2015

ETRION CORPORATION

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

etrion

CONTENTS

March 15, 2016

Independent Auditor's Report

To the Shareholders of Etrion Corporation

We have audited the accompanying consolidated financial statements of Etrion Corporation, which comprise the consolidated balance sheet as at December 31, 2015 and 2014 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise 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 audits. We conducted our audits 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers SA
Avenue Giuseppe-Motta 50, Case postale, 1211 Genève 2
Telephone: + 41 58 792 91 00 , Facsimile: + 41 58 792 91 10 , www.pwc.ch

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Etrion Corporation as at December 31, 2015 and 2014 and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers SA

"Luc Schulthess"	*"Colin Johnson"*
Luc Schulthess	Colin Johnson

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2015

Expressed in US$'000

		Twelve months ended	
		2015	**2014**
	Note		
Revenue	6	50,448	49,628
Operating expenses	7	(33,497)	(23,766)
Gross profit		**16,951**	**25,862**
General and administrative expenses	8	(10,824)	(10,588)
Impairment	9	(2,881)	-
Other income		685	508
Operating profit		**3,931**	**15,782**
Finance income	10	6,235	1,949
Finance costs	10	(43,076)	(31,584)
Net finance costs		**(36,841)**	**(29,635)**
Loss before income tax		**(32,910)**	**(13,853)**
Income tax recovery (expense)	11	14,173	(2,602)
Loss for the year		**(18,737)**	**(16,455)**
Other comprehensive loss:			
Items that may be reclassified to profit and loss			
Gain on currency translation	21	532	410
Loss on cash flow hedges (net of tax)	21	(9,363)	(19,721)
Items that will not be reclassified to profit and loss			
Remeasurements of post-employment benefits	26	(254)	(317)
Total other comprehensive loss		**(9,085)**	**(19,628)**
Total comprehensive loss for the year		**(27,822)**	**(36,083)**
Loss attributable to:			
Owners of the Company		(15,317)	(16,386)
Non-controlling interest		(3,420)	(69)
Total comprehensive loss attributable to:			
Owners of the Company		(24,309)	(35,494)
Non-controlling interest	13	(3,513)	(589)
Basic and diluted loss per share	12	**$(0.05)**	**$(0.05)**

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

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2015

Expressed in US$'000

	Note	December 31 2015	December 31 2014
Assets			
Non-current assets			
Property, plant and equipment	14	480,973	477,655
Intangible assets	15	27,637	30,942
Deferred income tax assets	11	19,809	14,426
Derivative financial instruments	24	702	-
Trade and other receivables	17	2,256	2,822
Total non-current assets		**531,377**	**525,845**
Current assets			
Trade and other receivables	17	29,444	46,918
Cash and cash equivalents (including restricted cash)	18	52,499	95,349
Total current assets		**81,943**	**142,267**
Total assets		**613,320**	**668,112**
Equity			
Attributable to owners of the Company			
Share capital	19	111,304	111,300
Contributed surplus		11,547	11,048
Other reserves	21	(37,782)	(29,837)
Accumulated deficit		(78,039)	(62,468)
Total attributable to owners of the Company		**7,030**	**30,043**
Non-controlling interest	13	**(626)**	**2,887**
Total equity		**6,404**	**32,930**
Liabilities			
Non-current liabilities			
Borrowings	22	485,372	454,969
Derivative financial instruments	24	10,639	47,192
Deferred income tax liabilities	11	400	480
Provisions	25	7,226	5,221
Other liabilities	25	22,795	21,503
Total non-current liabilities		**526,432**	**529,365**
Current liabilities			
Trade and other payables	27	27,379	24,110
Current tax liabilities	11	672	458
Borrowings	22	47,688	70,282
Derivative financial instruments	24	3,230	8,203
Provisions	25	-	784
Other liabilities	25	1,515	1,980
Total current liabilities		**80,484**	**105,817**
Total liabilities		**606,916**	**635,182**
Total equity and liabilities		**613,320**	**668,112**

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, 2015

Expressed in US$'000

		Attributable to owners of the Company						
	Note	Share capital	Contributed surplus	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance at January 1, 2014		**34,879**	**10,573**	**(11,981)**	**(45,765)**	**(12,294)**	**956**	**(11,338)**
Comprehensive loss:								
- Loss for the year		-	-	-	(16,386)	(16,386)	(69)	(16,455)
- Other comprehensive (loss)/gain:								
Cash flow hedges (net of tax)	21	-	-	(19,015)	-	(19,015)	(471)	(19,486)
Currency translation	21	-	-	459	-	459	(49)	410
Remeasurements on post-employment benefits	26	-	-	-	(317)	(317)	-	(317)
Total comprehensive loss		**-**	**-**	**(18,556)**	**(16,703)**	**(35,259)**	**(589)**	**(35,848)**
Transactions with owners in their capacity as owners:								
- Share issuance	19	76,280	-	-	-	76,280	-	76,280
- Stock options exercised	19	141	(57)	-	-	84	-	84
- Written call options	21	-	-	700	-	700	-	700
- Share-based payments	20	-	532	-	-	532	-	532
- Non-controlling interest	13	-	-	-	-	-	2,520	2,520
Balance at December 31, 2014		**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)/gain:								
Cash flow hedges (net of tax)	21	-	-	(8,876)	-	(8,876)	(114)	(8,990)
Currency translation	21	-	-	511	-	511	21	532
Remeasurements on post-employment benefits	26	-	-	-	(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	19	4	(2)	-	-	2	-	2
- Written call options	21	-	-	420	-	420	-	420
- Share-based payments	20	-	501	-	-	501	-	501
Balance at December 31, 2015		**111,304**	**11,547**	**(37,782)**	**(78,039)**	**7,030**	**(626)**	**6,404**

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

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2015

Expressed in US$'000

	Note	Twelve months ended 2015	2014
Cash flow from (used in) operating activities:			
Loss for the year		**(18,737)**	**(16,455)**
Adjustments for:			
Depreciation and amortization	7/8	23,427	16,744
Impairment		2,881	-
Current income tax expense	11	2,623	6,298
Deferred income tax recovery	11	(16,796)	(3,696)
Share-based payment expense	8/20	496	493
Interest expense	10	25,843	17,083
Interest expense relating to interest rate swap contracts	10	7,678	9,367
Amortization of transaction costs	10	7,879	1,034
Foreign exchange gain	10	(4,893)	(1,694)
Loss on derecognition of liabilities		-	1,002
Fair value changes associated with derivative financial instruments	10	799	2,042
Other income		(685)	(508)
Interest income	10	(1,164)	(145)
Sub-total		**29,351**	**31,565**
Changes in working capital:			
Decrease (increase) in trade and other receivables		10,954	(24,947)
Decrease in trade and other payables		(16,910)	(12,228)
Income tax paid		(1,643)	(5,451)
Total cash flow from (used in) operating activities		**21,752**	**(11,061)**
Cash flow used in investing activities:			
Purchases of property, plant and equipment		(29,317)	(148,514)
Purchases of intangible assets		(2,748)	(5,755)
Total cash flow used in investing activities		**(32,065)**	**(154,269)**
Cash flow from financing activities:			
Interest paid	22	(26,387)	(23,338)
Interest paid relating to interest rate swap contracts		(8,795)	(9,221)
Settlement of interest rate swap contracts	24	(34,178)	-
Interest income		1,164	145
Repayment of borrowings	22	(238,069)	(17,537)
Proceeds from borrowings	22	278,494	150,518
Repayment of Lundin loan facility		-	(18,394)
Proceeds from stock-options exercised		2	84
Contributions from non-controlling interest	25	-	15,406
Proceeds from the issuance of shares	19	-	76,280
Total cash flow (used in) from financing activities		**(27,769)**	**173,943**
Net (decrease) increase in cash and cash equivalents		**(38,082)**	**8,613**
Effect of exchange rate changes on cash and cash equivalents		(4,768)	(8,178)
Cash and cash equivalents (including restricted cash) at the beginning of the year		95,349	94,914
Cash and cash equivalents (including restricted cash) at the end of the year		**52,499**	**95,349**

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

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 139 megawatt ("MW") of installed solar capacity in Italy, Chile and Japan. The Company has 25 MW of solar projects under construction in Japan and is also actively developing greenfield solar power projects in Japan and Chile.

These consolidated financial statements are presented in United States ("US") Dollars ("$"), which is the Group's presentation currency. The Company's functional currency is the Euro. However, since the Group operates in Europe, the Americas and Asia and is listed in both Canada (Primary) and Sweden (Secondary), certain financial information within the notes to these consolidated financial statements has been presented in Euros ("€"), Canadian dollars ("CAD$"), Japanese yen ("¥") or Swedish Krona ("SEK"). The Company's Board of Directors approved these consolidated financial statements on March 15, 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 ("IABS") and the IFRS Interpretations Committee ("IFRSIC") that are effective or available for early adoption for accounting periods beginning on January 1, 2015. 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, 2015, 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, 2015, the Group had cash and cash equivalents of $52.5 million, $17.6 million of which was unrestricted and held at the parent level (2014: $95.3 million and $33.9 million, respectively) and working capital of $1.5 million (2014: $36.5 million). During 2015, the Group recognized a net loss of $18.7 million (2014: $16.5 million). However, 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. As at December 31, 2015, one of the Group's Italian subsidiaries was in breach of covenants. Note 22. These consolidated financial statements for the year ended December 31, 2015, 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, 2015, 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. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. The Group has yet to assess the full impact of IFRS 9 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, 2017 and earlier application is permitted. The Group has yet to assess the full impact of IFRS 15 and intends to adopt this standard no later than the accounting period beginning on or after January 1, 2017.

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. 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. The Group applies the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as a bargain purchase gain.

The Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportional share of the acquiree's net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to an acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus non-controlling interests' share of subsequent changes in equity. 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.

When acquiring project companies, the Company assesses whether the project company represents a business as defined by IFRS 3, Business Combinations ("IFRS 3"), or a specific asset or group of assets such as land and/or licenses. Where the project company meets the definition of a business, the acquisition method of accounting is applied. Where the project company does not meet the definition of a business, the transaction is treated as an asset acquisition. Key factors in determining whether the definition of a business is met include an assessment of inputs, processes and outputs and the stage of the project development plan at the acquisition date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about the facts and circumstances that existed as of the acquisition date, and is subject to a maximum period of one year ("measurement period"). Subsequent changes to the fair values of the assets acquired and liabilities assumed are adjusted against the cost of the acquisition where the changes qualify as measurement period adjustments. All other subsequent changes to the fair values of the assets acquired and liabilities assumed are accounted for in accordance with relevant IFRS. Subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional values for the items where the fair value assessment is incomplete. These provisional values are then adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the values recognized at that date.

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.

Expressed in US$'000 unless otherwise stated

(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 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 Euro, US dollar and Japanese yen. The consolidated financial statements are presented in USD, 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 (none of which has the currency of a hyper-inflationary economy) are translated into the presentation currency as follows:

- 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate with any exchange differences recognized within 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, 2015	1.01	1.09	0.0014	0.72	0.0083
December 31, 2014	1.01	1.21	0.0016	0.86	0.0083
December 31, 2013	1.12	1.38	0.0019	0.94	0.0095
Average 2015	1.05	1.11	0.0015	0.79	0.0083
Average 2014	1.09	1.33	0.0018	0.91	0.0095

(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:

	2015	2014
Solar power projects - Italy	24 years	24 years
Solar power plants - Chile	20 years	--
Solar power plants - Japan	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

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 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 (EXCLUDING GOODWILL)

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.

<u>Assets carried at amortized cost</u>

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 24. Movements on the hedging reserve in other comprehensive income are shown in Note 21. 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 in Italy, Chile and Japan 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. 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.

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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. For the purposes of the Group's impairment assessment performed at December 31, 2015, the discount rate used was 5.6% (2014: 7.1%), representing the Group's pre-tax weighted average cost of capital, and no growth rate was applied. The decrease in the Group's pre-tax weighted average cost of capital in comparison with 2014 was due mainly to the reduction of the cost of the Italian project debt as a result of the refinancing transaction completed in December 2015. 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, 2015, no impairment was provided in relation to the Group's previously recognized goodwill, property, plant and equipment and intangible assets. Note 14 and Note 15. The recoverable amount of the operating assets would equal its carrying amount if the pre-discount rate were to change as follows:

	From	To
Italian assets	5.6%	7.8%
Chilean assets	5.6%	7.7%
Japanese assets	5.6%	9.0%

(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 Euribor and Tibor forward interest rate curves and an appropriate discount factor. At December 31, 2015, the Group recognized net financial liabilities of $13.2 million (2014: $55.4 million) associated with its derivative financial instruments. Note 24. 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

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31, 2015, the Group recognized $19.4 million (2014: $13.9 million) of net deferred income tax assets. Note 11

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 net equity and corporate net debt.

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. The Group's gearing ratio is as follows:

	2015	**2014**
Borrowings	533,060	525,251
Project loans and bond	(446,001)	(428,542)
Net corporate borrowings	**87,059**	**96,709**
Unrestricted cash at parent level	(17,582)	(33,886)
Net debt	**69,477**	**62,823**
Equity attributable to owners of the Company	7,030	30,043
Fair value losses associated with derivative financial instruments	39,208	30,332
Adjusted equity	**46,238**	**60,375**
Total capital	**115,715**	**123,198**
Gearing ratio	**60%**	**51%**

The increase in the Group's gearing ratio from 51% at December 31, 2014, to 60% at December 31, 2015, was primarily due to the decrease in cash available at corporate level and the net decrease in equity as a result of the net loss of the year.

(b) FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks relating to its operations in Italy, Chile and Japan. 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 Italy and 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.

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		+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, 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)**
At December 31, 2014					
Societe Generale and Dexia	31,050	-	-	-	-
BIIS, Societe Generale and Portigon	108,478	(1)	-	1	-
Barclays	39,468	-	-	-	-
UBI Banca	12,862	(2)	-	2	-
Natixis and Portigon	62,321	(7)	-	7	-
Sumitomo Mitsui Trust Bank	10,339	-	-	-	-
Total impact		**(10)**	**-**	**10**	**-**
Derivative financial instruments	55,395	-	1,947	-	(1,970)
Total net impact		**(10)**	**1,947**	**10**	**(1,970)**

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 Euros to 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

The majority of revenues generated by the Group's solar power projects in Italy and Japan are secured by long-term contracts based on a feed-in-tariff ("FiT"). The Group is exposed to price risks associated with the electricity sold at the spot rate in Italy and Chile. These market revenues represented 27% and 11% of total revenues during 2015 and 2014, 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 state-owned utility companies in Italy, to the public utility in Japan, and in the open electricity market in Chile 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, 2015, can be assessed by reference to external credit ratings, if available, as follows:

	2015	2014
Cash and cash equivalents:		
AA-	8,260	21,183
A+	-	4,714
A	33,292	38,649
A-	416	-
BBB+	3,517	24,910
BBB-	5,954	1,062
BB	1,060	4,831
Total cash and cash equivalents	**52,499**	**95,349**

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 22

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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, 2015						
Borrowings	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**
At December 31, 2014						
Borrowings	525,251	645,849	20,952	249,211	375,686	645,849
Interest rate swap contracts, net	55,395	55,395	8,203	30,313	16,879	55,395
Trade and other payables	24,110	24,110	24,110	-	-	24,110
Total financial and non-financial liabilities	**604,756**	**725,354**	**53,265**	**279,524**	**392,565**	**725,354**

(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, 2015 and 2014, 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, 2015 and 2014, 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 24

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, 2015 and 2014, 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:

	2015	2014
Financial assets		
Level 2:		
- Derivatives used for hedging	702	-
Total financial assets	**702**	**-**
Financial liabilities		
Level 2:		
- Derivatives used for hedging	13,869	55,395
Total financial liabilities	**13,869**	**55,395**

Expressed in US$'000 unless otherwise stated

5. SEGMENT REPORTING

The Company's management has determined the operating segments based on reports reviewed by the Board of Directors used to make strategic decisions. The Board of Directors considers reportable segments from a products and services perspective and measures performance based on EBITDA. The Company's management has identified one reportable segment, the renewable energy segment, which includes the Group's solar power projects. While the Company's management has determined that the Company has only one reportable segment, the Company has decided to disclose the additional information below regarding corporate expenses as the Company believes that this information is useful for readers of the consolidated financial statements.

The Group's electricity production in Italy is sold to the Italian state-owned company, Gestore Servizi Energetici ("GSE"), in Chile to the spot electricity market and in Japan to the Japanese public utility, Tokyo Electric Power Company ("TEPCO").The Group's revenues, EBITDA and net results are presented as follows:

		2015			2014	
	Renewable	**Corporate**	**Total**	**Renewable**	**Corporate**	**Total**
Revenue	**50,448**	**-**	**50,448**	**49,628**	**-**	**49,628**
Operating expenses	(10,397)	-	(10,397)	(7,374)	-	(7,374)
General and administrative expenses	(1,557)	(8,940)	(10,497)	(1,156)	(9,080)	(10,236)
Impairment	-	(2,881)	(2,881)	-	-	-
Other income	606	79	685	463	45	508
EBITDA	**39,100**	**(11,742)**	**27,358**	**41,561**	**(9,035)**	**32,526**
Depreciation and amortization	(23,100)	(327)	(23,427)	(16,392)	(352)	(16,744)
Finance income	810	5,425	6,235	86	1,863	1,949
Finance costs	(34,418)	(8,658)	(43,076)	(20,925)	(10,659)	(31,584)
Income/(loss) before income tax	**(17,608)**	**(15,302)**	**(32,910)**	**4,330**	**(18,183)**	**(13,853)**
Income tax recovery (expense)	15,065	(892)	14,173	(2,179)	(423)	(2,602)
Net income/(loss)	**(2,543)**	**(16,194)**	**(18,737)**	**2,151**	**(18,606)**	**(16,455)**

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

		December 31, 2015			December 31, 2014	
	Renewable	**Corporate**	**Total**	**Renewable**	**Corporate**	**Total**
Property, plant and equipment	480,808	165	480,973	477,414	241	477,655
Intangible assets	24,276	3,361	27,637	25,168	5,774	30,942
Cash and cash equivalents	34,917	17,582	52,499	61,463	33,886	95,349
Other assets	43,585	8,626	52,211	61,771	2,395	64,166
Total assets	**583,586**	**29,734**	**613,320**	**625,816**	**42,296**	**668,112**
Borrowings	446,001	87,059	533,060	428,542	96,709	525,251
Trade and other payables	23,196	4,183	27,379	19,885	4,225	24,110
Other liabilities	42,059	4,418	46,477	83,836	1,985	85,821
Total liabilities	**511,256**	**95,660**	**606,916**	**532,263**	**102,919**	**635,182**

The Group's revenue and non-current assets (excluding deferred income tax assets and financial assets) by geographical location are as follows:

	Revenue		Non-current assets	
	2015	**2014**	**2015**	**2014**
Italy	40,032	49,628	261,707	305,982
Chile	8,591	-	179,724	189,028
Switzerland	-	-	117	363
Japan	1,825	-	67,154	13,965
Other	-	-	2,866	2,081
Total	**50,448**	**49,628**	**511,568**	**511,419**

The Group's country of domicile is Canada. However, all revenues from external customers are derived from Italy, Chile and Japan.

Expressed in US$'000 unless otherwise stated

6. REVENUE

	Twelve months ended	
	2015	**2014**
Feed-in Tariff	36,515	44,132
Spot market price	13,611	5,496
Other utility income	322	-
Total revenue	**50,448**	**49,628**

The Group receives revenues denominated in Euros, US dollars and Japanese yen from its operating solar projects. Revenues come from two components: (1) the FiT system, whereby a premium constant price is received for each kWh of electricity produced through a 20-year contract with GSE or TEPCO, as applicable, and (2) the spot market price ("Market Price") received for each kWh of electricity generated in Chile and Italy.

Starting in July 2015, the Group also receives a capacity payment associated with its operations in Chile through its 70%-owned subsidiary, PV Salvador SpA ("Salvador"). 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 14

7. OPERATING EXPENSES

	Twelve months ended	
	2015	**2014**
O&M	4,241	2,719
Personnel costs	1,214	1,045
D&A	23,100	16,392
Property tax	1,631	1,948
Insurance	763	367
Land lease	284	212
Transmission costs	897	-
Other operating expenses	1,367	1,083
Total Opex	**33,497**	**23,766**

O&M costs of $4.2 million (2014: $2.7 million) relate to fees paid in connection with the operation and maintenance activities of the Group's operating solar power projects in Italy, Chile and Japan. The Group outsources these O&M services to third parties.

Transmission costs incurred during 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.

Depreciation and amortization of $23.1 million (2014: $16.4 million) relates to the Group's operating solar power projects producing electricity during the year. During 2014, the Company modified the useful life estimate of its operational assets in Italy from the original 20 years to approximately 24 years estimate (Note 2g), due to changes in the expected operational use of the solar plants and also due to changes in the regulatory environment. Depreciation and amortization associated with the Group's corporate assets is included within general and administrative expense. Note 8

8. GENERAL AND ADMINISTRATIVE EXPENSES

	Twelve months ended	
	2015	**2014**
Salaries and benefits	3,241	4,324
Pension costs	170	151
Board of directors fees	270	335
Share-based payments	496	493
Professional fees	3,764	2,852
Listing and marketing	439	440
D&A	327	352
Office lease	396	443
Office, travel and other	1,721	1,198
Total G&A	**10,824**	**10,588**

During 2015, general and administrative expenses of $2.1 million (2014: $3.9 million) representing internally-generated costs of $1.5 million (2014: $1.3 million) and third-party costs of $0.6 million (2014: $2.6 million) were capitalized during the period within intangible assets as they directly related to the Group's business development activities in Chile and Japan. Note 15

Pension costs of $43,000 associated with business development personnel directly attributable to the Group's business development activities were capitalized within intangible assets during the year. Total pension costs incurred by the Group during the year were $0.2 million. Note 26

9. IMPAIRMENT

During 2015, the Company decided to impair total costs of $2.9 million capitalized as internally generated intangible assets associated with projects in Japan that the Group is no longer pursuing and the development pipeline in Chile due to the challenging market environment to secure long-term power purchase agreements.

Expressed in US$'000 unless otherwise stated

10. FINANCE INCOME AND COSTS

	Twelve months ended 2015	2014
Finance income:		
Changes in fair values of derivative financial instruments:		
- Ineffective portion reclassified from other comprehensive income Note 21	178	110
Foreign exchange gain	4,893	1,694
Other finance income	1,164	145
Total finance income	**6,235**	**1,949**
Finance costs:		
Interest rate expense:		
- Credit facilities and non-recourse loans and bond Note 22	17,774	15,756
- Interest rate swap contracts associated with non-recourse loans	7,678	9,367
- Corporate bond Note 22/29	7,101	8,410
- Credit facility with related party (Lundin family)	-	176
- Credit facility with non-controlling interest Note 25	1,800	972
- Amortization of transaction costs	8,026	1,386
Changes in fair values of derivative financial instruments:		
- De-designated portion reclassified from other comprehensive income Note 21	451	347
- Ineffective portion reclassified from other comprehensive income Note 21	106	1,105
- Written call option Note 21	420	700
Loss on derecognition of liability Note 22	-	1,002
Other finance costs	699	946
Total finance costs before deducting amounts capitalized	**44,055**	**40,167**
Amounts capitalized on qualifying assets Note 14	(979)	(8,583)
Total finance costs	**43,076**	**31,584**
Net finance costs	**36,841**	**29,635**

On December 1, 2015, the Group completed a debt refinancing transaction, replacing the original six floating-rate credit facilities outstanding obtained to finance the construction of a majority of the Company's Italian operating solar power projects, with a new long-term floating rate credit facility and a project bond. Note 22. As a result of the debt refinancing transaction the Group recognized $6.6 million as accelerated amortization of transaction costs associated with the previous credit facilities.

During 2015, upon completion of the refinancing transaction (Note 22), the Group discontinued hedge accounting for the previously hedging relationships and started amortizing the accumulated losses in the hedging reserve through the income statement reflecting the timing of the originally hedged exposures. No amount was taken directly in the income statement upon refinancing because the originally hedged exposures did not exceeded the new exposures.

The Group also has three additional floating-rate credit facilities outstanding obtained to finance the construction of its operating solar power projects Japan and Italy. 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 22 and Note 24 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 14

During 2015, the Group recognized a net fair value loss of $9.4 million (2014: $19.7 million), net of tax, within other comprehensive income related to the effective portion of the Group's interest rate swap contracts.

During 2014, the Group recognized a $1.0 million loss due to the call option premium and unamortized transactions costs associated with the early redemption of the previously outstanding €60 million principal amount of corporate bonds. Note 22

Expressed in US$'000 unless otherwise stated

11. INCOME TAXES

(a) INCOME TAX EXPENSE

	Twelve months ended 2015	2014
Current income tax expense:		
Corporate income tax	(2,159)	(4,749)
Provincial income tax	(464)	(1,549)
Total current income tax expense	**(2,623)**	**(6,298)**
Deferred income tax recovery:		
Temporary differences	8,179	195
Tax benefits recognized during the year	8,617	3,501
Total deferred income tax recovery	**16,796**	**3,696**
Total income tax recovery (expense)	**14,173**	**(2,602)**

The Group recognized an income tax expense of $1.8 million (2014: $5.9 million) associated with its solar power projects in Italy and Japan and an income tax expense of $0.8 million (2014: $0.4 million) associated with its management services subsidiaries. In addition, the Group recognized a deferred income tax recovery of $8.2 million (2014: $0.2 million) in relation to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts and a deferred income tax recovery of $8.6 million (2014: $3.5 million) associated with unutilized tax losses related to interest expense carried forward in Italy and Chile.

On February 11, 2015, the Italian Constitutional Court published a ruling that declared the so-called "Robin Hood" tax unconstitutional and eliminated it from February 2015 going forward. The removal of the Robin Hood tax reduced the ordinary income tax rate applicable to most energy companies in Italy from 34% to 27.5%. In addition, during 2015 the provincial tax rate applicable to the Group's operating subsidiaries in Italy decreased to zero, attributable to the specifics of the tax legislation in northern Italy.

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

	Twelve months ended 2015	2014
Loss before tax	**(32,910)**	**(13,853)**
Income tax expense calculated at 26.00% (2014: 26.00%)	(8,557)	(3,602)
Tax effects of:		
Non-deductible expenses	9,145	4,543
Effect of non-taxable income	(491)	(517)
Tax losses not recognized	(17,530)	1,861
Differences in foreign tax rates	3,236	955
Other	24	(638)
Total income tax recovery (expense)	**14,173**	**(2,602)**

(b) CURRENT INCOME TAX LIABILITIES

	December 31 2015	December 31 2014
Corporate income tax	566	251
Provincial income tax	106	207
Total current income tax liabilities	**672**	**458**

Expressed in US$'000 unless otherwise stated

(c) DEFERRED INCOME TAX

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
Income 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**

The movements in deferred income tax assets and liabilities during 2014 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	1,697	(114)	-	(1,922)	-	378	39
Intangible assets	619	(123)	-	(83)	-	28	441
Total deferred income tax liability	**2,316**	**(237)**	**-**	**(2,005)**	**-**	**406**	**480**
Deductible temporary differences:							
Property, plant and equipment	-	208	-	(32)	-	(176)	-
Intangible assets	-	(358)	-	(32)	-	390	-
Tax losses carried forward	-	(131)	-	(20)	-	151	-
Interest expense carried forward	6,152	4,028	-	(1,570)	-	(145)	8,465
Derivative financial instruments	1,903	391	5,262	(1,891)	(118)	-	5,547
Provisions	-	(153)	-	(22)	170	186	181
Special tax credits	801	(517)	-	(51)	-	-	233
Total deferred income tax asset	**8,856**	**3,468**	**5,262**	**(3,618)**	**52**	**406**	**14,426**
Net deferred income tax asset	**6,540**	**3,705**	**5,262**	**(1,613)**	**52**	**-**	**13,946**

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, 2015, deferred income tax assets and liabilities of $19.8 million and $0.4 million, respectively (2014: $14.4 million and $0.5 million, respectively) were expected to be recovered more than twelve months after the balance sheet date. At December 31, 2015, the Group had unrecognized deferred income tax assets in respect of tax losses associated with Canada, Chile, Japan and Luxembourg of $164.9 million (2014: $165.1 million), of which $0.9 million (2014: $1.9 million) expires between one and ten years, $35.2 million (2014: $25.3 million) expires between ten and twenty years and $128.8 million (2014: $137.9 million) has no expiry. In addition, at December 31, 2015, the Group had unrecognized deferred income tax assets of $0.2 million (2014: $0.2 million) in respect of temporary differences associated with its Swiss pension.

In addition, during 2015, the Group recognized an income tax recovery of $10.0 million (2014: income tax expense $5.4 million) within other comprehensive income associated with its derivative financial instruments. Note 21

Expressed in US$'000 unless otherwise stated

12. LOSS 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 2015	2014
Loss attributable to owners of the Company	(15,317)	(16,386)
	Number of shares	
Weighted average number of shares outstanding	334,090,744	324,092,976
Basic and diluted loss per share	**$(0.046)**	**$(0.051)**

Diluted loss per share equals basic loss per share as, due to losses incurred in 2015 and 2014, there is no dilutive effect from the existing stock options. Note 20

13. NON-CONTROLLING INTERESTS

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

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").

Mito and Shizukuishi are Japanese entities that own the licenses, permits and facilities to build and operate solar parks in Japan totaling 34 MW ("the Mito and Shizukuishi Projects"). Mito and Shizukuishi are owned 87% by Etrion and 13% by Hitachi High-Tech ("HHT"). The Shizukuishi Project is under construction and is expected to be fully operational by the third quarter of 2016. During the second and third quarter of 2015, all five sites of the Mito project were completed and started producing electricity and revenue.

The non-controlling interest at December 31, 2015, an asset of $0.6 million (December 31, 2014: a liability of $2.9 million) represents the 30% minority interest in Salvador held by Total and Solventus and the 13% minority interest of Mito and Shizukuishi held by HHT. There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of Salvador, Mito and Shizukuishi, other than those imposed by the lending banks related to cash distributions.

The summarized current and non-current net assets (liabilities) of the entities in which there is a non-controlling interest are as follows:

	December 31, 2015			December 31, 2014		
	Current	Non-current	Net	Current	Non-current	Net
Salvador	17,443	(20,021)	(2,579)	13,087	(4,286)	8,801
Shizukuishi	(9,632)	10,251	619	6,845	(5,502)	1,343
Mito	4,295	(3,786)	509	6,820	(6,270)	550
Total net assets (liabilities)	**12,106**	**(13,556)**	**(1,451)**	**26,752**	**(16,058)**	**10,694**

The summarized income statement for Salvador, Mito and Shizukuishi, including the portion allocated to NCI is as follows:

	December 31, 2015			December 31, 2014		
	(Loss) gain for the period	Comprehensive (loss) gain for the period	Comprehensive (loss) gain allocated to NCI	(Loss) for the period	Comprehensive (loss) for the period	Comprehensive (loss) allocated to NCI
Salvador	(11,379)	(11,379)	(3,414)	(171)	(171)	(51)
Shizukuishi	(217)	(871)	(114)	(49)	(3,054)	(397)
Mito	328	118	15	(42)	(1,083)	(141)
Total	**(11,268)**	**(12,132)**	**(3,513)**	**(262)**	**(4,308)**	**(589)**

Expressed in US$'000 unless otherwise stated

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Solar power projects	Assets under construction	Equipment and furniture	Total
Cost:					
At January 1, 2014	**13,755**	**399,044**	**7,705**	**1,479**	**421,983**
Additions	-	1,364	176,518	184	178,066
Disposal	-	-	-	(25)	(25)
Reclassification	-	-	2,504	-	2,504
Exchange differences	(1,869)	(49,743)	(1,029)	(201)	(52,842)
At December 31, 2014	**11,886**	**350,665**	**185,698**	**1,437**	**549,686**
Additions	-	33	54,820	2,055	56,908
Disposals	-	-	-	(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**
Accumulated depreciation:					
At January 1, 2014	**-**	**63,232**	**-**	**1,107**	**64,339**
Charge for the year	-	15,635	-	332	15,967
Disposals	-	-	-	(25)	(25)
Exchange differences	-	(8,145)	-	(105)	(8,250)
At December 31, 2014	**-**	**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**
Net book value:					
At December 31, 2014	11,886	279,943	185,698	128	477,655
At December 31, 2015	10,891	434,894	33,371	1,817	480,973

During 2015, the Group capitalized as assets under construction $53.9 million of incurred capital expenditures associated with the 34 MW solar power projects in Japan. On January 10, 2015, and at various points during the second and third quarter of 2015, Project Salvador in Chile and all five solar park sites of the Mito project in Japan, respectively, achieved 100% production capacity, and the Company reclassified total construction costs to solar power project in accordance with the Group's accounting policies.

During 2015, the Group capitalized $0.9 million (2014: $8.6 million) of borrowing costs associated with credit facilities obtained to finance the construction of Mito and Shizukuishi. Note 10 and Note 22

During 2015, the Group recognized an increase in the dismantling costs associated with its Italian solar parks based on a revision of the previous estimates. In addition, the Group recognized an increase in the dismantling costs associated with Project Salvador and the Mito project, in accordance with the Group's accounting policies. Note 25

Expressed in US$'000 unless otherwise stated

15. INTANGIBLE ASSETS

	Goodwill	Licenses and permits	Internally generated development costs and other	Total
Cost:				
At January 1, 2014	**1,809**	**28,370**	**3,613**	**33,792**
Additions	-	845	4,909	5,754
Reclassifications	-	2,987	(5,491)	(2,504)
Impairment	-	-	(107)	(107)
Exchange differences	(214)	(1,809)	(384)	(2,407)
At December 31, 2014	**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**
Accumulated amortization:				
At January 1, 2014	**-**	**2,150**	**196**	**2,346**
Charge for the year	-	1,364	227	1,591
Exchange differences	-	(301)	(50)	(351)
At December 31, 2014	**-**	**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**
Net book value:				
At December 31, 2014	1,595	27,180	2,167	30,942
At December 31, 2015	1,428	22,848	3,361	27,637

During 2015, general and administrative expenses of $2.1 million (2014: $3.9 million) representing internally-generated costs of $1.5 million (2014: $1.3 million) and third-party costs of $0.6 million (2014: $2.6 million) were capitalized during the period within intangible assets as they directly related to the Group's business development activities in Chile and Japan.

GOODWILL IMPAIRMENT TESTING

Goodwill recognized on the acquisition of subsidiaries that meet the definition of business combinations in accordance with IFRS 3 is allocated to the CGU expected to benefit from the synergies of the combination in accordance with the Group's accounting policy outlined in Note 2(d). The Group's impairment assessment is made using value-in-use calculations as outlined in Note 3(a).

Goodwill has been allocated to the CGUs relating to the Group's solar power as follows:

	2015	2014
Renewable energy segment:		
CGU 5 (Cassiopea)	672	751
CGU 6 (Centauro)	403	450
CGU 1 (SVE)	26	29
CGU 2 (Helios ITA)	101	113
CGU 3 (Helios ITA-3)	157	176
CGU 4 (Etrion Lazio)	46	51
CGU 7 (Sagittario)	23	25
Total goodwill	**1,428**	**1,595**

At December 31, 2015, the Group assessed the carrying value of goodwill for impairment and determined that the recoverable amount of the CGUs to which goodwill had been allocated exceeded their carrying values, and, as a result, no impairment was provided for in 2015 (2014: $nil).

Expressed in US$'000 unless otherwise stated

16. FINANCIAL ASSETS

	Loans and receivables
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**
At December 31, 2014	
Current assets	
Trade and other receivables	6,554
Cash and cash equivalents	95,349
Total current financial assets	**101,903**
Total financial assets	**101,903**

17. TRADE AND OTHER RECEIVABLES

	December 31 2015	December 31 2014
Current portion:		
Financial assets		
- Trade receivables	11,364	5,624
- Other financial assets	395	930
Total financial assets Note 16	**11,759**	**6,554**
Input VAT	7,783	29,399
Advances paid and prepaid expenses	3,311	2,576
Other current assets	6,603	8,402
Impairment loss provision	(12)	(13)
Total current portion	**29,444**	**46,918**
Non-current portion:		
Input VAT	51	77
Investment tax credit, advances paid and prepaid expenses	2,205	2,745
Total non-current portion	**2,256**	**2,822**
Total trade and other receivables	**31,700**	**49,740**

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 Italy, Chile and Japan associated with the Group's solar power projects.

Other current assets include $5.5 million of advance payments made to local developers associated with the projects currently under development in Japan.

On October 13, 2015, the Group's subsidiary Salvador received a cash reimbursement in Chilean pesos equivalent to $24.3 million from the Chilean tax authorities associated with VAT credits accumulated during the construction of Project Salvador. Following receipt of the VAT reimbursement, Project Salvador fully repaid the Rabobank VAT credit facility of $24.1 million, including accrued interest. Note 22. During 2014, the Group received $2.9 million as reimbursement of the remaining outstanding VAT receivable from the Italian tax authorities associated with the construction expenses of its solar power projects in Italy.

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.

An aging analysis of the Group's trade receivables is as follows:

	December 31 2015	December 31 2014
Up to three months	2,401	1,591
Total trade and other receivables past due but not impaired	2,401	1,591
Trade and other receivables not past due	8,963	4,033
Total trade and other receivables	**11,364**	**5,624**

At December 31, 2015, trade and other receivables of $2.4 million (2014:$1.6 million) were past due but not impaired, of which $2.4 million (2014:$1.6 million) was received after the balance sheet date.

Movements in the Group's provision for impairment associated with trade and other receivables were as follows:

	December 31 2015	December 31 2014
Impairment loss provision at the beginning of the year	13	75
Utilization during the year	-	(60)
Exchange differences	(1)	(2)
Total impairment loss provision at the end of the year	**12**	**13**
Current portion	**12**	**13**

The currencies of the Group's financial assets included within trade and other receivables are as follows:

	December 31 2015	December 31 2014
Euros	17,265	12,008
US dollars	1,132	660
Canadian dollars	14	11
Japanese Yen	10,226	9,682
Swiss francs	147	273
Chilean pesos	2,916	27,106
Total trade and other receivables	**31,700**	**49,740**

18. CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents (including restricted cash) are held in banks in Canada, Luxembourg, Switzerland, Italy, United States of America, 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 2015	December 31 2014
Cash at banks	52,499	95,349
Total	**52,499**	**95,349**

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

	December 31 2015	December 31 2014
Unrestricted cash at parent level	17,582	33,886
Restricted cash at project level	34,917	61,463
Total	**52,499**	**95,349**

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.

19. 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, 2015 (2014: 334,082,657). 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, 2015 and 2014.

	Number of Shares outstanding	Share capital $'000
At January 1, 2014	**209,219,086**	**34,879**
Share issuance	124,633,571	76,280
Stock options exercised	230,000	141
At December 31, 2014	**334,082,657**	**111,300**
Stock options exercised	11,667	4
At December 31, 2015	**334,094,324**	**111,304**

In January 2014, the Company completed a private placement issuing a total of 124,633,571 new common shares at a price of SEK 4.15 (approximately CAD$0.70) per share raising gross proceeds of SEK 517,229,320 (approximately $76.3 million, net of $3.7 million of transaction costs). Entities associated with the Lundin family subscribed for 28,201,571 common shares or approximately 23% of the private placement. Note 29. 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. During 2014, the Company issued 230,000 new common shares with an average fair value of CAD$0.67 as a result of stock options being exercised during the year. Note 20

20. 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 2015, the Group recognized share-based payment expenses of $0.5 million (2014: $0.5 million) related to its stock option and RSU award schemes. Note 8. 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, 2013	**6,190,000**	**0.49**
Exercised	(230,000)	0.40
Expired	(580,000)	0.55
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**
Stock options exercisable:		
At December 31, 2014	**4,081,333**	**0.52**
At December 31, 2015	**3,709,333**	**0.42**

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.

Expressed in US$'000 unless otherwise stated

	Number of RSUs
At December 31, 2013	-
Granted	6,660,440
At December 31, 2014	**6,660,440**
Granted	10,445,677
Forfeited	(213,324)
At December 31, 2015	**16,892,793**

Management assesses the non-market vesting conditions and adjusts 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. Specifically, management assess the probability that the Company will reach the performance condition and any adjustments are recognized in the income statement of the period when that probability changes. As of December 31, 2015, Etrion's management expects that 43.9% of the Company's RSUs granted in July 2014 will reach the performance conditions targets and as a result The Group recognized a reduction in the stock based compensation expense of $0.3 million.

A summary of the Company's stock options issued and outstanding at December 31, 2015, 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	83,333	24 April 2018	2.31
0.34	1,424,000	1,424,000	24 September 2017	1.73
0.34	188,000	188,000	21 October 2017	1.81
0.36	1,300,000	1,300,000	05 July 2017	1.51
0.52	564,000	564,000	19 March 2017	1.22
1.59	150,000	150,000	28 April 2018	2.32
	3,751,000	**3,709,333**		

A summary of the Company's RSUs issued and outstanding at December 31, 2015, is as follows:

Performance condition	Number of RSUs outstanding	Expiry date	Weighted average contractual life (years)
Time-based	445,000	December 31, 2018	3.00
Time-based	444,363	July 3, 2018	2.51
Time-based	1,106,060	December 9, 2019	3.94
Non-market	2,757,525	July 3, 2018	2.51
Market	2,800,228	December 31, 2018	3.00
Market	9,339,617	December 9, 2019	3.94
	16,892,793		

As of December 31, 2015 there were no exercisable RSUs outstanding.

Time-based RSU awards granted in December 2015 were valued using the share price at the date of grant of CAD$0.35 and the service RSU awards granted in July and December 2014 were valued using the share price at the date of grant of CAD$0.57 and CAD$0.35. Performance RSU awards with non-market conditions granted in July 2014 were valued using the share price at the date of grant of CAD$0.57. Performance RSU awards with market conditions granted in December 2015 and 2014 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:

	2015	2014
Share price at grant date	CAD$0.35	CAD$0.35
Exercise price	CAD$0.00	CAD$0.00
Risk-free interest rate	0.57%	1.06%
Expected volatility	90.50%	63.90%
Dividend yield rate	0.00%	0.00%
Contractual life of RSUs	4 years	4 years
Fair value at grant date	**CAD$0.26**	**CAD$0.26**

The expected volatility is based on a statistical analysis of the Company's share price over the period of time equivalent to the contractual term of the RSUs and also considers the volatility of the peer group which averaged 41.2%, based on a statistical analysis of the share price of companies Etrion compares with to evaluate its market performance. During 2015 and 2014, no awards were granted under the stock option plan.

Expressed in US$'000 unless otherwise stated

21. OTHER RESERVES

	Translation reserve	Hedging reserve	Transactions with non-controlling interests	Total
At January 1, 2014	**(858)**	**(11,317)**	**194**	**(11,981)**
Currency translation difference:				
- Loss on translation adjustment	(4,346)	-	-	(4,346)
- Gain on net investment in foreign subsidiary	4,805	-	-	4,805
Written call options	-	-	700	700
Cash flow hedges:				
- Gain on fair value movements	-	(25,323)	-	(25,323)
- Tax on gain on fair value movements	-	5,351	-	5,351
- Ineffective portion of fair value movements to profit or loss	-	995	-	995
- Tax on ineffective portion of fair value movements to profit or loss	-	(273)	-	(273)
- Re-designated portion of derivative to profit or loss	-	347	-	347
- Tax on re-designated portion of derivative to profit or loss	-	(112)	-	(112)
At December 31, 2014	**(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:				
- Loss on fair value movements	-	940	-	940
- Tax on loss 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)**

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).

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 10. At December 31, 2015 and 2014, all of the Group's interest rate swap contracts qualified for hedge accounting.

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. The fair value at grant of the first call option was $1.8 million and will be expensed during the vesting period through the statement of comprehensive income using the graded method. Upon exercise, Etrion will release the value of the derivative financial instrument against the carrying value of its equity investment in Salvador. The fair value of the options has been calculated using the Black-Scholes model with a deemed stock price of $20.17, a strike price per option of $nil, volatility of 106.51% and a risk-free rate of 1.30%. The fair value of the second option has been calculated as nil as the dividend yield is higher than 100%. The fair value of the written call option is not updated because it has been recognized as an equity-settled instrument in accordance with IFRS 2 Share-based payments.

Expressed in US$'000 unless otherwise stated

22. BORROWINGS

	Corporate bond	Project bond	Project loans	Total
At January 1, 2014	**83,950**	**-**	**354,634**	**438,584**
Proceeds from loans	24,242	-	126,276	150,518
Repayment of loans and interest	(8,258)	-	(32,617)	(40,875)
Settlement of debt	204	-	-	204
Accrued interest	8,410	-	15,813	24,223
Amortization of transaction costs	344	-	1,119	1,463
Exchange differences	(12,183)	-	(36,683)	(48,866)
At December 31, 2014	**96,709**	**-**	**428,542**	**525,251**
- Current portion	**1,467**	**-**	**68,815**	**70,282**
- Non-current portion	**95,242**	**-**	**359,727**	**454,969**
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 difference	(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**

The Group's borrowings are denominated in Euros, Chilean pesos, Japanese yen and US dollars, and the minimum principal repayment obligations are as follows:

	December 31 2015	December 31 2014
Less than 1 year	47,688	70,282
Between 1 and 5 years	158,991	158,095
After 5 years	326,381	296,874
Total borrowings	**533,060**	**525,251**

(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. A portion of the net proceeds from this transaction was used to refinance the Company's previous €60 million of corporate bonds that bore annual interest of 9.0% and were due to mature in April 2015. The balance of the proceeds has been used for general purposes.

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. Specifically, the Company can redeem the bond within the first two years at 4% above par value plus the net present value of the interest that would have accrued up to April 22, 2016 (using a discount rate of 50 basis points over the German government bond rate comparable to the remaining duration of the bonds until April 22, 2016). 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, 2015, no separate amount was recognized in relation to this call option.

The carrying value of the corporate bonds as at December 31, 2015, including accrued interest net of transaction costs, was $87.1 million. The corporate bond agreement requires the Company to maintain a minimum unrestricted cash balance of €3 million. At December 31, 2015, the fair value of the corporate bond amounted to $76.3 million (2014: $90.9 million) based on cash flows discounted at 13.27%. The discount rate equals Euribor plus the appropriate credit rating. Note 29

At December 31, 2015 and 2014, 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

Italian subsidiaries

On December 1, 2015, the Group completed a debt refinancing transaction, replacing the original six floating-rate credit facilities outstanding obtained to finance the construction of a majority of the Company's Italian operating solar power projects, with a new long-term floating rate credit facility and a project bond. The new senior financing comprises a non-recourse project loan of €177 million ($192 million) and a floating-rate project bond of €35 million ($37.8 million) and a debt service reserve facility of €10 million ($10.9 million). These new credit facilities mature in December 2029 and bear annual interest rates of Euribor plus a margin 2.25%.

Upon completion of this refinancing transaction, the Group's Italian subsidiaries fully repaid the majority of the previous outstanding non-recourse project loans plus accrued interests and the market value of the previous interest rate swap contracts of €32 million ($34.2 million). In addition, the Group entered into new contracts to hedge 90% of future interest payments under the terms of the new credit facilities.

The other original non-recourse project loans obtained by one of the Group's Italian subsidiaries to finance the construction of the Helios ITA, SpA (Helios ITA) solar power project matures in 2024 and bears annual interest rates of Euribor plus a margin of 2.25%.

As at December 31, 2015, Helios ITA did not reach the minimum historical debt service coverage ratio. As a result, according to the terms of the credit facility agreement, the Company was deemed to be in breach of covenants, and the Group reclassified the long-term portion of this project loan to short-term liability. This breach in covenants was due to the deterioration of free cash flow as a consequence of multiple factors beyond the control of Helios ITA. At December 31, 2015 and 2014, the Group was not in breach of any of the operational or financial covenants associated with its Italian project loans except Helios ITA in 2014 as noted above.

At December 31, 2015, the fair value of the non-recourse project loans and project bond approximated their carrying values as the loans bear floating interest rates.

Repayment of these facilities is secured principally by the proceeds from the sale of electricity under contracts entered into by the Group with the GSE 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.

At December 31, 2015, the Group had no undrawn amounts associated with these facilities. In order to secure the Group's non-recourse project loans, the Group pledged as collateral the fixed assets associated with the solar power projects financed by these facilities. The carrying value of the Group's fixed assets pledged as collateral at December 31, 2015, was $252 million (2014: $292 million). All the Italian non-recourse projects loans are hedged through interest rate swap contracts, all of which qualified for hedge accounting at December 31, 2015 and 2014.

Chilean subsidiaries

The non-recourse project loan obtained by the Group's Chilean subsidiary, Salvador, to finance the construction of Project Salvador matures in 2033. The loan was drawn in three tranches and bears an average fixed interest rate of 7.1%. On September 23, 2015, Salvador drew an additional $13.8 million under the secondary tranche of the senior credit facility with the Overseas Private Investment Corporation ("OPIC") in order to meet Salvador's debt service obligations and avoid additional equity requirements if the spot electricity price continues to be lower than expected. The new loan under the secondary tranche matures on June 1, 2033 and bears an all-in interest rate of 3.5%, which is re-set every week depending on the rate paid on short terms US bonds. At December 31, 2015, there were no undrawn amounts under the OPIC senior credit facility. The repayment of these credit facilities is secured principally by the proceeds from the sale of electricity in the spot market. The loan is accounted for using the amortized costs method based on the effective interest rate. The fair value of this credit facility equals its carrying amount, as the impact of discounting is not significant given the fixed-rate terms of the loan. The fair values are based on cash flows discounted using an average rate of 7.1% (2014: 7.1%) and are within level 2 of the fair value hierarchy.

In addition, Salvador had a local currency VAT credit facility with Rabobank. The VAT credit facility bore variable interest rates set every quarter plus a margin. The average applicable interest rate during 2015 was approximately 6.0%. This VAT credit facility was fully repaid on October 14, 2015, following the collection of VAT receivables from the Chilean tax authorities.

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, 2015, was $166.2 million (2014: $172.8).

At December 31, 2015 and 2014, the Group was not in breach of any of the imposed operational and financial covenants associated with its Chilean project loans.

Japanese subsidiaries

The Group's Japanese subsidiaries that hold the 34 MW Mito and Shizukuishi projects entered into a senior secured financing agreement in Japanese yen to finance the construction costs of these projects. These Mito and Shizukuishi credit facilities mature in 2034 and bear TIBOR floating interest rates plus a margin of 1.3% and 1.4%, respectively, during the construction period of the solar plants. The Mito and Shizukuishi non-recourse projects loans are 90% hedged during the operational period at an interest rate of 2.96% and 3.13% all-in. At December 31, 2015, the fair value of the non-recourse project loans approximated their carrying values as the loans bear floating interest rates.

In addition, during 2014, the Group's Japanese subsidiaries entered into a VAT credit facility agreement in Japanese yen in order to finance the related VAT capital disbursements of the Shizukuishi and Mito projects. These VAT credit facilities have a term of three years and bear a variable interest rate plus a margin.

During 2015, the Group's Japanese subsidiaries drew down under the senior financing agreement the amount of ¥3,920 million ($32.1 million). As of December 31, 2015, the undrawn gross amount was ¥4,724 million ($39.2 million). In addition, the Group's Japanese subsidiaries also drew down under the VAT credit facility the amount of ¥301 million ($2.5 million). As of December 31, 2015, the undrawn gross amount was ¥299 million ($2.5 million). During 2015, the Japanese subsidiaries repaid ¥243 million ($2.0 million) of the VAT facility due to the collection of VAT receivables from the Japanese tax authorities.

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Repayment of these facilities is secured principally by the proceeds from the sale of electricity under contracts entered into by the Group with the local grid operator 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.

All the Japanese non-recourse projects loans are hedged through interest rate swap contracts, all of which qualified for hedge accounting at December 31, 2015.

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

23. FINANCIAL LIABILITIES

	Other financial liabilities	Derivative financial instruments	Total
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**
At December 31, 2014			
Non-current financial liabilities:			
Borrowings	454,969	-	454,969
Derivative financial instruments	-	47,192	47,192
Total non-current	**454,969**	**47,192**	**502,161**
Current financial liabilities:			
Trade and other payables	1,089	-	1,089
Borrowings	70,282	-	70,282
Derivative financial instruments	-	8,203	8,203
Total current	**71,371**	**8,203**	**79,574**
Total financial liabilities	**526,340**	**55,395**	**581,735**

24. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31 2015	December 31 2014
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	3,230	8,203
- Non-current portion	10,639	47,192
Total derivative financial liabilities	**13,869**	**55,395**

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 Italy and 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 Euribor and 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.

During 2015, upon completion of the refinancing transaction (Note 22), the Group discontinued hedge accounting for the majority of the interest rate swap contracts in Italy.

At December 31, 2015, the notional amount of the Group's interest rate swap contracts was $308.2 million (2014: $328.3 million), which was denominated in Euros and Japanese yen. The fair market value of the interest rate swap contracts at December 31, 2015, decreased to a liability position of $13.2 million (2014: $55.4 million) due to the repayment of the market value of the majority of the Group's Italian interest rate swap due to the debt refinancing transaction. Note 22

At December 31, 2015, and 2014, 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.

Expressed in US$'000 unless otherwise stated

25. PROVISIONS AND OTHER LIABILITIES

The movement of provisions over the year is as follows:

	Site restoration	Shared revenue	Pension plan	Total
At January 1, 2014	**3,394**	**1,166**	**801**	**5,361**
Additions	**-**	**-**	**237**	**237**
Change in estimate	**1,211**	**(265)**	**317**	**1,263**
Unwinding of discount	**147**	**-**	**-**	**147**
Utilization	**-**	**-**	**(261)**	**(261)**
Exchange differences	**(523)**	**(117)**	**(102)**	**(742)**
At December 31, 2014	**4,229**	**784**	**992**	**6,005**
Non-current	**4,229**	**-**	**992**	**5,221**
Current	**-**	**784**	**-**	**784**
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**

(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 Italy, Chile and Japan 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:

	2015			2014
	Italy	Chile	Japan	Italy
Discount rate	1.98%	3.63%	1.0%	2.47%
Inflation rate	2.0%	2.0%	1.0%	2%
Average expected remaining life of solar power plant	20 years	29 years	20 years	21 years

The discount rates represents the government bond yield rate for a period equivalent to the expected life of the solar power projects in these countries. This discount rate decreased in Italy due to a lower risk-free rate (pre-tax) on Italian bonds for 20 years. 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.

(b) SHARED REVENUE PROVISION

The operating and maintenance agreements signed between SunPower Corporation ("SunPower") and the Group's Italian subsidiaries, Cassiopea and Centauro, included a shared revenue clause effective two years after provisional acceptance of the solar power plants. During 2015, the Italian subsidiaries fully repaid to Sunpower the outstanding balance of this provision.

The Group's other liabilities as at December 31, 2015 and 2014 are as follows:

	December 31 2015	December 31 2014
Right of use	824	962
Equipment liability	1,448	1,615
Investment tax credit	1,667	1,940
Imbalance costs	115	134
Deferred income	67	365
Contributions from NCI	20,189	18,467
Total other liabilities	**24,310**	**23,483**
Non-current	**22,795**	**21,503**
Current	**1,515**	**1,980**

(c) RIGHT OF USE

One of the Group's solar power projects (Cassiopea) is part of a larger solar park built by SunPower. Cassiopea was the first solar power project built in the solar park and included a substation with extra capacity. In accordance with the sale and purchase agreement, as future plants are connected within the solar park, a payment is to be made to Cassiopea for the right to use part of the substation. During 2010, two solar power plants were connected to the grid and accordingly Cassiopea received $1.2 million for use of the substation. During 2015, the Group recognized other income of $38,000 (2014: $65,000) associated with the release of the deferred income over the life of the facility.

(d) INVESTMENT TAX CREDIT

In February 2010, the Group received from the Italian tax authorities a Visco SUD investment tax credit of €2.4 million associated with the construction of one of its solar power projects (SVE). The investment tax credit, representing 20% of the Group's investment into the solar power project, can be utilized to offset future taxable income generated by the solar power project, thereby reducing the Group's income tax expense for the given year. As a result, in 2011, once the SVE solar power project was connected to the electricity grid and started producing solar electricity, the Group recognized an investment tax credit of $3.4 million within trade and other receivables and a corresponding amount within provisions as deferred income. During 2015, the Group utilized a portion of this investment tax credit, reducing the Group's current income tax liabilities by $0.1 million (2014: $0.2 million).

(e) EQUIPMENT LIABILITY

In June 2012, the Group executed a bond guarantee from an Italian contractor (Solon A.B.) in accordance with the EPC contract. As a result, the Group recognized deferred income of $1.7 million representing the amount received that will be released upon completion of the associated expenditure, expected in the first half of 2016.

(f) CONTRIBUTIONS FROM NON-CONTROLLING INTEREST

In accordance with the shareholder agreements between Etrion and its partners in Chile and Japan, 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 2015, there were no contributions from non-controlling interests (2014: $12.9 million). These shareholder loans have a fixed annual interest rate of 10% and 8%, 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% and 10% and are within level 2 of the fair value hierarchy.

26. RETIREMENT OBLIGATIONS

The Group operates a defined benefit pension plan in Switzerland that is managed through a private fund. At December 31, 2015, the Group recognized $0.3 million within other comprehensive income associated with actuarial losses (2014: $0.3 million).

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

	December 31 2015	December 31 2014
Present value of funded obligations	2,962	2,506
Fair value of plan assets	(1,666)	(1,489)
Adjustment for amounts not paid	(12)	(25)
Net liability position	**1,281**	**992**

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

	2015	2014
Defined benefit obligation at the beginning	**2,506**	**1,881**
Current service cost	232	221
Employee contributions	130	136
Interest cost	39	41
Contributions paid by plan participants	-	103
Benefits paid	(223)	(166)
Remeasurement loss	296	340
Exchange differences	(18)	(50)
Defined benefit obligation at the end	**2,962**	**2,506**

The weighted average duration of the defined benefit obligation is 18.7 years. There is no maturity profile since the average remaining life before active employees reach final age according to the plan is 10.3 years.

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

	2015	2014
Fair value of plan assets at the beginning	**1,489**	**1,170**
Interest income on plan assets	23	25
Return on plan assets (excluding interest)	42	23
Employer contributions	212	223
Employee contributions	130	136
Contributions paid by plan participants	-	103
Benefits paid	(223)	(166)
Foreign exchange	(7)	(25)
Fair value of plan assets at the end	**1,666**	**1,488**

The plan assets comprise the following:

	2015		2014	
	%	$'000	%	$'000
Cash and cash equivalents	6.5%	108	7.2%	107
Fixed interest rate instruments	45.7%	761	45.2%	673
Equity instruments	36.9%	615	35.4%	527
Real estate	10.9%	182	11.9%	177
Other investments	-	-	0.3%	4
Total fair value of plan assets		**1,666**		**1,489**

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 except other investments. No asset-liability strategy was performed in the years ended December 31, 2015 and 2014.The amount recognized in the income statement associated with the Group's pension plan is as follows:

	2015	2014
Current service cost	232	221
Interest expense on defined benefit obligation	39	41
Interest income on plan assets	(23)	(25)
Total expense recognized	**248**	**237**

The expense associated with the Group's pension plan of $0.2 million (2014: $0.2 million) for the year ended December 31, 2015, was included within general and administrative expenses. Note 8

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

	2015	2014
Discount rate	0.9%	1.5%
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 2016 are expected to total $0.3 million. The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Expressed in US$'000 unless otherwise stated

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 8.7%	Increase by 10.0%
Salary growth rate	0.50%	Increase by 1.0%	Decrease by 0.9%
Life expectancy	1 year	Increase by 1.6%	Decrease by 1.7%

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.

27. TRADE AND OTHER PAYABLES

	December 31 2015	December 31 2014
Financial liabilities:		
Trade payables	3,055	1,089
Total financial liabilities	**3,055**	**1,089**
Accrued expenses	21,321	21,565
Other trade and other payables	3,003	1,456
Total trade and other payables	**27,379**	**24,110**

Accrued expenses at December 31, 2015, of $21.3 million (2014: $21.5 million) include $15 million for the construction of the Shizukuishi solar power project (2014: $16.2 million Salvador 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 2015	December 31 2014
US dollars	3,998	17,433
Euros	4,267	3,587
Swiss francs	761	1,300
Japanese yen	18,342	1,729
Canadian dollars	11	61
Total trade and other payables	**27,379**	**24,110**

28. OPERATING LEASES

The Group has operating leases for land associated with six of its solar power projects (Etrion Lazio, SVE, Sagittario, Salvador, Mito and Shizukuishi) and for its offices in Geneva, Rovereto, Santiago, Miami and Tokyo.

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

	December 31 2015	December 31 2014
Next year	1,063	1,638
Years 2 through 5	4,288	5,889
Beyond 5 years	16,729	21,987
Total minimum payments	**22,080**	**29,514**

During 2015, the Group recognized $0.7 million (2014: $0.6 million) of operating lease expenses, of which $0.3 million (2014: $0.2 million) related to land leases included within operating expenses and $0.4 million (2014: $0.4 million) related to office leases included within general and administrative expenses. Note 7 and Note 8. The Group had no finance leases at December 31, 2015 and 2014.

29. 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 (2014: 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 2015	2014
General and administrative expenses:		
Lundin Services BV	88	157
Finance costs:		
Lundin Services BV:		
- Interest expense	-	270
- Transaction costs	-	10
Lundin family:		
- Interest expense	877	1,825
- Transaction costs	43	72
- Interest expense capitalized	-	176
Total transactions with related parties	**1,008**	**2,510**

Expressed in US$'000 unless otherwise stated

Amounts outstanding to related parties at December 31, 2015 and 2014 are as follows:

	December 31 2015	December 31 2014
Current liabilities:		
Lundin Services BV:		
General and administrative expenses	2	7
Lundin family share in corporate bond	387	182
Total current liabilities	**389**	**189**
Non-current liabilities:		
Lundin family share in corporate bond	10,908	11,786
Total non-current liabilities	**10,908**	**11,786**
Total amounts outstanding	**11,297**	**11,975**

There were no amounts outstanding from related parties at December 31, 2015 and 2014.

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, 2015, the total corporate bonds held by the Lundin family amounted to €9.9 million.

(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 2015	2014
Salaries and short-term benefits	1,342	1,604
Pension costs	168	206
Board of Directors	262	325
Share-based payment	297	295
Total	**2,069**	**2,430**

Amounts outstanding to key management personnel at December 31, 2015 and 2014 are as follows:

	December 31 2015	December 31 2014
Other (bonus and pension costs)	107	389
Total	**107**	**389**

There were no amounts outstanding from key management personnel at December 31, 2015 and 2014.

30. 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, 2015, the Group had a contractual obligation over one year to acquire construction services in the amount of $33.9 million related to the construction of the 25 MW Shizukuishi solar power project in Japan. This contractual obligation will be funded from existing cash available at the project company level or future cash flows from operations with no additional capital investments to be made by the Group or additional funding from the Group's unrestricted cash balance. The Group also has contractual commitments associated with its lease contracts Note 28.

31. 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.