



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

CONTENTS

▪	NOTICE OF NO AUDITOR	1
▪	CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME For the three and nine months ended September 30, 2014 Unaudited	2
▪	CONDENSED CONSOLIDATED INTERIM BALANCE SHEET As at September 30, 2014 Unaudited	3
▪	CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY For the nine months ended September 30, 2014 Unaudited	4
▪	CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW For the three and nine months ended September 30, 2014 Unaudited	5
▪	NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS As at and for the three and nine months ended September 30, 2014 Unaudited	6

NOTICE OF NO AUDITOR

The accompanying condensed consolidated interim financial statements for Etrion Corporation for the three and nine months ended September 30, 2014, have been prepared by management. The company's independent auditor has not performed a review of these financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000

	Note	Three months ended		Nine months ended	
		September 30 2014 \$'000	September 30 2013 \$'000	September 30 2014 \$'000	September 30 2013 \$'000
Revenue	5	17,129	19,414	43,260	46,150
Operating expenses	6	(7,094)	(7,059)	(21,716)	(21,038)
Gross profit		10,035	12,355	21,544	25,112
General and administrative expenses	7	(2,002)	(1,503)	(6,259)	(4,675)
Other income/(expenses)		85	7	272	(620)
Operating profit		8,118	10,859	15,557	19,817
Finance income	8	2,651	621	2,616	1,111
Finance costs	8	(7,403)	(7,163)	(24,584)	(21,165)
Net finance costs		(4,752)	(6,542)	(21,968)	(20,054)
Income/(loss) before income tax		3,366	4,317	(6,411)	(237)
Income tax expense	9	(2,173)	(3,261)	(2,038)	(4,401)
Income/(loss) for the period		1,193	1,056	(8,449)	(4,638)
Other comprehensive (loss)/income:					
Loss on currency translation		(1,033)	(509)	(599)	(334)
(Loss)/gain on cash flow hedges (net of tax)		(2,924)	1,140	(10,877)	10,077
Total other comprehensive (loss)/income		(3,957)	631	(11,476)	9,743
Total comprehensive (loss)/income for the period		(2,764)	1,687	(19,925)	5,105
Income/(loss) attributable to:					
Owners of the Company		1,255	1,056	(8,372)	(4,638)
Non-controlling interest		(62)	-	(77)	-
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(2,702)	1,687	(19,848)	5,105
Non-controlling interest		(62)	-	(77)	-
Basic earnings/(loss) per share	10	\$0.004	\$0.005	\$(0.026)	\$(0.023)
Diluted earnings/(loss) per share	10	\$0.004	\$0.005	\$(0.026)	\$(0.023)

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

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000

	Note	September 30 2014 \$'000	December 31 2013 \$'000
Assets			
Non-current assets			
Property, plant and equipment	12	454,253	357,644
Intangible assets	13	32,122	31,446
Deferred income tax assets		14,406	8,856
Trade and other receivables		26,992	3,464
Total non-current assets		527,773	401,410
Current assets			
Trade and other receivables		20,946	21,927
Cash and cash equivalents (including restricted cash)	14	147,243	94,914
Total current assets		168,189	116,841
Total assets		695,962	518,251
Equity			
Attributable to owners of the Company			
Share capital	15	111,300	34,879
Contributed surplus		10,721	10,573
Other reserves		(22,808)	(11,981)
Accumulated deficit		(54,137)	(45,765)
Total attributable to owners of the Company		45,076	(12,294)
Non-controlling interest	11	2,892	956
Total equity		47,968	(11,338)
Liabilities			
Non-current liabilities			
Borrowings	17	482,896	417,432
Derivative financial instruments	18	39,561	27,019
Deferred income tax liabilities		1,166	2,316
Provisions		4,057	4,195
Other liabilities		18,560	9,247
Total non-current liabilities		546,240	460,209
Current liabilities			
Trade and other payables		67,416	35,360
Current tax liabilities		3,960	757
Borrowings	17	18,294	21,152
Derivative financial instruments	18	8,882	9,110
Provisions		1,529	1,166
Other liabilities		1,673	1,835
Total current liabilities		101,754	69,380
Total liabilities		647,994	529,589
Total equity and liabilities		695,962	518,251

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000

	Attributable to owners of the Company					Non- controlling interest	Total Equity
	Share capital \$'000	Contributed surplus \$'000	Other reserves \$'000	Accumulated deficit \$'000	Total \$'000		
Balance at January 1, 2013	33,270	10,430	(22,840)	(35,506)	(14,646)	-	(14,646)
Comprehensive loss:							
- Loss for the period	-	-	-	(4,638)	(4,638)	-	(4,638)
- Other comprehensive income:							
Cash flow hedges (net of tax)	8	-	10,252	-	10,252	-	10,252
Currency translation	-	-	(334)	-	(334)	-	(334)
Total comprehensive income/(loss)	-	-	9,918	(4,638)	5,280	-	5,280
Transactions with owners in their capacity as owners:							
- Share-based payments	-	501	-	-	501	-	501
Balance at September 30, 2013	33,270	10,931	(12,922)	(40,144)	(8,865)	-	(8,865)
Balance at January 1, 2014	34,879	10,573	(11,981)	(45,765)	(12,294)	956	(11,338)
Comprehensive loss:							
- Loss for the period	-	-	-	(8,372)	(8,372)	(77)	(8,449)
- Other comprehensive income/(loss):							
Cash flow hedges (net of tax)	8	-	(10,751)	-	(10,751)	-	(10,751)
Currency translation	-	-	(599)	-	(599)	-	(599)
Total comprehensive loss	-	-	(11,350)	(8,372)	(19,722)	(77)	(19,799)
Transactions with owners in their capacity as owners:							
- Share issuance	15	76,280	-	-	76,280	-	76,280
- Stock options exercised	16	141	(57)	-	84	-	84
- Written call options	-	-	523	-	523	-	523
- Share-based payments	-	205	-	-	205	-	205
- Non-controlling interest	-	-	-	-	-	2,013	2,013
Balance at September 30, 2014	111,300	10,721	(22,808)	(54,137)	45,076	2,892	47,968

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOW

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000

	Note	Three months ended		Nine months ended	
		September 30	September 30	September 30	September 30
		2014	2013	2014	2013
		\$'000	\$'000	\$'000	\$'000
Cash flow from operating activities:					
Income/(loss) for the period		1,193	1,056	(8,449)	(4,638)
Adjustments for:					
Depreciation and amortization	6/7	5,113	5,022	15,664	15,117
Current income tax expense	9	3,636	5,949	4,365	7,742
Deferred income tax recovery	9	(1,464)	(2,688)	(2,328)	(3,341)
Share-based payment expense	7	48	125	177	445
Interest expense	8	4,340	4,153	13,171	12,377
Interest expense relating to interest rate swap contracts	8	2,329	2,460	7,129	7,268
Amortization of transaction costs	8	269	221	779	656
Foreign exchange (gain)/loss	8	2,201	(74)	2,381	134
Loss on derecognition of liability	8	(11)	-	1,022	-
Fair value changes of derivative financial instruments	8	251	179	1,701	(111)
Loss/(gain) on asset disposal		-	-	-	(1)
Other (income)/expenses		(85)	(7)	(272)	620
Interest income		(65)	(545)	(122)	(647)
Sub-total		17,755	15,581	35,218	35,621
Changes in working capital:					
(Increase)/decrease in trade and other receivables		(15,632)	6,533	(27,667)	(3,174)
(Decrease)/increase in trade and other payables		(879)	1,754	(3,092)	(168)
Income tax paid		(722)	(820)	(3,185)	(1,849)
Total cash flow from operating activities		522	23,318	1,274	30,430
Cash flow from investing activities:					
Purchases of property, plant and equipment		(52,998)	(146)	(76,988)	(217)
Disposal of property, plant and equipment		-	-	-	60
Purchases of intangible assets		(1,878)	(1,012)	(5,226)	(2,352)
Total cash flow used in investing activities		(54,876)	(1,158)	(82,214)	(2,509)
Cash flow from financing activities:					
Interest paid	17	(4,816)	(2,823)	(15,229)	(11,101)
Interest paid relating to interest rate swap contracts	17	(2,670)	(3,115)	(7,543)	(7,783)
Interest income	17	(57)	-	-	86
Repayment of borrowings	17	(4,562)	(17,519)	(14,542)	(22,207)
Proceeds from borrowings	17	16,519	-	108,387	-
Repayment of Lundin loan facility		-	-	(18,394)	-
Proceeds from stock options exercised		30	-	84	-
Contributions from non-controlling interest		4,392	-	9,878	-
Proceeds from the issuance of shares		-	-	76,280	-
Total cash flow from/(used in) financing activities		8,836	(23,097)	138,921	(41,005)
Net increase/(decrease) in cash and cash equivalents		(45,518)	(937)	57,981	(13,084)
Effect of exchange rate differences		(5,129)	872	(5,652)	569
Cash and cash equivalents (including restricted cash) at the beginning of the period		197,890	25,300	94,914	37,750
Cash and cash equivalents (including restricted cash) at the end of the period		147,243	25,235	147,243	25,235

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

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 St. Vancouver, British Columbia V6Z 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 Corporation is an independent power producer that builds, owns and operates utility-scale solar power generation plants.

These condensed consolidated interim 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 condensed consolidated interim financial statements has been presented in Euros ("€"), Canadian dollars ("CAD\$"), Japanese yen ("¥") and Swedish Krona ("SEK").

The Company's Board of Directors approved these condensed consolidated interim financial statements on November 5, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with *IAS 34, Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards ("IFRS"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2013.

These condensed consolidated interim financial statements have been drawn up on the basis of accounting policies, methods of computation and presentation consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2013.

(b) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

During the three and nine months ended September 30, 2014, the Group did not adopt any new standards and interpretations or amendments thereto applicable for financial periods beginning on or after January 1, 2014, except as described below:

- **IFRIC 21, "Levies" ("IFRIC 21")**, the Group has adopted IFRIC 21. IFRIC 21 addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy, and when such liability should be recognized. The adoption of the interpretation has not had a significant impact on the financial statements for earlier periods or in the consolidated interim financial statements for the three and nine months ended September 30, 2014. The Group does not expect IFRIC 21 to have a significant effect on the results for the financial year ending December 31, 2014.
- Other amendments to IFRS effective for the financial year ending December 31, 2014, are not expected to have a material impact on the group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In connection with the preparation of the Company's condensed consolidated interim financial statements, the Company's management has made assumptions and estimates about future events and applied judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. These 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 condensed consolidated interim financial statements are prepared. On a regular basis, the Company's management reviews the accounting policies, assumptions, estimates and judgments to ensure that the financial statements are presented fairly in accordance with IFRS. However, because future events and their effects cannot be determined with certainty, actual results may differ from the assumptions and estimates, and such differences could be material.

There has been no change to the critical accounting estimates and assumptions used in the preparation of the Company's condensed consolidated interim financial statements for the three and nine months ended September 30, 2014, from those disclosed in the notes to the Company's audited consolidated financial statements for the year ended December 31, 2013.

4. 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 earnings before interest, tax, depreciation and amortization ("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 as it believes that this information is useful for readers of the consolidated financial statements.

At September 30, 2014 and 2013, all of the Group's operating solar power projects were located in Italy. The Group's electricity is sold to the Italian state-owned company Gestore Servizi Energetici ("GSE").

The Group's revenues, EBITDA and results can be presented as follows:

Three months ended September 30 :	2014			2013		
	Renewable energy \$'000	Corporate and other \$'000	Total \$'000	Renewable energy \$'000	Corporate and other \$'000	Total \$'000
Revenue	17,129	-	17,129	19,414	-	19,414
Operating expenses ⁽¹⁾	(2,067)	-	(2,067)	(2,128)	-	(2,128)
General and administrative expenses ⁽¹⁾	(190)	(1,726)	(1,916)	(466)	(946)	(1,412)
Other income/(expenses)	31	54	85	28	(21)	7
EBITDA⁽²⁾	14,903	(1,672)	13,231	16,848	(967)	15,881
Depreciation and amortization	(5,027)	(86)	(5,113)	(4,931)	(91)	(5,022)
Finance income	52	2,585	2,637	544	77	621
Finance costs	(5,115)	(2,274)	(7,389)	(5,306)	(1,857)	(7,163)
Income/(loss) before income tax	4,813	(1,447)	3,366	7,155	(2,838)	4,317
Income tax expense	(2,103)	(70)	(2,173)	(3,267)	6	(3,261)
Net income/(loss) for the period	2,710	(1,517)	1,193	3,888	(2,832)	1,056

Notes:

- (1) Operating expenses and general and administrative expenses shown in the table above exclude depreciation and amortization expenses. **Note 6** and **Note 7**
- (2) EBITDA is a non-IFRS measure and therefore does not have standardized meaning prescribed by IFRS and may not be comparable to similar measures disclosed by other companies. The basis for calculation has not changed and has been applied consistently over all periods presented. EBITDA is useful to analyze and compare profitability between companies and industries because it eliminates the effects of financing and certain accounting policy decisions. The most directly comparable IFRS measure is operating profit less general and administrative expenses (excluding depreciation and amortization).

The EBITDA for the renewable energy segment for the three and nine months ended September 30, 2014, represents only the operating solar projects in Italy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

4. SEGMENT REPORTING (CONTINUED)

Nine months ended September 30 :

	2014			2013		
	Renewable energy \$'000	Corporate and other \$'000	Total \$'000	Renewable energy \$'000	Corporate and other \$'000	Total \$'000
Revenue	43,260	-	43,260	46,150	-	46,150
Operating expenses ⁽¹⁾	(6,317)	-	(6,317)	(6,194)	-	(6,194)
General and administrative expenses ⁽¹⁾	(837)	(5,157)	(5,994)	(1,183)	(3,219)	(4,402)
Other income/(expenses)	211	61	272	(290)	(330)	(620)
EBITDA	36,317	(5,096)	31,221	38,483	(3,549)	34,934
Depreciation and amortization	(15,399)	(265)	(15,664)	(14,483)	(274)	(15,117)
Finance income	38	2,578	2,616	1,107	4	1,111
Finance costs	(16,248)	(8,336)	(24,584)	(15,521)	(5,644)	(21,165)
(Loss)/income before income tax	4,708	(11,119)	(6,411)	9,226	(9,463)	(237)
Income tax (expense)/recovery	(1,890)	(148)	(2,038)	(4,229)	(172)	(4,401)
Net income/(loss) for the period	2,818	(11,267)	(8,449)	4,997	(9,635)	(4,638)

Note:

- (1) Operating expenses and general and administrative expenses shown in the table above exclude depreciation and amortization expenses. **Note 6** and **Note 7**

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

	September 30, 2014			December 31, 2013		
	Renewable energy \$'000	Corporate and other \$'000	Total \$'000	Renewable energy \$'000	Corporate and other \$'000	Total \$'000
Property, plant and equipment	453,995	258	454,253	357,413	231	357,644
Intangible assets	24,710	7,412	32,122	26,009	5,437	31,446
Cash and cash equivalents	108,651	38,592	147,243	86,403	8,511	94,914
Other assets	60,348	1,996	62,344	27,433	6,814	34,247
Total assets	647,704	48,258	695,962	497,258	20,993	518,251
Borrowings	399,039	102,151	501,190	354,634	83,950	438,584
Trade and other payables	65,339	2,077	67,416	10,712	24,648	35,360
Other liabilities	78,128	1,260	79,388	54,180	1,616	55,796
Total liabilities	542,506	105,488	647,994	419,526	110,214	529,740

The Group's assets and liabilities for the renewable segment at September 30, 2014, include the operating solar projects in Italy, the solar projects under construction in Chile and the solar projects under development in Chile and Japan.

5. REVENUE

	Three months ended		Nine months ended	
	September 30 2014 \$'000	September 30 2013 \$'000	September 30 2014 \$'000	September 30 2013 \$'000
Feed-in tariff ("FiT") revenue	15,247	16,453	38,717	39,419
Market Price revenue	1,882	2,961	4,543	6,731
Total revenue	17,129	19,414	43,260	46,150

The Group's operating revenues arise from the sale of electricity to the electricity grid in Italy. The Italian FiT is a 20-year commitment from the government to purchase 100% of the solar production at a constant premium rate. This amount is received directly from the Italian government through the state-owned company GSE. The spot market price ("Market Price") is received in addition to the FiT based on evacuated production (i.e., electricity produced less transmission losses).

Solar-related revenues experience seasonality over the year due to the variability of daily sun hours in the summer versus winter months.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

5. REVENUE (CONTINUED)

On June 24, 2014, the Italian government published a new decree outlining, among other things, certain proposed changes to the current Italian FiT regime. The decree was approved by the Italian Parliament on August 7, 2014. The approved changes will impact the revenues received by solar power producers by reducing the annual FiT incentive to be paid by the GSE.

Specifically, the approved decree outlines three options for solar power producers to reduce the original FiT effective January 2015. Producers can choose a reduction of between 17% and 25%, depending on the remaining incentive period, offset by an extension of the incentive period from 20 to 24 years. Alternatively, solar power producers can elect a flat 6%-8% reduction, depending on the capacity of the plant, for the remaining incentive period without an extension. Lastly, producers can choose to have the FiT reduced in the near-term and increased in the long-term using a re-modulation ratio established by the Italian Ministry for Economic Development that has been estimated by Etrion as an initial reduction and subsequent increase of 14-17%. Although the proposed changes will impact revenues, EBITDA and cash flows of the Group going forward, they do not impact the carrying value of its assets and liabilities as reported at September 30, 2014.

In addition, the approved decree introduces certain changes to the payment of the FiT, whereby, effective July 1, 2014, 10% of such FiT payment by GSE would be delayed until June of the following year.

6. OPERATING EXPENSES

	Three months ended		Nine months ended	
	September 30	September 30	September 30	September 30
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Operation and maintenance ("O&M") costs	804	1,105	2,718	2,728
Operating personnel costs	261	260	800	777
Depreciation and amortization (operating solar power projects)	5,027	4,931	15,399	14,843
Taxes (other than income)	514	438	1,577	1,306
Insurance	94	107	288	328
Land lease	53	55	162	161
Other operating expenses	341	163	772	895
Total operating expenses	7,094	7,059	21,716	21,038

O&M costs of \$0.8 million (2013: \$1.1 million) and \$2.7 million (2013: \$2.7 million) for the three and nine months ended September 30, 2014, respectively, relate to fees paid in connection with the operation and maintenance activities of the Group's operating solar power projects in Italy. The Group outsources these O&M services to third parties.

7. GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Nine months ended	
	September 30	September 30	September 30	September 30
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Salaries and benefits	716	480	2,190	1,408
Board of Directors fees	103	25	259	71
Share-based payment expenses	48	125	177	445
Corporate and professional fees	518	487	1,947	1,545
Listing, filing and marketing expenses	67	55	319	250
Office lease expenses	112	112	331	351
Depreciation and amortization (corporate assets)	86	91	265	274
Office, travel and other general and administrative expenses	352	128	771	331
Total general and administrative expenses	2,002	1,503	6,259	4,675

During the three months ended September 30, 2014, general and administrative expenses of \$0.8 million (2013: \$0.9 million), representing internally-generated costs (\$0.4 million) and third-party costs (\$0.4 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 13](#)

During the nine months ended September 30, 2014, general and administrative expenses of \$4.2 million (2013: \$2.3 million), representing internally-generated costs (\$1.7 million) and third-party costs (\$2.5 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 13](#)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

*Expressed in US\$'000 unless otherwise stated***8. FINANCE INCOME AND COSTS**

	Three months ended		Nine months ended	
	September 30 2014 \$'000	September 30 2013 \$'000	September 30 2014 \$'000	September 30 2013 \$'000
Finance income:				
Changes in fair values of derivative financial instruments:				
- Ineffective portion reclassified from other comprehensive income	-	2	113	465
Foreign exchange gain	2,586	74	2,381	-
Other finance income	65	545	122	646
Total finance income	2,651	621	2,616	1,111
Finance costs:				
Interest expense:				
- Credit facilities and non-recourse loans Note 17	4,429	2,360	11,333	7,046
- Interest rate swap contracts associated with non-recourse loans	2,329	2,460	7,129	7,268
- Corporate bond Note 17/19	2,145	1,793	6,409	5,331
- Credit facility with related party (Lundin family) Note 19	-	-	179	-
- Credit facility with non-controlling interest	302	-	653	-
- Amortization of transaction costs	377	221	974	656
Changes in fair values of derivative financial instruments:				
- Ineffective portion reclassified from other comprehensive income	-	95	1,025	96
- De-designated portion reclassified from other comprehensive income	87	86	266	258
Written call option	176	-	523	-
Loss on derecognition of liability	-	-	1,022	-
Foreign exchange loss	-	-	-	134
Other finance costs	201	148	670	376
Total finance costs before deducting amounts capitalized	10,046	7,163	30,183	21,165
Amounts capitalized on qualifying assets	(2,643)	-	(5,599)	-
Total finance costs	7,403	7,163	24,584	21,165
Net finance costs	4,752	6,542	21,968	20,054

The Group has five credit facilities outstanding that were used to finance the construction of its operating solar power projects in Italy and are hedged using interest rate swap contracts. The Group has also entered into credit facilities in order to finance the construction of its solar power plants in Chile and Japan. Applicable borrowing costs have been capitalized as assets under construction within property, plant and equipment ([Note 12](#)). Refer to [Note 17](#) and [Note 18](#) for further details on the Group's credit facilities and derivative financial instruments.

During the three and nine months ended September 30, 2014, the Group recognized a net fair value loss of \$2.9 million (2013: net fair value gain of \$1.1 million) and of \$10.9 million (2013: net fair value gain of \$10.1 million), respectively, net of tax, within other comprehensive income related to the effective portion of the Group's interest rate swap contracts.

In addition, during the nine months ended September 30, 2014, the Group recognized a \$1.0 million loss associated with the early redemption of the previously outstanding €60 million principal amount of corporate bonds. [Note 17](#)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

9. INCOME TAXES

(a) INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	September 30	September 30	September 30	September 30
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Current income tax expense:				
Corporate income tax	(2,769)	(4,819)	(3,340)	(6,122)
Provincial income tax	(867)	(1,130)	(1,025)	(1,620)
Total current income tax expense	(3,636)	(5,949)	(4,365)	(7,742)
Deferred income tax recovery:				
Current period	265	300	1,003	(403)
Tax benefits	1,198	2,388	1,324	3,744
Total deferred income tax recovery	1,463	2,688	2,327	3,341
Total income tax expense	(2,173)	(3,261)	(2,038)	(4,401)

During the three and nine months ended September 30, 2014, the Group recognized an income tax expense of \$3.6 million (2013: \$5.9 million) and \$4.4 million (2013: \$7.7 million), respectively, associated with its Italian solar power projects, based on the forecasted effective tax rate expected during 2014.

During the first quarter of 2014, the incremental tax in Italy associated with the so-called “Robin Hood” tax legislation was reduced from 10.5% to 6.5%, reducing the corporate income tax rate from 38% to 34% for 2014 and beyond for the solar projects affected by this additional tax. This tax rate is applicable to five of the Group’s operating solar projects in Italy.

During the three and nine months ended September 30, 2014, the Group recognized a deferred income tax recovery of \$1.5 million (2013: \$2.7 million) and \$2.3 million (2013: \$3.3 million), respectively, in relation to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts and utilized tax losses.

(a) CURRENT INCOME TAX LIABILITIES

	September 30	December 31
	2014	2013
	\$'000	\$'000
Corporate income tax	3,134	654
Provincial income tax	826	103
Total current income tax liabilities	3,960	757

10. EARNINGS/LOSS PER SHARE

Basic and diluted loss per share is calculated by dividing the net loss for the period by the weighted average number of shares outstanding during the period as follows:

	Three months ended		Nine months ended	
	September 30	September 30	September 30	September 30
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Loss attributable to owners of the Company	1,255	1,056	(8,372)	(4,638)
	Number of shares		Number of shares	
Weighted average number of shares outstanding (basic and diluted)	320,726,490	205,746,419	320,726,490	205,746,419
Basic earnings/(loss) per share	\$0.004	\$(0.005)	\$(0.026)	\$(0.023)
Diluted earnings/(loss) per share	\$0.004	\$(0.005)	\$(0.026)	\$(0.023)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

11. NON-CONTROLLING INTEREST

Below is a summary of the financial information relating to PV Salvador SpA ("Salvador"), Shizukuishi Solar Power GK ("Shizukuishi") and Etrion Energy 1 GK ("Mito"), the Group's subsidiaries in which there is a non-controlling interest ("NCI").

Salvador is a Chilean entity that owns the licenses and permits to build and operate a 70 megawatt ("MW") solar power plant in northern Chile ("Project Salvador"). Salvador is initially owned 70% by Etrion, 20% by Total Energie Developpement ("Total") and 10% by Solventus Chile SpA ("Solventus"). Project Salvador is under construction and is expected to be operational by November 2014.

Shizukuishi and Mito are Japanese entities that own the licenses and permits to build and operate solar parks in Japan totaling 34 MW ("the Shizukuishi and Mito Projects"). Shizukuishi and Mito are approximately 87% owned by Etrion and 13% owned by Hitachi High-Tech ("HHT"). The Shizukuishi and Mito Projects are under construction and are expected to be operational by the end of 2016 and 2015, respectively. The summarized current and non-current assets/(liabilities) from the entities in which there is a non-controlling interest, is as follows:

	September 30, 2014			December 31, 2013		
	Current	Non-current	Net	Current	Non-current	Net
Salvador	(6,350)	13,418	7,068	(43,686)	46,875	3,188
Shizukuishi	19,647	(15,295)	4,352	-	-	-
Mito	6,233	(4,693)	1,540	-	-	-
Total net assets/(liabilities)	19,530	(6,570)	12,960	(43,686)	46,875	3,188

The non-controlling interest at September 30, 2014, of \$2.9 million represents the 30% minority interest in Salvador held by Total and Solventus and the 13% minority interest of Shizukuishi and Mito 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, other than those imposed by the lending bank related to cash distributions.

The summarized income statement for Salvador, Shizukuishi and Mito, including the portion allocated to NCI for the three and nine months ended September 30, 2014, is as follows:

Three months ended September 30, 2014:

	Loss for the period	Comprehensive	Comprehensive
		loss for the period	loss allocated to NCI
Salvador	183	183	55
Shizukuishi	28	28	4
Mito	21	21	3
Total	232	232	62

Nine months ended September 30, 2014:

	Loss for the period	Comprehensive	Comprehensive
		loss for the period	loss allocated to NCI
Salvador	234	234	70
Shizukuishi	28	28	4
Mito	21	21	3
Total	283	283	77

For the three and nine months ended September 30, 2013, there was no NCI.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

12. PROPERTY, PLANT AND EQUIPMENT

	Land \$'000	Solar power projects \$'000	Assets under construction \$'000	Equipment and furniture \$'000	Total \$'000
Cost:					
At December 31, 2013	13,755	399,044	7,705	1,479	421,983
Additions	-	111	142,941	176	143,228
Disposals	-	-	-	(25)	(25)
Exchange differences	(1,319)	(35,372)	(463)	(141)	(37,295)
At September 30, 2014	12,436	363,783	150,183	1,489	527,891
Accumulated depreciation:					
At December 31, 2013	-	63,232	-	1,107	64,339
Charge for the period	-	14,984	-	213	15,197
Disposals	-	-	-	(25)	(25)
Exchange differences	-	(5,741)	-	(132)	(5,873)
At September 30, 2014	-	72,475	-	1,163	73,638
Net book value:					
At December 31, 2013	13,755	335,812	7,705	372	357,644
At September 30, 2014	12,436	291,308	150,183	326	454,253

During the nine months ended September 30, 2014, the Group's assets under construction mainly increased by \$142 million based on the percentage of work completed on Project Salvador in Chile, including \$5.6 million of borrowing costs associated with credit facilities obtained to finance the construction of this solar project.

13. INTANGIBLE ASSETS

	Goodwill \$'000	Licenses and permits \$'000	Internally generated development costs and other \$'000	Total \$'000
Cost:				
At December 31, 2013	1,809	28,370	3,613	33,792
Additions	-	629	4,598	5,227
Reclassification of development costs	-	1,601	(3,668)	(2,067)
Impairment	-	-	(109)	(109)
Exchange differences	(179)	(1,096)	(342)	(1,617)
At September 30, 2014	1,630	29,504	4,092	35,226
Accumulated amortization:				
At December 31, 2013	-	2,150	196	2,346
Charge of the period	-	795	189	984
Exchange differences	-	(207)	(19)	(226)
At September 30, 2014	-	2,738	366	3,104
Net book value:				
At December 31, 2013	1,809	26,220	3,417	31,446
At September 30, 2014	1,630	26,766	3,726	32,122

During the nine months ended September 30, 2014, general and administrative expenses of \$4.2 million (2013: \$2.3 million) representing internally-generated costs (\$1.7 million) and third-party costs (\$2.5 million), were capitalized within intangible assets, as they directly related to the Group's business development activities in Chile and Japan. [Note 7](#)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

14. CASH AND CASH EQUIVALENTS (INCLUDING RESTRICTED CASH)

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

	September 30 2014 \$'000	December 31 2013 \$'000
Cash at banks	147,243	94,914
Total	147,243	94,914

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

	September 30 2014 \$'000	December 31 2013 \$'000
Unrestricted cash and cash equivalents	38,592	8,511
Cash and cash equivalents restricted to solar power projects	108,651	86,403
Total cash and cash equivalents	147,243	94,914

Restricted cash relates to cash and cash equivalents held at the project level that is restricted by the lending banks for future repayment of interest and principal and working capital requirements related to specific projects. 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, through payment of interest on shareholder loans or through dividend distributions.

During the nine months ended September 30, 2014, the cash and cash equivalents balance increased significantly, primarily due to the successful completion of the private placement (Note 15), the corporate bond issuance (Note 17) and the drawdowns under the credit facilities associated with Project Salvador (Note 17).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

15. SHARE CAPITAL

The Company has authorized capital consisting of an unlimited number of common shares, of which 334,082,657 were issued and outstanding at September 30, 2014 (2013: 205,746,419). 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, if and when declared by the Board of Directors. No dividends were declared during the nine months ended September 30, 2014 and 2013.

	Number of shares outstanding	Share capital \$'000
At December 31, 2013	209,219,086	34,879
Private placement	124,633,571	76,280
Stock options exercised Note 16	230,000	141
At September 30, 2014	334,082,657	111,300

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 \$80 million). Entities associated with the Lundin family subscribed for 28,201,571 common shares or approximately 23% of the private placement. As a result, the Lundin family continues to be Etrion's largest shareholder owning approximately 24.3% of the Company.

During the three months ended September 30, 2014, the Company issued 60,000 new common shares with a fair value of CAD\$0.42 as a result of stock options being exercised during the period. No stock options were exercised during the nine months period ended September 30, 2013. [Note 16](#)

16. SHARE-BASED PAYMENTS

The Company maintains an equity-settled stock option awards scheme for employees, consultants, directors and officers of the Group. 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's shareholders approved at the annual meeting held on June 12, 2014, the adoption of a Restricted Share Unit Plan (RSU) awards scheme for employees, consultants, directors and officers. RSUs have a contractual term of three years and have time-based and performance-based vesting conditions.

During the three and nine months ended September 30, 2014, the Group recognized share-based payment expenses of \$0.1 million (2013: \$0.1 million) and \$0.2 million (2013: \$0.4 million), respectively, related to its stock option and RSU awards scheme. [Note 7](#). 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 September 30, 2014	5,380,000	0.48
Stock options exercisable:		
At December 31, 2013	3,646,001	0.57
At September 30, 2014	4,018,667	0.52

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.

	Number of RSUs
At December 31, 2013	-
Granted	3,220,212
At September 30, 2014	3,220,212

As at September 30, 2014, there were no RSUs exercisable.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

17. BORROWINGS

	Corporate borrowings \$'000	Non-recourse project loans \$'000	Total \$'000
At January 1, 2014	83,950	354,634	438,584
Proceeds from loans	24,733	84,477	109,210
Repayment of loans and interest	(4,086)	(25,684)	(29,770)
Settlement of debt	209	-	209
Accrued interest	6,409	11,332	17,741
Amortization of transaction costs	251	724	975
Exchange differences	(9,315)	(26,444)	(35,759)
At September 30, 2014	102,151	399,039	501,190
- Current portion	3,534	14,760	18,294
- Non-current portion	98,617	384,279	482,896

At September 30, 2014, and December 31, 2013, the Group was not in breach of any of the imposed operational and financial covenants associated with its corporate borrowings and non-recourse project loans.

(a) CORPORATE BORROWINGS

On April 23, 2014, Etrion issued €80 million principal amount of new secured bonds in the Norwegian bond market. The new bonds have an annual interest rate of 8% 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% and were due to mature in April 2015, and the balance 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 (i.e., a fixed premium). 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.

The carrying value of the corporate bonds as at September 30, 2014, including accrued interest net of transaction costs, was \$102.2 million. The corporate bond agreement requires the Company to maintain a minimum unrestricted cash balance of €3 million.

(b) NON-RECOURSE PROJECT LOANS

Italian Projects

The non-recourse project loans (i.e., where the lending bank has security only over the assets of the associated project) obtained by the Group's Italian subsidiaries to finance the construction of the Group's solar power projects mature at various dates between 2024 and 2028 and bear annual interest rates of Euribor plus a margin ranging from 1.35% to 3.1%. At September 30, 2014, the fair value of the non-recourse project loans approximated their carrying values as the loans bear floating interest rates. At September 30, 2014, 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 (i.e., solar power projects and land) associated with the solar power projects financed by these facilities. 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. Counterparties to the non-recourse project loans do not have unconditional or unilateral discretionary rights to accelerate repayment to earlier dates unless it is formally approved by the lender banks.

All the Italian non-recourse projects loans interest rates are hedged through interest rate swap contracts, all of which qualified for hedge accounting at September 30, 2014, and December 31, 2013.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

17. BORROWINGS (CONTINUED)

(b) NON-RECOURSE PROJECT LOANS (CONTINUED)

Chilean Projects

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 is drawn in tranches each of which is subject to a different fixed interest rate. The first tranche of \$50 million that was drawn in December 2013 bears a fixed annual rate of 7.51%. The second tranche of \$64 million drawn in May 2014 bears a fixed annual interest rate of 6.83%. At September 30, 2014, \$41 million was undrawn under this credit facility which is expected to be fully drawn by the end of 2014. Total transaction costs related to the drawdown completed during the nine months ended September 30, 2014, amounted to \$0.3 million. The repayment of this credit facility is secured principally by the proceeds from the sale of electricity in the spot market once the solar project is operational. The loan is accounted for using the amortized costs method based on the effective interest rate.

In addition, the Group obtained a \$35 million value added-tax ("VAT") credit facility from Rabobank, a Chilean bank owned by Rabobank Group, a Dutch multinational banking and financial service company, to finance the VAT associated with the construction costs of Project Salvador. The VAT credit facility bears variable interest rates which are set every quarter plus a margin. The average applicable interest rate during the nine months ended September 30, 2014, was approximately 6%. During the nine months ended September 30, 2014, the Group completed the second and third drawdowns for a total amount of \$2.1 million under this VAT credit facility increasing the total amount drawn to \$4.4 million (net of accrued interest and transaction costs). At September 30, 2014, the total undrawn amount under this VAT credit facility was \$30.6 million, which is expected to be fully utilized by the end of 2014.

Japanese Projects

During the three months ended September 30, 2014, the Group's Japanese subsidiaries that hold the 34 MW Shizukuishi and Mito projects entered into a senior secured financing agreement in Japanese yen with Sumitomo Mitsui Trust Bank, Limited (SMTB) for a total amount of ¥9,852 million (\$90.1 million) in order to finance 80% of the construction costs of the projects. These credit facilities have an 18-year tenor bear floating interest rates during the construction period of the solar plants and a 90% hedged interest rate plus a margin during operation. The repayment of this facility is secured principally by the proceeds from the sale of electricity under a purchase power agreement with the respective utility, once the solar plants are completed and operational. The loan is accounted for using the amortized costs method based on the effective interest rate.

On September 30, 2014, the first drawdown under the Shizukuishi credit facility in the amount of ¥600 million (\$5.5 million) was made. As of September 30, 2014, the undrawn amount was ¥6,524 million (\$57.2 million).

In addition, during the three months ended September 30, 2014, the Group's Japanese subsidiaries entered into a VAT credit facility agreement in Japanese yen with SMTB for a total amount of ¥840 million (\$7.7 million) in order to finance the related VAT capital disbursements of the Shizukuishi and Mito projects. These VAT credit facilities have a term of 3 years and bear a variable interest rate plus a margin.

On September 30, 2014, the first drawdown under the Shizukuishi VAT credit facility in the amount of ¥150 million (\$1.4 million) million was made. As of September 30, 2014, the undrawn amount was ¥449 million (\$4.1 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

18. DERIVATIVE FINANCIAL INSTRUMENTS

	September 30 2014 \$'000	December 31 2013 \$'000
Derivative financial liabilities:		
Interest rate swap contracts (cash flow hedges)		
- Current portion	8,882	9,110
- Non-current portion	39,561	27,019
Total derivative financial liabilities	48,443	36,129

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. 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 interest rate forward yield curve and an appropriate discount factor. At September 30, 2014, and December 31, 2013, the Group had seven derivative financial instruments that qualified for hedge accounting. [Note 8](#) and [Note 17](#)

On March 28, 2014, the Group recognized as derivative financial instruments classified at fair value through profit and loss the call option associated with the previously outstanding €60 million of corporate bonds. At redemption at 101% of par value on May 19, 2014, the fair value of the call option was released. [Note 8](#) and [Note 17](#)

19. RELATED PARTIES

For the purposes of preparing the Company's consolidated interim 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.

(a) RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2014 and 2013, the Group entered into the following transactions with related parties:

	Three months ended		Nine months ended	
	September 30 2014 \$'000	September 30 2013 \$'000	September 30 2014 \$'000	September 30 2013 \$'000
General and administrative expenses				
Lundin Services BV	30	6	142	23
Finance costs				
Lundin Services BV:				
- Interest expense associated with corporate bond	-	233	269	677
- Transaction costs associated with corporate bond	-	6	10	18
Lundin family:				
- Interest expense associated with corporate bond	544	459	1,308	1,336
- Transaction costs associated with corporate bond	24	13	51	35
- Interest expense associated with Lundin bridge loan ⁽¹⁾	-	-	132	-
Total transactions with related parties	598	717	1,912	2,089

Note:

(1) Interest expense of \$0.2 million associated with the Lundin bridge loan was capitalized within property, plant and equipment. [Note 12](#)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

19. RELATED PARTIES (CONTINUED)

(a) RELATED PARTY TRANSACTIONS (CONTINUED)

At September 30, 2014, and December 31, 2013, the amounts outstanding to related parties were as follows:

	September 30 2014 \$'000	December 31 2013 \$'000
Current liabilities:		
Lundin family bridge loan	-	18,215
Lundin Services BV:		
- General and administrative expenses	4	5
- Participation in corporate bond	-	191
Lundin family (participation in corporate bond)	764	378
Total current liabilities	768	18,789
Non-current liabilities:		
Lundin Services BV (participation in corporate bond)	-	10,444
Lundin family (participation in corporate bond)	18,491	20,613
Total non-current liabilities	18,491	31,057
Total amounts outstanding to related parties	19,259	49,846

There were no amounts outstanding from related parties at September 30, 2014 and December 31, 2013.

Lundin Services BV

The Group receives technical and legal services from Lundin Services BV ("Lundin Services"), a wholly-owned subsidiary of Lundin Petroleum AB. The Chief Executive Officer of Lundin Petroleum AB is a Director of the Company.

During the first quarter of 2014, Lundin Services sold its previously held €7.6 million principal amount of corporate bonds issued by the Company that were subsequently redeemed in April 2014. Lundin Services did not participate in the new corporate bonds issue completed in April 2014. [Note 17](#)

Lundin family

Corporate bond

During the first quarter of 2014, investment companies associated with the Lundin family sold their €15 million principal amount of corporate bonds issued by the Company that were redeemed in April 2014. Investment companies associated with the Lundin family subsequently subscribed for €15 million of the new corporate bonds issue completed in April 2014. [Note 17](#)

Lundin family bridge Loan

In September 2013, the Group obtained a \$42 million unsecured loan facility from an investment company associated with the Lundin family at an annual interest rate of 12% with a 12-month maturity in order to fund its business development activities in Chile. In January 2014, the total outstanding amount under this facility of \$18.4 million, including accrued interest, was repaid.

(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. The remuneration of key management personnel was as follows:

	Three months ended		Nine months ended	
	September 30 2014 \$'000	September 30 2013 \$'000	September 30 2014 \$'000	September 30 2013 \$'000
Salaries and short-term benefits	181	192	900	640
Board of Directors (non-executive directors)	94	25	250	71
Share-based payment	119	69	182	220
Pension costs	27	35	162	110
Total	421	321	1,494	1,041

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2014

UNAUDITED

Expressed in US\$'000 unless otherwise stated

19. RELATED PARTIES (CONTINUED)

(b) KEY MANAGEMENT PERSONNEL (CONTINUED)

The amounts outstanding to key management personnel were as follows:

	September 30 2014 \$'000	December 31 2013 \$'000
Board of Directors (non-executive directors)	94	-
Other (bonus payable and pension costs payable)	-	825
Total amounts outstanding to key management personnel	94	825

There were no amounts outstanding from key management personnel at September 30, 2014 and December 31, 2013.

20. COMMITMENTS

Contractual commitments and capital investments

The Group enters into contracts with large international contractors that design, construct, operate and maintain its utility-scale solar photovoltaic power plants.

In September 2013, the Group entered into a shareholders agreement with Total and Solventus to build, own and operate Project Salvador. The total project cost of approximately \$200 million is being financed 70% through non-recourse project debt, with the remaining equity being funded by Etrion, Total and Solventus, based on their respective ownership interests of 70%, 20% and 10%, resulting in a total capital commitment for the Group of approximately \$42 million. At September 30, 2014, the Group has \$8.2 million outstanding under this commitment.

In September 2014, the Group entered into shareholders agreement with HHT to build, own and operate the two Japanese projects Shizukuishi and Mito. The total project costs are approximately \$121.3 million, including costs related to the licenses, permits, development and construction. Approximately 80% of these costs are being financed through non-recourse debt from SMTB, with the remaining equity portion to be funded by Etrion and HHT based on their respective ownership interests, resulting in total capital commitment for the Group of approximately \$21.1 million. As of September 30, 2014, the Group has contributed 100% of its equity portion and has no outstanding commitments.

At September 30, 2014, the Group had no other significant capital commitments.