. The fair value of any RSUs granted to employees, consultants, directors and officers of the Group is recorded as an expense over the vesting period of the RSUs granted, which is the period over which all of the specified vesting conditions are to be satisfied, with a corresponding increase in equity within contributed surplus. For grants with non-market performance conditions, management assesses the vesting conditions and adjust the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the expense amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(v) EMPLOYEE BENEFITS

Pension obligations

The Group's Swiss subsidiary has a defined benefit pension plan that is managed through a private fund. Independent actuaries determine the cost of the defined benefit plan on an annual basis, and the Swiss subsidiary pays the annual insurance premium. The fund provides benefits coverage to the employees in the event of retirement, death or disability. The Group's Swiss subsidiary and its employees jointly finance retirement and risk benefit contributions. As per the agreement, the Swiss subsidiary contributes between 60% and 67% of the monthly pension costs, and the remaining balance is deducted from the employees' pay.

Termination benefits

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 is demonstrably committed to either: (a) terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal; or (b) providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In connection with the preparation of the Company's consolidated financial statements, the Company's management has made assumptions and estimates about future events and applied judgments that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. The assumptions, estimates and judgments are based on historical experience, current trends and other factors that the Company's management believes to be relevant at the time the consolidated financial statements are prepared. On a regular basis, the Company's management reviews the accounting policies, assumptions, estimates and judgments to ensure that the consolidated financial statements are presented fairly in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results could differ from these assumptions and estimates, and such differences could be material.

The Company's management believes the following critical accounting policies affect the more significant judgments and estimates used in the preparation of the consolidated financial statements.

(a) IMPAIRMENT OF GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The Group assesses goodwill for impairment on an annual basis and property, plant and equipment and intangible assets when indicators of impairment exist using value-in-use calculations. The value-in-use calculations are based on the forecasted earnings before interest, tax, depreciation and amortization ("EBITDA") over the expected life of the solar power assets, as derived from the financial models developed by the Company's management to value the projects. The assumptions used are consistent with external sources of information and reflect past experience. These financial models include various assumptions such as future market prices for solar energy, the forecasted rate of inflation to estimate future operating costs and operating variables such as irradiation, degradation and transfer losses estimated by the Group's internal engineers based on historical atmospheric conditions in the areas where the projects are located. The value-in-use calculations used to value the Group's solar power projects are complex and include a wide number of operating and financial variables and assumptions that are subject to change as economic and market conditions vary. At December 31, 2016, a total of $76 million impairment expense was provided in relation to the Group's previously recognized property, plant and equipment and intangible assets associated with its PV Salvador, SpA ("Salvador") operating subsidiary in Chile. Note 15 and Note 16. The group did not identify indicators of impairment associated with its solar operating projects in Japan.

(b) FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

In determining the fair value of the Group's financial instruments, the Company's management uses judgment to select a variety of methods and verifies assumptions that are mainly based on market conditions existing at the balance sheet date. Where possible, the Company's management also obtains fair value measurements from third parties. The fair value of the Group's interest rate swap contracts is calculated as the present value of the estimated future cash flows, using the notional amount to maturity, the observable Tibor forward interest rate curves and an appropriate discount factor. At December 31, 2016, the Group recognized net financial liabilities of $9.5 million (2015: $13.2 million) associated with its derivative financial instruments. Note 25. Refer also to Note 4(c) for a summary of the valuation techniques used by the Group.

(c) DEFERRED INCOME TAX ASSETS

The Group accounts for differences that arise between the carrying amount of assets and liabilities and their tax bases in accordance with *IAS 12, Income Taxes*, which requires deferred income tax assets only to be recognized to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilized. The Company's management estimates future taxable profits based on the financial models used to value the solar power projects as described in the Note 3(a). Any change to the estimates and assumptions used for the key operational and financial variables used within the business models could affect the amount of deferred income tax assets recognized by the Group. At December 31, 2016, the Group recognized $2.8 million (2015: $19.4 million) of net deferred income tax assets. Note 12

4. FINANCIAL RISK MANAGEMENT

(a) CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing returns to stakeholders by increasing its operating capacity and cash flow with new projects. The capital structure of the Group consists of total equity and borrowings. The Group's objectives when managing the capital structure are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain flexibility and liquidity for investment opportunities in the renewable energy segment. The Company's Board of Directors reviews the capital structure of the Group throughout the year and, as part of this review, considers the cost of capital and the risks associated with each class of capital. This review specifically focuses on the gearing ratio and working capital requirements at the corporate level. These objectives are primarily met through cash management and continuous review of attractive acquisition and development opportunities. In order to maintain or maximize the capital structure of the Group at the corporate level, the Group may raise additional funds through equity financing, long-term corporate debt or sell assets in order to manage debt levels or pursue additional opportunities within the renewable energy segment.

(b) FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks relating to its operations in Japan and Chile. These risks include market risk (interest rate risk, foreign currency risk, and price risk), credit risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets, specifically changes in foreign currency exchange rates and interest rates, and seeks to minimize potential adverse effects on the Group's financial performance. The Group seeks to minimize the effects of these risks primarily by using derivative financial instruments to hedge interest rate risk exposures. The Company's management carries out risk management procedures with guidance from the Audit Committee. The Board of Directors also provides regular guidance on the Group's overall risk management procedures.

Market risk

Interest rate risk

The Group is highly leveraged through financing at the project and corporate level for the construction of its solar power projects. The Group enters into non-recourse project loans issued at variable interest rates with financial institutions that provide financing for up to 85% of the total project costs. In addition, in April 2014, the Group issued $87 million (€80 million) of new corporate bonds in the Norwegian bond market with a fixed interest rate.

The Group is exposed to interest rate risks associated with its non-recourse project loans in Japan as these are floating rate instruments. These risks are mitigated through the Company's hedging strategy. The Group is not exposed to interest rate risks associated with the corporate bond and long-term non-recourse loans in Chile as these are fixed-rate instruments. Short-term and working capital credit facilities in Chile are not hedged.

The Group manages its cash flow and interest rate risks by using floating-to-fixed interest rate swap contracts, primarily entered into with the same financial institutions providing the underlying debt facility. These interest rate swap contracts have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swap contracts, the Group agrees to exchange at specified intervals the difference between the fixed contract rates and floating interest rates calculated by reference to the agreed notional amounts. The fair value of the interest rate swap contracts at the end of each reporting period is determined by discounting the future cash flows using forward interest rate curves at the balance sheet date.

The following table shows the sensitivity analysis on the profit or loss if interest rates on Euro and Japanese yen denominated borrowings change by 10 basis points ("bps") with all other variables held constant.

Expressed in US$'000 unless otherwise stated

		+10 bps shift in interest rate curve		-10 bps shift in interest rate curve	
	Carrying amount	Impact on profit/(loss)	Impact on other comprehensive income	Impact on profit/(loss)	Impact on other comprehensive income
At December 31, 2016					
Sumitomo Mitsui Trust Bank	93,769	(87)	-	87	-
Total impact		**(87)**	**-**	**87**	**-**
Derivative financial instruments	9,514	-	946	-	(959)
Total net impact		**(87)**	**946**	**87**	**(959)**
At December 31, 2015					
Societe Generale and Dexia	26,250	-	-	-	-
Natixis and project bond	222,990	(2)	-	2	-
Sumitomo Mitsui Trust Bank	43,524	(12)	-	12	-
Total impact		**(14)**	**-**	**14**	**-**
Derivative financial instruments	13,167	-	2,347	-	(2,347)
Total net impact		**(14)**	**2,347**	**14**	**(2,347)**

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Swiss franc, US dollar, Japanese yen and Chilean peso. The Group's foreign currency exposure is due primarily to intercompany borrowings made in Japanese yen from subsidiaries that have a different functional currency. The Group does not undertake hedging arrangements to mitigate the foreign currency exposure on its net investments in foreign operations or on income from foreign operations in order to hedge the risk of foreign currency variations.

Price risk

Revenues generated by the Group's solar power projects in Japan are secured by long-term contracts based on a feed-in-tariff ("FiT"). The Group is only exposed to price risks associated with the electricity sold at the spot rate in Chile. These market revenues represented 11% and 79% of total revenues during 2016 and 2015, respectively.

Credit risk

Credit risk mainly arises from cash and cash equivalents and derivative financial instruments, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only high and medium rated institutions operating in local markets are accepted. The sale of electricity is made to the public utilities in Japan, in the open electricity market in Chile and to private industrial clients, and therefore the Company's management considers, based on the collection experience, the credit risk associated with trade receivables to be minor.

The carrying amount of financial assets net of impairment represents the Group's maximum exposure to credit risk. The Group does not have policies in place to assign internal ratings or to set credit limits to its counterparties.

The credit risk on liquid funds and derivative financial instruments is considered to be limited due to the fact that counterparties are financial institutions with high and medium credit ratings assigned by international credit agencies. The credit quality of financial assets that are neither past due nor impaired at December 31, 2016, can be assessed by reference to credit ratings from Standard & Poors, if available, as follows:

	2016	2015
Cash and cash equivalents:		
AA-	39,093	8,260
A+	4,121	-
A	16,085	33,292
A-	-	416
BBB+	371	3,517
BBB-	150	5,954
BB-	1,354	
BB	-	1,060
Total cash and cash equivalents	**61,174**	**52,499**

Liquidity risk

The Company's management prepares cash flow forecasts in order to ensure that sufficient cash is available to meet operational needs at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by matching maturity profiles of financial assets and liabilities. The Company's management monitors the Group's liquidity position taking into consideration the Group's debt financing plans and covenant compliance. Note 23

Expressed in US$'000 unless otherwise stated

The following table analyses the Group's financial liabilities based on the remaining period outstanding at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the forward interest rate curve existing at the balance sheet date.

	Carrying amount	Contractual Amount	Less than 1 year	1 to 5 years	More than 5 years	Total
At December 31, 2016						
Borrowings and interest repayments	284,777	443,004	28,621	127,327	287,056	443,004
Interest rate swap contracts, net	9,514	9,514	1,167	4,452	3,895	9,514
Trade and other payables	10,671	10,671	10,671	-	-	10,671
Total financial and non-financial liabilities	**304,962**	**463,189**	**40,459**	**131,779**	**290,951**	**463,189**
At December 31, 2015						
Borrowings and interest repayments	533,060	606,564	51,324	202,361	352,879	606,564
Interest rate swap contracts, net	13,167	13,167	3,230	11,115	(1,178)	13,167
Trade and other payables	27,379	27,379	27,379	-	-	27,379
Total financial and non-financial liabilities	**573,606**	**647,110**	**81,933**	**213,476**	**351,701**	**647,110**

(c) FAIR VALUE ESTIMATION

The Group's financial instruments carried at fair value are classified within the following measurement hierarchy depending on the valuation technique used to estimate their fair values:

Level 1: includes fair value measurements derived from quoted prices in active markets for identical assets or liabilities. The fair values of financial instruments traded in the active market are based on quoted market prices at the balance sheet date. At December 31, 2016 and 2015, the Group had no financial instruments classified as Level 1.

Level 2: includes fair value measurements derived from inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly or indirectly. The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques that maximize the use of observable market data, where it is available, and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. At December 31, 2016 and 2015, the Group's interest rate swap contracts were classified as Level 2 and the fair value of such instruments was calculated as the present value of the estimated future cash flows, calculated using the notional amount to maturity as per the interest rate swap contracts, the observable Euribor and Tibor forward interest rate curves and an appropriate discount factor. Note 25

Level 3: includes fair value measurements derived from valuation techniques that include inputs for assets or liabilities that are not based on observable market data. At December 31, 2016 and 2015, the Group had no financial instruments classified as Level 3.

The Group's assets and liabilities that are measured at fair value are as follows:

	2016	2015
Financial assets		
Level 2:		
- Derivative financial instruments	-	702
Total financial assets	**-**	**702**
Financial liabilities		
Level 2:		
- Derivative financial instruments	9,514	13,869
Total financial liabilities	**9,514**	**13,869**

Expressed in US$'000 unless otherwise stated

5. DISCONTINUED OPERATION

On November 14, 2016, the Group announced the signing of a definitive sale and purchase agreement with EF Solare Italia, a joint venture owned equally by Enel Green Power S.p.A. and Fondo Italiano per le Infrastrutture "F2i" for the disposal of its 100% economic interest in Etrion Spa and Helios ITA Srl (collectively the "Italian subsidiaries"). The Italian subsidiaries held or owned the economic interest and rights over the 60 MW operational solar power plants in Italy, which comprised the Group's entire Solar Italy segment. Etrion SpA was sold on December 12, 2016 and Helios ITA was sold on December 23, 2016, after obtaining certain approvals, bank waivers and completing other regular closing procedures. Sale proceeds consisted of €78.1 million in cash and €24 million of contingent consideration depending on the outcome of certain legal and regulatory proceedings. The Italian subsidiaries are reported in the current period as a discontinued operation. Financial information relating to the discontinued operations for the period to the applicable date of disposal is set out below.

(a) FINANCIAL PERFORMANCE AND CASH FLOW INFORMATION

The financial performance presented is for the period ended on the disposal dates in 2016 and the year ended December 31, 2015.

	2016	**2015**
Revenue	38,038	40,032
Operating expenses	(4,145)	(5,450)
General and administrative expenses	(1,196)	(945)
Other (expense) income	(262)	608
Depreciation and amortization	(11,551)	(13,158)
Finance income	739	103
Finance costs	(12,515)	(20,866)
Income before tax expense	**9,108**	**324**
Net income tax (expense) recovery	(1,486)	8,403
Net income after tax	**7,622**	**8,727**
Gain on sale of subsidiaries	61,324	-
Accumulated hedging losses	(29,884)	
Transaction costs	(3,102)	-
Profit from discontinued operation	**35,960**	**8,727**

Cash flow from discontinued operation		
Net cash inflow from operating activities	27,485	6,448
Net cash inflow from investing activities	1,035	-
Net cash outflow from financing activities	(22,386)	(28,235)
Net increase in cash	**6,134**	**(21,797)**

(b) DETAILS OF THE SALE OF THE ITALIAN SUBSIDIARIES

	€	**$**
Total cash consideration at closing	78,078	82,652
Less (-) proceeds from shareholder loans	(6,118)	(6,473)
Cash received for the sale of shares	**71,960**	**76,179**
Carrying amount of net assets sold	(15,232)	(16,105)
Goodwill at date of sale	(1,311)	(1,390)
Foreign exchange translation	-	2,640
Gain on sale of subsidiaries	**55,417**	**61,324**

Upon the execution of the sale and purchase agreement, the 100% participation in the shares of the Italian subsidiaries and the shareholder loan outstanding from these entities were both acquired by EF Solare Italia for €72.0 million ($76.2 million) and €6.1 million ($6.5 million), respectively.

Etrion's management has assessed the nature of the earn-out clauses and have concluded that they do not meet the recognition criteria to be considered as part of the proceeds at the closing date and therefore have not accounted for this in the Group's consolidated financial statements.

Transaction costs directly attributable to the sale transaction of approximately $3.1 million have been recognized as part of the results from the discontinued operation.

The carrying amounts of assets and liabilities as at the date of sale were as follows:

	€	**$**
Property, plant and equipment	221,271	234,057
Intangibles	5,543	5,865
Trade receivables	91,906	97,367
Other assets	22,444	23,730
Cash	12,032	12,721
Total assets	**353,196**	**373,740**
Borrowings	224,132	237,138
Trade payables	10,432	11,027
Derivative financial liabilities	10,702	11,259
Other liabilities	92,698	98,211
Total liabilities	**337,964**	**357,635**

Expressed in US$'000 unless otherwise stated

6. SEGMENT REPORTING

During 2016, the CODM represented by the Board of Directors, considered whether the operating segment disclosures continued to be appropriate in light of the Company's strategic plan and introduced certain changes in the composition of Etrion's reportable segments.

The Board of Directors now considers reportable segments from a geographical perspective and measures performance based on earnings before interest, tax, depreciation and amortization ("EBITDA") and reviews and monitors performance of the Group on this basis.

The Company's management identified three reportable segments, solar energy Italy ("Solar Italy"), solar energy Chile ("Solar Chile") and solar energy Japan ("Solar Japan"), which include the Group's solar power projects that were previously aggregated under the renewable segment. In December 2016, the Group disposed of its Italian assets that were part of the solar energy segment and have been presented as part of the discontinued operations.

While the Company's management has determined that the Company has only two reportable segments (following the sale of the solar energy Italy segment), the Company has decided to disclose additional information about its corporate activities as it believes that this information is useful for readers of the consolidated financial statements. To ensure a consistent comparison to the new structure, the prior year segmented information has been restated.

The Group's country of domicile is Canada. However, all revenues from external customers are derived from Japan and Chile. The Group's electricity production in Japan is sold to the Japanese public utilities, Tokyo Electric Power Company ("TEPCO") and Tohoku Electric Power Co.,Inc. ("TOHOKU"), and in Chile to the spot electricity market and to a third party under a long-term power purchase agreement ("PPA"). Note 7.

The Group's revenues, EBITDA and results from continuing operations are presented as follows under the new individual reportable segments (prior year's information has been restated to conform with the new structure):

	2016				2015			
	Solar Chile	**Solar Japan**	**Corporate**	**Total**	**Solar Chile**	**Solar Japan**	**Corporate**	**Total**
Revenue	**9,510**	**5,723**	**-**	**15,233**	**8,591**	**1,825**	**-**	**10,416**
Operating expenses (Opex)	(6,896)	(1,162)	-	(8,058)	(4,639)	(308)	-	(4,947)
General and administrative (G&A)	(149)	(194)	(7,547)	(7,890)	(348)	(264)	(8,940)	(9,552)
Other income (expenses)	(23)	134	189	300	-	(2)	79	77
EBITDA	**2,442**	**4,501**	**(7,358)**	**(415)**	**3,604**	**1,251**	**(8,861)**	**(4,006)**
Impairment	(75,675)	-	(278)	(75,953)	-	-	(2,881)	(2,881)
Depreciation and amortization	(8,497)	(2,244)	(216)	(10,957)	(9,309)	(633)	(327)	(10,269)
Finance income	223	164	5,725	6,112	684	23	5,425	6,132
Finance costs	(12,395)	(1,181)	(8,139)	(21,715)	(13,155)	(397)	(8,658)	(22,210)
(Loss) income before income tax	**(93,902)**	**1,240**	**(10,266)**	**(102,928)**	**(18,176)**	**244**	**(15,302)**	**(33,234)**
Income tax (expense) recovery	(6,854)	(259)	(337)	(7,450)	6,797	(135)	(892)	5,770
Net (loss) income for the year	**(100,756)**	**981**	**(10,603)**	**(110,378)**	**(11,379)**	**109**	**(16,194)**	**(27,464)**

The Group's assets and liabilities can be presented as follows:

	December 31, 2016				December 31, 2015				
	Solar Chile	**Solar Japan**	**Corporate**	**Total**	**Solar Italy**	**Solar Chile**	**Solar Japan**	**Corporate**	**Total**
Property, plant and equipment	87,907	101,555	137	189,599	252,132	165,865	62,811	165	480,973
Intangible assets	7,226	5,558	3,095	15,879	7,752	13,528	2,996	3,361	27,637
Cash and cash equivalents	4,121	14,767	42,286	61,174	6,587	19,472	8,858	17,582	52,499
Other assets	3,614	11,079	7,296	21,989	26,780	10,478	6,323	8,630	52,211
Total assets	**102,868**	**132,959**	**52,814**	**288,641**	**293,251**	**209,343**	**80,988**	**29,738**	**613,320**
Borrowings	148,900	93,769	42,108	284,777	249,245	153,231	43,525	87,059	533,060
Trade and other payables	639	6,328	3,704	10,671	1,678	3,791	17,727	4,183	27,379
Other liabilities	20,599	18,191	692	39,482	14,256	20,162	7,650	4,409	46,477
Total liabilities	**170,138**	**118,288**	**46,504**	**334,930**	**265,179**	**177,184**	**68,902**	**95,651**	**606,916**

Expressed in US$'000 unless otherwise stated

7. REVENUE

	2016	2015
Feed-in Tariff	5,723	1,825
Spot market price	1,686	8,269
PPA agreement	6,904	-
Other utility income	920	322
Total revenue	**15,233**	**10,416**

The Group receives revenues denominated in $ and Japanese yen from its operating solar projects. Revenues come from three components: (1) the FiT system, whereby a premium constant price is received for each kWh of electricity produced through a 20-year contract with TEPCO or TOHOKU, as applicable, (2) the spot market price ("Market Price") received for each kWh of electricity generated in Chile, and (3) contracted PPAs within Chile, whereby a fixed price is received for each KWh of electricity sold under private electricity sale agreements.

PPA revenues

Starting January 1, 2016, the Group recognizes PPA revenues associated with its operations in Chile through its 70%-owned subsidiary, PV Salvador SpA ("Salvador"). Salvador executed in May 2015 a long-term PPA with an investment grade off-taker. The PPA is for the first 70 gigawatt-hours of Salvador's production for 15 years with the electricity price denominated in US (approximately $0.10/KWh CPI-adjusted).

The capacity payment is a monthly fixed amount received by Salvador from other energy producers in the spot market and is calculated based on Salvador's production capacity, the maximum system demand in the peak period and a fixed tariff calculated by the Chilean authorities.

Solar-related production is subject to seasonality over the year due to the variability of daily sun hours in the summer months versus the winter months. Note 15

8. OPERATING EXPENSES

	2016	2015
O&M	2,266	2,709
Purchased power	3,114	-
Personnel costs	889	497
D&A	10,741	9,942
Property tax	231	-
Insurance	372	477
Land lease	353	105
Transmission costs	554	897
Other operating expenses	279	262
Total Opex	**18,799**	**14,889**

O&M costs relate to fees paid in connection with the operation and maintenance activities of the Group's operating solar power projects in Japan and Chile. The Group outsources these O&M services to third parties.

In addition, in order to satisfy the obligations under the terms of the PPA agreement, Salvador purchases and pays the cost of electricity in the withdrawal node at the off-taker ("Nodal Costs"). During 2016, the average Nodal Costs were approximately $0.052/KWh (2015: nil).

Depreciation and amortization relate to the Group's operating solar power projects producing electricity during the year.

Transmission costs during 2016 and 2015, relate to fees paid by electricity producers, including Salvador, for the utilization of the private electricity grid in the Sistema Interconectado Central ("SIC") electricity network area in Chile to deliver electricity to final consumers.

9. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
Salaries and benefits	3,690	3,241
Pension costs	164	170
Board of directors fees	151	270
Share-based payments	442	496
Professional fees	1,551	2,838
Listing and marketing	332	439
D&A	216	327
Office lease	384	396
Office, travel and other	1,176	1,702
Total G&A	**8,106**	**9,879**

10. IMPAIRMENT

During 2016, the Company identified indicators of impairment related to Salvador, an entity within its Solar Chile segment. The carrying value of the Salvador solar assets in Chile was compared to the recoverable amount of this cash generating unit based on its value-in-use. The Company completed an impairment assessment based on value-in-use estimates derived from long-range forecasts and market values observed in the marketplace. To determine the value-in-use a before tax discount rate of 8.33% was utilized. As a result of the impairment assessment, the Company determined that the recoverable amount was equal to $98.3 million (before consolidation adjustments) and recorded impairment charges of $70.0 million and $5.7 million against property, plant and equipment and intangible assets respectively. The impairment resulted from a sharp decline in the outlook for long term power prices in the Chilean market where Salvador is located. In addition, during 2016, the Company impaired capitalized development costs of $0.3 million (2015: $2.9 million) associated with development activities for other Chilean projects it is no longer pursuing.

Expressed in US$'000 unless otherwise stated

11. FINANCE INCOME AND COSTS

	2016	2015
Finance income:		
Changes in fair values of derivative financial instruments:		
- Ineffective portion reclassified from other comprehensive income Note 22	162	96
- Written call option Note 22	1,473	-
Foreign exchange gain	4,414	4,893
Other finance income	63	1,143
Total finance income	**6,112**	**6,132**
Finance costs:		
Interest rate expense:		
- Credit facilities and non-recourse loans and bond Note 23	11,741	12,287
- Interest rate swap contracts associated with non-recourse loans	176	-
- Corporate bond Note 23/30	6,994	7,101
- Credit facility with non-controlling interest Note 26	1,784	1,800
- Amortization of transaction costs	1,140	989
Changes in fair values of derivative financial instruments:		
- Ineffective portion reclassified from other comprehensive income Note 22	226	102
- Written call option Note 22	202	420
Other finance costs	223	490
Total finance costs before deducting amounts capitalized	**22,486**	**23,189**
Amounts capitalized on qualifying assets Note 15	(771)	(979)
Total finance costs	**21,715**	**22,210**
Net finance costs	**15,603**	**16,078**

The Group has three floating-rate credit facilities outstanding associated with its operating solar power projects and assets under construction in Japan. These credit facilities are hedged using interest rate swap contracts. In addition, the Group has a fixed-rate credit facility that financed the construction of its solar power plant in Chile. Refer to Note 23 and Note 25 for further details on the Group's credit facilities and derivative financial instruments.

Applicable borrowing costs have been capitalized as assets under construction within property, plant and equipment. Note 15

During 2016, the Group recognized $4.4 million of foreign exchange gain (2015: $4.9 million) mainly associated with intragroup loans denominated in foreign currencies.

During 2016, the Group recognized a net fair value loss of $3.1 million (2015: $0.9 million), net of tax, within other comprehensive income related to the effective portion of the Group's interest rate swap contracts.

During 2016, the Group recognized a $1.5 million gain upon the release of the written call options associated with its 70% economic interest in Salvador. Note 22

Expressed in US$'000 unless otherwise stated

12. INCOME TAXES

(a) INCOME TAX EXPENSE

	2016	2015
Current income tax expense:		
Corporate income tax	(828)	(500)
Provincial income tax	(218)	(464)
Total current income tax expense	**(1,046)**	**(964)**
Deferred income tax recovery:		
Temporary differences	403	(1,882)
Tax benefits recognized during the year	(6,807)	8,616
Total deferred income tax recovery	**(6,404)**	**6,734**
Total income tax recovery (expense)	**(7,450)**	**5,770**

The Group recognized an income tax expense of $0.3 million (2015: $0.2 million) associated with its solar power projects in Japan and an income tax expense of $0.7 million (2015: $0.8 million) associated with its management services subsidiaries. In addition, the Group recognized a deferred income tax expense of $6.4 million (2015: $6.7 million income tax recovery) primarily due to the derecognition of net deferred tax assets associated with Salvador, following the negative impact that long-term price projections have caused to future taxable profits for this solar project in Chile. The net deferred income tax expense also includes the effect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts.

The Group's income tax expense (recovery) is reconciled to the loss before tax at the Canadian statutory tax rate as follows:

	2016	2015
Loss before tax from continuing operations	**(102,928)**	**(33,234)**
Income tax expense calculated at 26.00% (2015: 26.00%)	(26,762)	(8,646)
Tax effects of:		
Permanent differences	-	8,306
De-recognition deferred tax assets	6,562	(48)
Benefit from tax losses not recognized	26,833	(7,887)
Differences in foreign tax rates	787	2,481
Other	30	24
Total income tax expense (recovery)	**7,450**	**(5,770)**

(b) CURRENT INCOME TAX LIABILITIES

	December 31 2016	December 31 2015
Corporate income tax	443	566
Provincial income tax	115	106
Total current income tax liabilities	**558**	**672**

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(c) DEFERRED INCOME TAX

The movements in deferred income tax assets and liabilities during 2016 were as follows:

	Opening balance	Profit or loss	Other comprehensive income	Exchange differences	Recognized directly in equity	Disposal of subsidiaries	Closing balance
Taxable temporary differences:							
Property, plant and equipment	-						-
Intangible assets	400	(389)	-	(11)	-	-	-
Total deferred income tax liability	**400**	**(389)**	**-**	**(11)**	**-**	**-**	**-**
Deductible temporary differences:							
Property, plant and equipment	200	-	-	12	-	(212)	-
Intangible assets	-	(30)	-	47	-	-	17
Tax losses carried forward	6,927	(6,807)		(120)	-		-
Interest expense carried forward	9,093	-	-	(1,152)	-	(7,941)	-
Derivative financial instruments	3,075	10	992	909	-	(2,452)	2,534
Provisions	100	35	270	(108)	-	-	297
Special tax credits	414	-	-	(20)	-	(394)	-
Total deferred income tax asset	**19,809**	**(6,792)**	**1,262**	**(432)**	**-**	**(10,999)**	**2,848**
Net deferred income tax asset	**19,409**	**(6,403)**	**1,262**	**(421)**	**-**	**(10,999)**	**2,848**

The movements in deferred income tax assets and liabilities during 2015 were as follows:

	Opening balance	Profit or loss	Other comprehensive income	Exchange differences	Recognized directly in equity	Reclassifications	Closing balance
Taxable temporary differences:							
Property, plant and equipment	39	1,847	-	(819)	-	(1,067)	-
Intangible assets	441	(46)	-	(55)	-	60	400
Total deferred income tax liability	**480**	**1,801**	**-**	**(874)**	**-**	**(1,007)**	**400**
Deductible temporary differences:							
Property, plant and equipment	-	(38)	-	(25)	-	263	200
Intangible assets	-	(126)	-	(12)	-	138	-
Tax losses carried forward	-	10,089	-	147	-	(3,309)	6,927
Interest expense carried forward	8,465	8,416	-	(933)	-	(6,855)	9,093
Derivative financial instruments	5,547	66	(10,046)	(1,140)	(80)	8,728	3,075
Provisions	181	(11)	-	(12)	(79)	21	100
Special tax credits	233	202	-	(28)	-	7	414
Total deferred income tax asset	**14,426**	**18,598**	**(10,046)**	**(2,003)**	**(159)**	**(1,007)**	**19,809**
Net deferred income tax asset	**13,946**	**16,797**	**(10,046)**	**(1,129)**	**(159)**	**-**	**19,409**

Deferred income tax assets and liabilities that relate to the same fiscal authority have been offset (as there is a legally enforceable right to offset the current tax assets against the current tax liabilities).

At December 31, 2016, deferred income tax assets and liabilities of $2.8 million and nil, respectively (2015: $19.8 million and $0.4 million, respectively) were expected to be recovered more than twelve months after the balance sheet date. At December 31, 2016, the Group had unrecognized deferred income tax assets in respect of tax losses associated with Canada, Chile, Japan and Luxembourg of $180.3 million (2015: $164.9 million), of which $2.0 million (2015: $0.9 million) expires between one and ten years, $38.4 million (2015: $35.2 million) expires between ten and twenty years and $139.9 million (2015: $128.8 million) has no expiry.

In addition, during 2016, the Group recognized an income tax expense of $1.0 million (2015: income tax expense recovery of $10.0 million) within other comprehensive income associated with its derivative financial instruments. Note 22

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13. (LOSS) GAIN PER SHARE

Basic and diluted loss per share is calculated by dividing the net loss for the year attributable to owners of the Company by the weighted average number of shares outstanding during the year. The calculation of basic and diluted loss per share is as follows:

	Twelve months ended 2016	2015
(Loss) gain attributable to owners of the Company:		
Loss from continuing operations	(79,113)	(24,044)
Gain from discontinued operations	35,960	8,727
Total loss for the period attributable to owners of the Company	**(43,153)**	**(15,317)**
	Number of shares	
Weighted average number of thousand shares outstanding	334,094	334,094
Basic and diluted (loss) gain per share:		
Loss from continuing operations	$(0.24)	$(0.07)
Gain from discontinued operations	$0.11	$0.02
Total basic and diluted loss per share attributable to owners of the Company	**$(0.13)**	**$(0.05)**

Diluted loss per share equals basic loss per share as, due to losses incurred in 2016 and 2015, there is no dilutive effect from the existing stock options. Note 21

14. NON-CONTROLLING INTERESTS

The Group's subsidiaries in which there is a non-controlling interest ("NCI") are Shizukuishi Solar GK ("Shizukuishi"), Etrion Energy 1 GK ("Mito"), Etrion Energy 4 GK ("Komatsu"), Etrion Energy 5 GK ("Aomori") and Salvador.

Shizukuishi, Mito, Komatsu and Aomori are Japanese entities that own the licenses, permits and facilities to build and operate solar parks in Japan totaling 56 MW ("the Japanese project companies"). Mito and Shizukuishi are owned 87% by Etrion and 13% by Hitachi High-Tech ("HHT"). Komatsu is owned 85.1% by Etrion, 14.9% by HHT. The Komatsu Project is under construction and is expected to be fully operational by the third quarter of 2018. Aomori is owned 60% by Etrion, 10% by HHT and 30% by Tamagawa Holdings, a Japanese real state and solar power developer. The Aomori Project is under construction and is expected to be fully operational by the third quarter of 2017.

Salvador is a Chilean entity that owns the licenses, permits, and facilities to operate the 70 MW solar power plant in northern Chile ("Project Salvador"). Salvador is currently owned 70% by Etrion, 20% by Total Energie Developpement S.A. ("Total") and 10% by Solventus Chile SpA ("Solventus").

The non-controlling interest at December 31, 2016, of negative $31.5 million (2015: negative $0.6 million), represents the value attributable to non-controlling interests in the Japanese project companies and Salvador. There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of Salvador, and the Japanese project companies, other than those imposed by the lending banks related to cash distributions.

Expressed in US$'000 unless otherwise stated

Set out below is summarized financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations:

	December 31, 2016			December 31, 2015		
	Current assets (liabilities)	Non-current assets (liabilities)	Net assets (Liabilities)	Current assets (liabilities)	Non-current assets (liabilities)	Net assets (Liabilities)
Shizukuishi	3,916	(5,485)	(1,569)	(9,632)	10,251	619
Mito	3,658	(3,016)	642	4,295	(3,786)	509
Aomori	(2,331)	3,469	1,138	-	-	-
Komatsu	531	1,258	1,789	-	-	-
Salvador	39	(110,555)	(110,516)	17,443	(20,021)	(2,579)
Total net assets (liabilities)	**5,813**	**(114,329)**	**(108,516)**	**12,106**	**(13,556)**	**(1,450)**

The summarized income statement for the Japanese entities and Salvador including the portion allocated to NCI for the ended December 31, is as follows:

	2016			2015		
	(Loss) income for the period	Comprehensive loss for the period	Comprehensive loss allocated to NCI	(Loss) income for the period	Comprehensive (loss) income for the period	Comprehensive (loss) income allocated to NCI
Shizukuishi	(208)	(2,252)	(295)	(217)	(871)	(114)
Mito	760	126	16	328	118	15
Aomori	(31)	(403)	(161)	-	-	-
Komatsu	(32)	(32)	(5)	-	-	-
Salvador	(104,402)	(104,402)	(31,321)	(11,379)	(11,379)	(3,414)
Total	**(103,913)**	**(106,963)**	**(31,766)**	**(11,268)**	**(12,132)**	**(3,513)**

The net change in participating non-controlling interests in operating entities is as follows:

	Salvador	Shizukuishi	Mito	Komatsu	Aomori	Total
As at December 31, 2015	**(774)**	**81**	**67**	**-**	**-**	**(626)**
Net (loss) income and other comprehensive (loss) income attributable to non-controlling interest	(31,450)	(274)	60	(5)	(161)	(31,830)
Capital contributions	-	-	-	296	686	982
As at December 31, 2016	**(32,224)**	**(193)**	**127**	**291**	**525**	**(31,474)**
Interest held by third parties	30%	13%	13%	15%	40%	

Expressed in US$'000 unless otherwise stated

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Solar power projects	Assets under construction	Other PPE	Total
Cost:					
At January 1, 2015	**11,886**	**350,665**	**185,698**	**1,437**	**549,686**
Additions	-	33	54,820	2,055	56,908
Disposal	-	-	-	(224)	(224)
Reclassification	-	200,007	(200,007)	-	-
Exchange differences	(995)	(29,351)	(7,140)	(120)	(37,606)
At December 31, 2015	**10,891**	**521,354**	**33,371**	**3,148**	**568,764**
Additions	2,777	1,084	37,029	3,039	43,929
Sale of subsidiaries Note 5	(10,467)	(304,572)	-	(4,131)	(319,170)
Disposals	(30)	(325)	-	-	(355)
Impairment	-	(70,005)	-	-	(70,005)
Transfer from intangibles	-	-	327	-	327
Reclassification	-	60,290	(63,436)	3,146	-
Exchange differences	(594)	(17,897)	4,919	(1,015)	(14,587)
At December 31, 2016	**2,577**	**189,929**	**12,210**	**4,187**	**208,903**
Accumulated depreciation:					
At January 1, 2015	**-**	**70,722**	**-**	**1,309**	**72,031**
Charge for the year	-	21,656	-	353	22,009
Disposals	-	-	-	(221)	(221)
Exchange differences	-	(5,918)	-	(110)	(6,028)
At December 31, 2015	**-**	**86,460**	**-**	**1,331**	**87,791**
Charge for the year	-	20,903	-	303	21,206
Sale of subsidiaries	-	(84,453)	-	(660)	(85,113)
Disposals	-	(101)	-	-	(101)
Exchange differences	-	(4,435)	-	(44)	(4,479)
At December 31, 2016	**-**	**18,374**	**-**	**930**	**19,304**
Net book value:					
At December 31, 2015	10,891	434,894	33,371	1,817	480,973
At December 31, 2016	2,577	171,555	12,210	3,257	189,599

During 2016, the Group capitalized as assets under construction $37.0 million (2015:$53.9 million) of incurred capital expenditures associated with the solar power projects in Japan. On October 20, 2016, the Group's 24.7 MW Japanese solar power plant (Shizukuishi) achieved its commercial operation date and the Company reclassified total construction costs to solar power project in accordance with the Group's accounting policies.

In addition, during 2016, the Group capitalized $0.8 million (2015: $1.0 million) of borrowing costs associated with credit facilities obtained to finance the construction of Shizukuishi and Aomori. Note 11 and Note 23

Other PPE includes mainly dismantling costs and during 2016, the Group recognized an increase in dismantling costs associated with its Japanese and Chilean solar parks based on a revision of the previous estimates. In addition, the Group recognized an increase in the dismantling costs associated with the Shizukuishi project, in accordance with the Group's accounting policies. Note 26

In December 2016, The Group completed the sale transaction of its Italian assets, transferred the ownership of its solar power plants and derecognized the net carrying value at the disposal date. Note 5

Expressed in US$'000 unless otherwise stated

16. INTANGIBLE ASSETS

	Goodwill	Licenses and permits	Internally generated development costs and other	Total
Cost:				
At January 1, 2015	**1,595**	**30,393**	**2,540**	**34,528**
Additions	-	-	2,748	2,748
Reclassifications	-	(1,849)	1,849	-
Impairment	-	-	(2,881)	(2,881)
Exchange differences	(167)	(1,966)	(293)	(2,426)
At December 31, 2015	**1,428**	**26,578**	**3,963**	**31,969**
Additions	-	1,749	2,169	3,918
Sale of subsidiaries Note 5	(1,390)	(8,282)	-	(9,672)
Impairment	-	(5,670)	(278)	(5,948)
Transfer to property, plant and equipment	-	-	(327)	(327)
Reclassifications	-	1,895	(1,136)	759
Exchange differences	(38)	(519)	(97)	(654)
At December 31, 2016	**-**	**15,751**	**4,294**	**20,045**
Accumulated amortization:				
At January 1, 2015	**-**	**3,213**	**373**	**3,586**
Charge for the year	-	785	260	1,045
Exchange differences	-	(268)	(31)	(299)
At December 31, 2015	**-**	**3,730**	**602**	**4,332**
Charge for the year	-	1,486	56	1,542
Sale of subsidiaries	-	(2,417)	-	(2,417)
Reclassifications	-	299	460	759
Exchange differences	-	(114)	64	(50)
At December 31, 2016	**-**	**2,984**	**1,182**	**4,166**
Net book value:				
At December 31, 2015	1,428	22,848	3,361	27,637
At December 31, 2016	-	12,767	3,112	15,879

During 2016, general and administrative expenses of $2.5 million (2015: $2.1 million) representing internally-generated costs of $2.0 million (2015: $1.5 million) and third-party costs of $0.5 million (2015: $0.6 million) were capitalized during the year within intangible assets as they directly related to the Group's development activities in Japan.

In December 2016, the Group completed the sale transaction of its Italian assets, transferred the ownership of its licenses and permits and derecognized the net carrying value at the disposal date.

Goodwill of $1.4 million allocated to the CGUs relating to the Group's solar power in Italy was derecognized at the disposal date. Note 5

Expressed in US$'000 unless otherwise stated

17. FINANCIAL ASSETS

	Loans and receivables
At December 31, 2016	
Current assets	
Trade and other receivables	1,761
Cash and cash equivalents	61,174
Total current financial assets	**62,935**
Total financial assets	**62,935**
At December 31, 2015	
Current assets	
Trade and other receivables	11,759
Cash and cash equivalents	52,499
Total current financial assets	**64,258**
Total financial assets	**64,258**

18. TRADE AND OTHER RECEIVABLES

	December 31 2016	December 31 2015
Current portion:		
Financial assets		
- Trade receivables	1,711	11,364
- Other financial assets	50	395
Total financial assets Note 17	**1,761**	**11,759**
Input VAT	7,869	7,783
Advances paid and prepaid expenses	1,122	3,311
Other current assets	2,425	6,603
Impairment loss provision	-	(12)
Total current portion	**13,177**	**29,444**
Non-current portion:		
Input VAT	46	51
Advances and prepaid expenses	5,918	2,205
Total non-current portion	**5,964**	**2,256**
Total trade and other receivables	**19,141**	**31,700**

The carrying values of the financial assets approximate their fair values due to these assets having a relatively short maturity. The Group has no non-current financial assets included within trade and other receivables. The Group does not hold any collateral as security.

Current portion

Trade receivables relate to the sale of electricity from the Group's solar power projects to the operators of the electricity grid and to private clients in the spot market in Chile. Other receivables include input VAT primarily related to amounts expected to be collected for eligible expenditures from the relevant authorities in Japan and Chile associated with the Group's solar power projects.

Non-current portion

A portion of the VAT is classified as non-current as the amounts are expected to be collected more than twelve months after the balance sheet date. The non-current portion of the VAT has not been discounted as the amounts are interest-bearing at market rates.

Other non-current assets include $5.5 million of advance payments made to local developers associated with the projects currently under development in Japan. An aging analysis of the Group's trade receivables is as follows:

	December 31 2016	December 31 2015
Up to three months	1,711	2,401
Total trade receivables past due but not impaired	1,711	2,401
Trade receivables not past due	-	8,963
Total trade receivables	**1,711**	**11,364**

At December 31, 2016, trade receivables of $1.7 million (2015:$2.4 million) were past due but not impaired, of which $1.7 million (2015:$2.4 million) was received after the balance sheet date. The currencies of the Group's financial assets included within trade receivables are as follows:

	December 31 2016	December 31 2015
Euros	1,713	17,265
US dollars	876	1,132
Canadian dollars	12	14
Japanese Yen	13,261	10,226
Swiss francs	80	147
Chilean pesos	3,199	2,916
Total trade and other receivables	**19,141**	**31,700**

19. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents (including restricted cash) are held in banks in Canada, Luxembourg, Switzerland, United States, Japan and Chile with high and medium grade credit ratings assigned by international credit agencies. The fair value of cash and cash equivalents approximates their carrying value due to short maturities.

	December 31 2016	December 31 2015
Cash at banks	61,174	52,499
Total	**61,174**	**52,499**

Included within cash and cash equivalents is restricted cash relating to the Group's solar power projects as follows:

	December 31 2016	December 31 2015
Unrestricted cash at parent level	42,286	17,582
Restricted cash at project level	18,888	34,917
Total	**61,174**	**52,499**

Restricted cash relates to cash and cash equivalents held at the project level that are restricted by the lending banks for future repayment of interest and principal and working capital requirements related to each project. Restricted cash and cash equivalents can be distributed from the Group's projects, subject to approval from the lending banks, through repayment of shareholder loans, payment of interest on shareholder loans or dividend distributions.

20. SHARE CAPITAL

The Company has authorized capital consisting of an unlimited number of common shares, of which 334,094,324 are issued and outstanding at December 31, 2016 (2015: 334,094,324). In addition, the Company is authorized to issue an unlimited number of preferred shares, issuable in series, none of which have been issued. The common shares of the Company have no par value, are all of the same class, carry voting rights, and entitle shareholders to receive dividends as and when declared by the Board of Directors. No dividends were declared in the years ended December 31, 2016 and 2015.

	Number of Shares outstanding	Share capital $'000
At January 1, 2015	**334,082,657**	**111,300**
Stock options exercised	11,667	4
At December 31, 2015	**334,094,324**	**111,304**
At December 31, 2016	**334,094,324**	**111,304**

During 2015, the Company issued 11,667 shares with a fair value of CAD$0.41 as a result of stock options being exercised during the year. RSUs exercised during 2016 were settled in cash. Note 21

21. SHARE-BASED PAYMENTS

The Company maintains an equity-settled stock option awards scheme for employees, consultants, directors and officers. All outstanding stock options have a contractual term ranging from five to ten years and generally vest over a period of three years with the exercise price set equal to the market price at the date of grant. In addition, the Company maintains a Restricted Share Unit (RSU) award plan for employees, consultants, directors and officers. RSUs have a contractual term of approximately four years and have time-based and performance-based vesting conditions that are market and non-market based. During 2016, the Group recognized share-based payment expenses of $0.4 million (2015: $0.5 million) related to its stock option and RSU award schemes. Note 9. Changes in the Company's outstanding stock options and RSUs are as follows:

	Number of share options	Weighted average exercise price CAD$
At December 31, 2014	**5,380,000**	**0.48**
Exercised	(11,667)	0.24
Forfeited	(163,333)	0.40
Expired	(1,454,000)	0.66
At December 31, 2015	**3,751,000**	**0.42**
Forfeited	(549,000)	0.34
At December 31, 2016	**3,202,000**	**0.43**
Stock options exercisable:		
At December 31, 2015	**3,709,333**	**0.42**
At December 31, 2016	**3,202,000**	**0.43**

The Company recognizes an expense within general and administrative expenses when stock options are granted to employees, consultants, directors and officers using the fair value method at the date of grant. Share-based compensation is calculated using the Black-Scholes option pricing model for stock options and the grant date share fair value for RSUs with service and non-market performance conditions. For RSUs with market-based performance conditions share-based compensation is calculated using an adjusted grant date share fair value calculated with a valuation model that incorporates all the variables included in the market vesting conditions.

	Number of RSUs
At December 31, 2014	**6,660,440**
Granted	10,445,677
Forfeited	(213,324)
At December 31, 2015	**16,892,793**
Granted	17,000,000
Exercised	(211,373)
Expired	(3,662,813)
At December 31, 2016	**30,018,607**

A summary of the Company's stock options issued and outstanding at December 31, 2016, is as follows:

Exercise price (CAD$)	Number of share options outstanding	Number of share options exercisable	Expiry date	Weighted average contractual life (years)
0.24	125,000	125,000	24 April 2018	1.31
0.34	1,063,000	1,063,000	24 September 2017	0.73
0.36	1,300,000	1,300,000	05 July 2017	0.51
0.52	564,000	564,000	19 March 2017	0.22
1.59	150,000	150,000	28 April 2018	1.32
	3,202,000	**3,202,000**		

A summary of the Company's RSUs issued and outstanding at December 31, 2016, is as follows:

Performance condition	Number of RSUs outstanding	Expiry date	Weighted average contractual life (years)
Time-based	205,000	December 31, 2018	2.00
Time-based	55,980	December 31, 2017	1.00
Time-based	723,010	December 9, 2019	2.94
Market	2,695,000	December 31, 2018	2.00
Market	9,339,617	December 9, 2019	2.94
Market	17,000,000	December 31, 2020	4.00
	30,018,607		

As of December 31, 2016 there were 55,980 exercisable RSUs outstanding. Performance RSU awards with market conditions granted in December 2016 and 2015 were valued using an adjusted share price calculated with a hybrid valuation model based on the Monte Carlo simulation. The assumptions used in the calculation of the adjusted share price were as follows:

	2016	2015
Share price at grant date	CAD$0.29	CAD$0.35
Exercise price	CAD$0.00	CAD$0.00
Risk-free interest rate	0.85%	0.57%
Expected volatility	57.00%	90.50%
Dividend yield rate	0.00%	0.00%
Contractual life of RSUs	4 years	4 years
Fair value at grant date	**CAD$0.08**	**CAD$0.26**

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22. OTHER RESERVES

	Translation reserve	Hedging reserve	Transactions with non-controlling interests	Total
At January 1, 2015	**(399)**	**(30,332)**	**894**	**(29,837)**
Currency translation difference:				
- Loss on translation adjustment	(3,926)	-	-	(3,926)
- Gain on net investment in foreign subsidiary	4,437	-	-	4,437
Written call options	-	-	420	420
Cash flow hedges:				
- Gain on fair value movements	-	940	-	940
- Tax on gain on fair value movements	-	(10,125)	-	(10,125)
- Ineffective portion of fair value movements to profit or loss	-	(71)	-	(71)
- Tax on ineffective portion of fair value movements to profit or loss	-	7	-	7
- Re-designated portion of derivative to profit or loss	-	451	-	451
- Tax on re-designated portion of derivative to profit or loss	-	(78)	-	(78)
At December 31, 2015	**112**	**(39,208)**	**1,314**	**(37,782)**
Currency translation difference:				
- Loss on translation adjustment	(4,534)	-	-	(4,534)
- Loss on net investment in foreign subsidiary	(306)	-	-	(306)
Written call options	-	-	(1,271)	(1,271)
Cash flow hedges:				
- Loss on fair value movements	-	(6,114)	-	(6,114)
- Tax on loss on fair value movements	-	903	-	903
- Ineffective portion of fair value movements to profit or loss	-	(392)	-	(392)
- Tax on ineffective portion of fair value movements to profit or loss	-	94	-	94
- Re-designated portion of derivative to profit or loss	-	2,281	-	2,281
- Tax on re-designated portion of derivative to profit or loss	-	(103)	-	(103)
- Reclassification to profit from discontinued operation	-	29,884	-	29,884
At December 31, 2016	**(4,728)**	**(12,655)**	**43**	**(17,340)**

Translation reserve

The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations as described in Note 2(f).

Hedging reserve

The hedging reserve includes the effective portion of changes in the fair value (net of tax) of the Group's derivative financial instruments that qualify for hedge accounting. The ineffective portion of these derivative financial instruments is included within finance income/costs Note 11. At December 31, 2016 and 2015, all of the Group's interest rate swap contracts qualified for hedge accounting. The accumulated losses in the hedging reserve associated with the Italian assets were reclassified to discontinued operation Note 5.

Written call options

According to the terms of a shareholder agreement entered into by one of the Group's Chilean subsidiaries, Etrion is deemed to be the underwriter of two call options in relation to its initial 70% shareholding in Salvador. The call options give the right but not the obligation to Total Energie and Solventus to acquire from Etrion all of its shares in Salvador in two separate transactions for a total consideration of $2 during the life of the solar project. As of December 31, 2016, and according to the economic projections used to calculate the impairment charge in Q316, Etrion will not recover its initial investment and therefore Total and/or Solventus would not be able to exercise the option.

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23. BORROWINGS

	Corporate bond	Project bond	Project loans	Total
At January 1, 2015	**96,709**	**-**	**428,542**	**525,251**
Proceeds from loans	-	38,051	240,443	278,494
Repayment of loans and interest	(7,101)	(441)	(256,914)	(264,456)
Accrued interest	7,101	441	17,824	25,366
Amortization of transaction costs	345	54	7,625	8,024
Exchange differences	(9,995)	(583)	(29,041)	(39,619)
At December 31, 2015	**87,059**	**37,522**	**408,479**	**533,060**
- Current portion	**1,316**	**2,144**	**44,228**	**47,688**
- Non-current portion	**85,743**	**35,378**	**364,251**	**485,372**
At January 1, 2016	**87,059**	**37,522**	**408,479**	**533,060**
Proceeds from loans	-	-	56,455	56,455
Repayment of loans and interest	(52,158)	(7,370)	(31,813)	(91,341)
Sale of subsidiaries Note 5	-	(34,578)	(202,560)	(237,138)
Accrued interest	6,994	4,997	12,450	24,441
Amortization of transaction costs	877	(571)	192	498
Exchange difference	(664)	-	(534)	(1,198)
At December 31, 2016	**42,108**	**-**	**242,669**	**284,777**
- Current portion	**645**	**-**	**14,782**	**15,427**
- Non-current portion	**41,463**	**-**	**227,887**	**269,350**

The Group's borrowings are denominated in €, ¥ and $, and the minimum principal repayment obligations are as follows:

	December 31 2016	December 31 2015
Less than 1 year	15,427	47,688
Between 1 and 5 years	70,574	158,991
After 5 years	198,776	326,381
Total borrowings	**284,777**	**533,060**

(a) CORPORATE BORROWINGS

On April 23, 2014, Etrion issued €80 million principal amount of new secured bonds in the Norwegian bond market. The bonds have an annual interest rate of 8.0% and mature in April 2019.

In December 2016, Etrion completed a bond repurchase transaction where the Company purchased a nominal amount of €40 million of bonds via a buy-back offer for offers up to and including a price of 100% of par value plus accrued unpaid interest.

The corporate bond agreement includes a call option that allows the Company to redeem the bond early (in its entirety) at any time at a specified percentage over the par value. The Company can call the bonds after the second year at 4% above par value, after the third year at 2.5% above par value and after the fourth year at 1% above par value. At December 31, 2016 and 2015, no separate amount was recognized in relation to this call option.

The carrying value of the corporate bonds as at December 31, 2016, including accrued interest net of transaction costs, was $42.1 million. The corporate bond agreement requires the Company to maintain a minimum unrestricted cash balance of €3 million. At December 31, 2016, the fair value of the corporate bond amounted to $42.6 million (2015: $76.3 million) based on cash flows discounted at 8.2%. The discount rate equals Euribor plus the appropriate credit rating.

At December 31, 2016 and 2015, the Group was not in breach of any of the imposed operational and financial covenants associated with its corporate borrowings.

(b) NON-RECOURSE PROJECT LOANS

Japanese subsidiaries

During 2016, the Company entered into new senior secured financing agreements, to finance the construction of the Aomori and Komatsu Japanese solar power projects for a total amount of ¥6,564 million ($56.1 million). In addition, Aomori and Komatsu entered into a VAT credit facility agreement of ¥542 million ($4.6 million) in order to finance the associated VAT capital disbursements. These VAT credit facilities have a term of two years and bear a variable interest rate plus a margin.

The non-recourse project loans obtained by the Group's Japanese subsidiaries to finance the construction costs of the Group's Japanese solar power projects, mature between 2034 and 2036 and bear annual interest rates of Tibor plus a margin ranging from 1.1% to 1.4%. The Japanese non-recourse project loans are 90% hedged through interest rate swap contracts during the operational period at an interest rate ranging from 1.72% to 3.13% all-in. At December 31, 2016, the fair value of the non-recourse project loans approximated their carrying values as the loans bear floating interest rates. All the Japanese interest rate swap contracts qualified for hedge accounting at December 31, 2016, and December 31, 2015.

During 2016, The Group's Japanese operating subsidiaries drew down a total of ¥5,670 million ($48.4 million) and ¥384 million ($3.3 million) under the senior financing agreements and under the VAT credit facility, respectively

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(2015: ¥3,929 million ($32.1 million) and ¥301 million ($2.5 million), respectively). At December 31, 2016, the combined undrawn gross amount under these Japanese credit facilities amounted to ¥6,075 million ($51.9 million) (2015: ¥4,724 million ($39.2 million).

Repayment of these credit facilities is secured principally by the proceeds from the sale of electricity under contracts entered into by the Group with the local grid operator in Japan and proceeds from the collection of input VAT accumulated for construction costs. Counterparties to the non-recourse project loans do not have unconditional or unilateral discretionary rights to accelerate repayment to earlier dates. The Company's Japanese subsidiaries have provided certain of its assets as collateral to secure its obligations under the financing agreement. The carrying value of Japanese fixed assets pledged as collateral at December 31, 2016, was $101.7 million (2015: $62.8 million).

At December 31, 2016 and 2015, the Group was not in breach of any of the imposed operational and financial covenants associated with its Japanese project loans.

Chilean subsidiaries

The non-recourse project loan obtained by the Group's Chilean subsidiary, Salvador, to finance Project Salvador matures in 2033. The repayment of this credit facility is secured principally by the proceeds from the sale of electricity in the spot market. The loan is accounted for using the amortized cost method based on the effective interest rate. At December 31, 2016 and 2015, there were no undrawn amounts under the OPIC senior credit facility.

The fair value of this credit facility equals its carrying amount, as the interest rates approximate the market rates. The fair values are based on cash flows discounted using an average rate of 7.1% (2015: 7.1%) and are within level 2 of the fair value hierarchy.

Salvador's financing agreement contains customary representations, warranties, covenants and undertakings restricting the borrower in respect of disposals, acquisitions, payments and transfers and incurring indebtedness and granting guarantees and security. The Company's subsidiary has provided certain of its assets as collateral to secure its obligations under the financing agreement. The carrying value of Salvador's fixed assets pledged as collateral at December 31, 2016, was $87.9 million (2015: $166.2).

At December 31, 2016 and 2015, the Group was not in breach of any of the imposed operational and financial covenants associated with its Chilean project loans.

Italian subsidiaries

In December 2016, The Group completed the sale transaction of its Italian assets, transferred its obligations under the non-recourse loan agreements and derecognized the carrying value of these liabilities at the disposal date. Note 5

24. FINANCIAL LIABILITIES

	Other financial liabilities	Derivative financial instruments	Total
At December 31, 2016			
Non-current financial liabilities:			
Borrowings	269,350	-	269,350
Derivative financial instruments	-	8,347	8,347
Total non-current	**269,350**	**8,347**	**277,697**
Current financial liabilities:			
Trade and other payables	862	-	862
Borrowings	15,427	-	15,427
Derivative financial instruments	-	1,167	1,167
Total current	**16,289**	**1,167**	**17,456**
Total financial liabilities	**285,639**	**9,514**	**295,153**
At December 31, 2015			
Non-current financial liabilities:			
Borrowings	485,372	-	485,372
Derivative financial instruments	-	10,639	10,639
Total non-current	**485,372**	**10,639**	**496,011**
Current financial liabilities:			
Trade and other payables	3,055	-	3,055
Borrowings	47,688	-	47,688
Derivative financial instruments	-	3,230	3,230
Total current	**50,743**	**3,230**	**53,973**
Total financial liabilities	**536,115**	**13,869**	**549,984**

25. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31 2016	December 31 2015
Derivative financial assets:		
Interest rate swap contracts		
- Non-current portion	-	702
Total derivative financial assets	**-**	**702**
Derivative financial liabilities:		
Interest rate swap contracts		
- Current portion	1,167	3,230
- Non-current portion	8,347	10,639
Total derivative financial liabilities	**9,514**	**13,869**

Interest rate swap contracts

The Group enters into interest rate swap contracts in order to hedge against the risk of variations in the Group's cash flows as a result of floating interest rates on its non-recourse project loans in Japan. The fair value of these interest rate swap contracts is calculated as the present value of the estimated future cash flows, using the notional amount to maturity as per the interest rate swap contracts, the observable TIBOR interest rate forward yield curves and an appropriate discount factor. The Group's derivative financial instruments are classified within level 2 of the fair value hierarchy.

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At December 31, 2016, the notional amount of the Group's interest rate swap contracts was $99.9 million (2015: $308.2 million), which was denominated in Japanese yen (2015: Euros and Japanese yen). The fair market value of the interest rate swap contracts at December 31, 2015, decreased to a liability position of $9.5 million (2015: $13.2 million) due to the disposal of the Italian assets and associated liabilities. During 2016, upon completion of the sale of the Italian assets, the Group transferred its obligations under interest rate swap contracts in Italy and derecognized the carrying value of these derivative financial instruments at the disposal date. Note 5.

At December 31, 2016, and 2015, all of the Group's derivative financial instruments qualified for hedge accounting with fair value movements accounted for within equity, except for the ineffective portion that is recorded in to finance income/costs.

26. PROVISIONS AND OTHER LIABILITIES

The movement of provisions over the year is as follows:

	Site restoration	Shared revenue	Pension plan	Total
At January 1, 2015	**4,229**	**784**	**992**	**6,005**
Additions	1,698	-	247	1,945
Change in estimate	370	-	254	624
Unwinding of discount	95	-	-	95
Utilization	-	(717)	(203)	(920)
Exchange differences	(447)	(67)	(9)	(523)
At December 31, 2015	**5,945**	**-**	**1,281**	**7,226**
Non-current	**5,945**	**-**	**1,281**	**7,226**
At January 1, 2016	**5,945**	**-**	**1,281**	**7,226**
Additions	2,670	-	173	2,843
Change in estimate	228	-	(139)	89
Unwinding of discount	165	-	-	165
Disposal of subsidiaries	(4,400)	-	-	(4,400)
Utilization	-	-	(147)	(147)
Exchange differences	(114)	-	(44)	(158)
At December 31, 2016	**4,494**	**-**	**1,124**	**5,618**
Non-current	**4,494**	**-**	**1,124**	**5,618**

(a) DECOMMISSIONING AND SITE RESTORATION

The Group has legal and constructive obligation to complete the landfill site restoration and decommissioning of its solar power projects in Japan and Chile after their expected closure. The provision for decommissioning and site restoration is determined using the nominal prices effective at the reporting dates by applying the forecasted rate of inflation for the expected life of the solar power projects. Uncertainties in estimating these costs include potential changes in regulatory requirements, decommissioning and reclamation alternatives, discounts applied for economies of scale and the rate of inflation.

Principal assumptions made in order to calculate the Group's provision for decommissioning and site restoration are as follows:

	2016		2015	
	Japan	**Chile**	**Japan**	**Chile**
Discount rate	0.6%	4.0%	1.0%	3.6%
Inflation rate	1.0%	2.7%	1.0%	2.0%
Weighted average expected remaining life of solar power plant	20 years	28 years	20 years	29 years

The discount rates represent the government bond yield rate for a period equivalent to the expected life of the solar power projects in these countries. The inflation rate represents the inflationary environment in the above mentioned countries where the liability will be settled and is consistent with the rate used by the Company's management to value the Group's solar power projects.

The Group's other liabilities as at December 31, 2016 and 2015 are as follows:

	December 31 2016	December 31 2015
Right of use	-	824
Equipment liability	-	1,448
Investment tax credit	-	1,667
Imbalance costs	-	115
Deferred income	567	67
Contributions from NCI	23,225	20,189
Total other liabilities	**23,792**	**24,310**
Non-current	**22,521**	**22,795**
Current	**1,271**	**1,515**

(b) CONTRIBUTIONS FROM NON-CONTROLLING INTEREST

In accordance with the shareholder agreements between Etrion and its partners in Japan and Chile, total project costs for the solar power plants are financed through a combination of non-recourse project debt and equity. The equity is funded by Etrion and its partners based on their respective ownership interests. During 2016, $1.4 million were contributed by non-controlling interests under the existing shareholder loan agreements (2015:nil). These shareholder loans have a fixed annual interest rate of 8% for the Japanese entities and 10% for Salvador, respectively. Contributions from non-controlling interest in the form of shareholder loans qualify as financial liabilities and have been accounted for using the amortised cost method based on the effective interest rate method. The fair value of the shareholder loans equal their carrying amount, as the impact of discounting is not significant given their fixed-rate terms. The fair values are based on cash flows discounted using an average rate of 8% for the Japanese entities and 10% for Salvador and are within level 2 of the fair value hierarchy.

27. RETIREMENT OBLIGATIONS

The Group operates a defined benefit pension plan in Switzerland that is managed through a private fund. At December 31, 2016, the Group recognized $0.1 million within other comprehensive loss associated with actuarial gains (2015: $0.3 million of actuarial losses).

The amount recognized in the balance sheet associated with the Group's Swiss pension plan is as follows:

	December 31 2016	December 31 2015
Present value of funded obligations	2,784	2,962
Fair value of plan assets	(1,660)	(1,666)
Adjustment for amounts not paid	-	(12)
Net liability position	**1,124**	**1,284**

The movement in the defined benefit obligation over the year is as follows:

	2016	2015
Defined benefit obligation at the beginning	**2,962**	**2,506**
Current service cost	221	232
Employee contributions	97	130
Interest cost	27	39
Past service cost	(59)	-
Benefits paid	(245)	(223)
Remeasurement loss	(110)	296
Exchange differences	(107)	(18)
Defined benefit obligation at the end	**2,784**	**2,962**

The weighted average duration of the defined benefit obligation is 18.4 years. There is no maturity profile since the average remaining life before active employees reach final age according to the plan is 10.5 years.

The movement in the fair value of the plan assets over the year is as follows:

	2016	2015
Fair value of plan assets at the beginning	**1,666**	**1,489**
Interest income on plan assets	15	23
Return on plan assets (excluding interest)	29	42
Employer contributions	163	212
Employee contributions	97	130
Benefits paid	(245)	(223)
Foreign exchange	(64)	(7)
Fair value of plan assets at the end	**1,660**	**1,666**

The plan assets comprise the following:

	2016		2015	
	%	$'000	%	$'000
Cash and cash equivalents	7.5%	124	6.5%	108
Fixed interest rate instruments	40.5%	672	45.7%	761
Equity instruments	37.2%	618	36.9%	615
Real estate	14.8%	246	10.9%	182
Total fair value of plan assets		**1,660**		**1,666**

Investments are well diversified such that failure of any single investment would not have a material impact on the overall level of assets. All investment instruments are quoted in active markets. No asset-liability strategy was performed in the years ended December 31, 2016 and 2015.The amount recognized in the income statement associated with the Group's pension plan is as follows:

	2016	2015
Current service cost	221	232
Interest expense on defined benefit obligation	27	39
Interest income on plan assets	(15)	(23)
Past service cost	(59)	-
Total expense recognized	**173**	**248**

The expense associated with the Group's pension plan of $0.2 million (2015: $0.2 million) for the year ended December 31, 2016, was included within general and administrative expenses. Note 9

The principal actuarial assumptions used to estimate the Group's pension obligation are as follows:

	2016	2015
Discount rate	0.6%	0.9%
Inflation rate	1.0%	1.0%
Future salary increases	1.0%	1.0%
Future pension increases	0.0%	0.0%
Retirement age	Men 65 Women 64	Men 65 Women 64

Assumptions regarding future mortality are set based on actuarial advice in accordance with the LPP 2010 generational published statistics and experience in Switzerland. The discount rate is determined by reference to the yield on high-quality corporate bonds. The rate of inflation is based on the expected value of future annual inflation adjustments in Switzerland. The rate for future salary increases is based on the average increase in the salaries paid by the Group, and the rate of pension increases is based on the annual increase in risk, retirement and survivors' benefits. Contributions to the Group's pension plan during 2017 are expected to total $0.3 million. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 8.4%	Increase by 9.7%
Salary growth rate	0.50%	Increase by 0.8%	Decrease by 0.7%
Life expectancy	1 year	Increase by 1.7%	Decrease by 1.8%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the pension liability recognized within the consolidated balance sheet.

Expressed in US$'000 unless otherwise stated

28. TRADE AND OTHER PAYABLES

	December 31 2016	December 31 2015
Financial liabilities:		
Trade payables	862	3,055
Total financial liabilities	**862**	**3,055**
Accrued expenses	7,823	21,321
Other trade and other payables	1,986	3,003
Total trade and other payables	**10,671**	**27,379**

Accrued expenses at December 31, 2015, of $7.8 million (2015: $21.3 million) include $4.5 million for the construction of the Aomori and Komatsu solar power project (2015: $15.0 million Shizukuishi power project).

The carrying value of the Group's financial liabilities within trade and other payables approximates their fair value due to the relatively short maturity of these liabilities.

The currencies of the Group's trade and other payables are as follows:

	December 31 2016	December 31 2015
Japanese yen	7,264	18,342
Euros	1,480	4,267
Swiss francs	1,150	761
US dollars	748	3,998
Canadian dollars	29	11
Total trade and other payables	**10,671**	**27,379**

29. OPERATING LEASES

The Group has operating leases for land associated with its solar power projects in Japan and Chile and for its offices in Miami, Tokyo, Geneva and Santiago.

The minimum lease payments associated with the Group's operating leases are as follows:

	December 31 2016	December 31 2015
Next year	1,322	1,063
Years 2 through 5	4,145	4,288
Beyond 5 years	15,052	16,729
Total minimum payments	**20,519**	**22,080**

During 2016, the Group recognized $0.8 million (2015: $0.7 million) of operating lease expenses, of which $0.4 million (2015: $0.3 million) related to land leases included within operating expenses and $0.4 million (2015: $0.4 million) related to office leases included within general and administrative expenses. Note 8 and Note 9. The Group had no finance leases at December 31, 2016 and 2015.

30. RELATED PARTIES

For the purposes of preparing the Company's consolidated financial statements, parties are considered to be related if one party has the ability to control the other party, under ordinary control, or if one party can exercise significant influence over the other party in making financial and operational decisions. The Company's major shareholder is the Lundin family, which collectively owns through various trusts approximately 24.3% of the Company's common shares (2015: 24.3%).

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed below. Details of transactions between the Group and other related parties are disclosed below.

(a) RELATED PARTY TRANSACTIONS

The Group entered into the following transactions with related parties:

	Twelve months ended 2016	2015
General and administrative expenses:		
Lundin Services BV	14	59
Lundin Petroleum AB	27	29
Lundin SA	112	-
Finance costs:		
Lundin family:		
- Interest expense	865	877
- Transaction costs	106	43
Total transactions with related parties	**1,124**	**1,008**

Amounts outstanding to related parties at December 31, 2016 and 2015 are as follows:

	December 31 2016	December 31 2015
Current liabilities:		
Lundin Services BV:		
General and administrative expenses	1	2
Lundin family share in corporate bond	98	387
Total current liabilities	**99**	**389**
Non-current liabilities:		
Lundin family share in corporate bond	6,323	10,908
Total non-current liabilities	**6,323**	**10,908**
Total amounts outstanding	**6,422**	**11,297**

There were no amounts outstanding from related parties at December 31, 2016 and 2015.

Lundin Services BV

The Group receives professional services from Lundin Services BV ("Lundin Services"), a wholly-owned subsidiary of Lundin Petroleum AB. The Chairman of Lundin Petroleum AB is a Director of the Company.

Lundin family

Investment companies associated with the Lundin family subscribed for €15 million of the corporate bond issue completed in April 2014. As at December 31, 2016, the total corporate bonds held by the Lundin family amounted to €6.1 million.

Expressed in US$'000 unless otherwise stated

Lundin SA

On April 1, 2016, The Group entered into a new service agreement with Lundin SA, to make available fully staffed and equipped premises to serve members of its Board of Directors. The contract is renewed automatically, unless terminated by either party.

(b) KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The key management of the Group includes members of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer. Remuneration of key management personnel is as follows:

	Twelve months ended	
	2016	**2015**
Salaries and short-term benefits	1,307	1,342
Pension costs	125	168
Board of Directors	150	262
Share-based payment	376	297
Total	**1,958**	**2,069**

Amounts outstanding to key management personnel at December 31, 2016 and 2015 are as follows:

	December 31 2016	**December 31 2015**
Other (bonus and pension costs)	500	107
Total	**500**	**107**

There were no amounts outstanding from key management personnel at December 31, 2016 and 2015.

31. COMMITMENTS

Contractual commitments

The Group enters into engineering, procurement and construction agreements with large international contractors that design, construct, operate and maintain utility-scale solar photovoltaic power plants. As of December 31, 2016, the Group had a contractual obligation over one year to acquire construction services in the amount of $48.3 million related to the construction of the 9.5 MW Aomori and the 13.2 MW Komatsu solar power projects in Japan. This contractual obligation will be funded from existing cash available at the project company level and/or from the Group's unrestricted cash balance upon financial close. The Group also has contractual commitments associated with its lease contracts Note 29.

32. CONTINGENT LIABILITIES

On August 10, 2015, the Group received a litigation notice from a former employee alleging unreconciled labor-related differences. The Company's directors believe the claim is without merit, and the Group intends to vigorously defend itself. Given the early stage of the legal process, the Company is unable to make a reliable estimate of the financial effects of the litigation and has not included a provision for liability under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, in these consolidated financial statements.

33. SUBSEQUENT EVENTS

Aomori partial completion

In February, 2017, the Company connected the first two solar park sites of the Group's Aomori solar project in Japan, representing 5.3 MW of the 9.5 MW total planned capacity.

Forbearance agreement

On March 9, 2017, Etrion signed an amendment to the existing senior finance agreement with Overseas Private Investment Corporation ("OPIC"), Salvador's lender, whereby all scheduled interest and principal payments between May 31, 2017 and May 31, 2018 will be deferred and due end of the period, if the debt is not restructured or period extended. The deferred interest and principal payments will accrue additional interest rate at the level of existing interest rate, i.e. around 7% p.a. All defaults resulting from financial covenants and ratios calculations during this period will be waived.