5EL SA, Lausanne

Annual Report 2016

for the year ended 31 December 2016

28 April 2017

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LETTER TO THE SHAREHOLDERS

TO OUR SHAREHOLDERS

Dear Shareholders,

This year has been a transition year for our Company. The new Board of Directors elected in August 2016 has been very proactive in looking at new opportunities of recovery and development of the business.

The Board of Directors managed to assure the continuity of the business while focusing on arising opportunities, both in the energy sector as well as in other interesting and growing market sectors.

The shareholders' structure has changed at the end of 2016 resulting in a renewed and hopefully stronger shareholder base.

2017 will bring new extremely interesting and challenging scenarios for the development of our Company. The support of the existing and new shareholders as well as a fully committed Board of Directors should create the right strategic path for the business in order to enhance the appeal of the Company and make it attractive for the investors.

Gianluigi Facchini

Chairman

CORPORATE GOVERNANCE

General information

The Company's corporate governance principles are laid out in the articles of incorporation (the "Articles"), in the Organizational Rules (Organizations regulation) adopted by the Board of Directors (alternatively, the "Board") and in a set of other Group directives, including the internal control system (the "ICS").

Further information disclosed below complies with the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange; the information refers to 31 December 2016, unless otherwise indicated. In order to avoid redundancies, references are inserted to other parts of this Annual Report and links to 5EL's website www.5el.ch that could provide additional, more detailed information.

Group structure and shareholders

Group structure

Company Name	5EL SA (previously OTI Energy SA)
Headquarter	Rue du Grand-Chêne 8, 1003 Lausanne
Company number	CHE-101.017.162
Listing	Swiss Reporting Standard
Security symbol	FEL
ISIN of the listed Common Shares	CH0006326851

The operational Group structure is described below.

The Company directly or indirectly held the following non-listed companies that were sold during 2015:

- Prodena Srl, Montaldo Dora, Italy; capital EUR 100'000 (60%)
- Lugo Srl, Lucca, Italy; Capital EUR 40'000 (60%)
- Enerproject Srl, Lucca, Italy; Capital EUR 40'000 (60%)

Based on the percentage of the holding in the above investments, there was a Group structure and consolidation was required.

The Company had no operating activity in 2016. As a result, for the year 2016 only the financial statements of the Company stand alone are presented.

Significant shareholders

According to SIX Swiss Exchange notification, significant shareholders as of December 31, 2016 were:

- Whiteridge Global Energy Fund SPC Ltd, 23.22%
- ERVA Energia Rinnovabile Valtellinese s.r.l., 19.80%
- BBE s.r.l., 14.99%
- IFM Independant Fund Management AG, 3.03 %
- Marina Franklin, 3.94%
- The Company holds 1.77 % of its share capital (n. 4'508 shares/254'048)

Past and current notifications regarding the Company can be seen on the website of SIX Exchange Regulation at https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html.

Cross investments

There are no cross investments with other companies.

Capital structure

Share capital (CHF)

Ordinary share capital as per 31 December 2016	**CHF**	**10'161'920.–**
Authorized capital as per 31 December 2016	CHF	0.–
Conditional capital as per 31 December 2016	CHF	5'020'000.–

Restructuring of the capital

On 29 September 2016 the Company held an Extraordinary General Meeting of shareholders. The Extraordinary General Meeting resolved to reduce the nominal value of a share to CHF 3.50 and to increase the capital by issuing new shares for at least CHF 9'272'753 and up to maximum of CHF 28'000'000. The capital restructuring was not carried out within the 3 month period provided for by law and will again be put on the agenda of a future General Meeting. On the 22nd of December the Board of Directors decided to postpone the capital increase to 2017.

Authorized and conditional capital in particular

On 28 February 2014 the Company held an Extraordinary General Meeting of shareholders, authorizing the creation of conditional share capital in the amount of CHF 5'020'000. The conditional share capital is reserved for the issuing of conversion rights linked to convertible bonds.

Changes in capital (CHF)

	CHF
Capital as per 31 December 2014	10'161'920.–
Capital as per 31 December 2015	10'161'920.–
Capital as per 31 December 2016	10'161'920.–

Shares and participation certificates

As per 31 December 2016 the share capital consisted of 254'048 bearer shares with a nominal value of CHF 40 each. Each share has one voting right and is fully entitled to dividends. The shares are fully paid in. There are no participation certificates.

Profit sharing certificates

There are no profit sharing certificates.

Limitations on transferability and nominee registrations

The shares of the Company can be transferred without restrictions.

Convertible bonds and warrants / options

As per 31 December 2016 a convertible loan was outstanding for an amount of CHF 1'120'000, subject to the creation of conditional share capital in the same amount, which had been approved by an Extraordinary Meeting of Shareholders on 28 February 2014.

The Board of Directors

On 31 December 2016, the Board of Directors of the Company consisted of the following persons:

Name / Position / Nationality	First election	Current term ends	Other significant Board memberships
Gianluigi Facchini Chairman Executive president of the Board Italian	2015	2017	None
Serge Umansky Vice President Non-executive member of the Board US citizen	2015	2017	None
Victor Iezuitov Director Executive member of the Board Russian	2015	2017	None

During the Annual General Meeting held on 02 August 2016, Mr. Nicolò von Wunster resigned from the position of CEO. Since then, the Company has been managed directly by the Board.

A brief profile of these members is laid out below.

The following sets forth the name, year of assuming office on the Board of Directors, position and the committee memberships of each member of the Board of Directors (alternatively, the "Directors").

Members of the Board of Directors

Gianluigi Facchini

Gianluigi Facchini, born in 1958, Italian citizen, has been working for thirty years as an entrepreneurial specialist in corporate strategy and financial engineering both as entrepreneur and as advisor to several prominent companies both in Italy and abroad.

In the early 1980s, Mr. Facchini began his entrepreneurial career (in the family tradition) by forming his first corporation, which resulted in an effective restructuring of two crisis-ridden companies in the construction and high quality mechanical workmanship sector.

Mr. Facchini worked to reorganize various textile manufacturing enterprises, through which he developed a special sensitivity to organizational and strategic problems in these sectors.

Continuing his entrepreneurial activities, Gianluigi recognized a lucrative strategic opportunity and founded a Group owning and managing 9 Hotels in the north of Italy and an historical property in Scotland, through the Grouping of several independent hotels in Milan and Lombardy – specialized in business clientele into a single holding Company.

After the successful sale of the Hotel business unit, Mr. Facchini has focused his efforts in restructuring and repositioning a Group of companies acting in the textile business: classic, sportswear/casual and homeware. The different brands have achieved each of them in the specific niche of the market, an outstanding and prominent position.

In the more recent years, Mr. Facchini has been working on different stage acting as strategic advisor of a number of companies on diversified sets of projects, leveraging both on his industrial and global expertise,

including High-Tech components manufacturing, Energy – traditional and renewable, Real Estate & Hospitality.

Serge Umansky

Dr. Serge Umansky born in Ukraine on the 10th of July 1953, US citizen, resident in Switzerland. Signet Group CEO and Co-Head of Investment Management, a member of Signet's Investment Committee.

Serge is heading the investment team of Whiteridge Funds managed by Signet, including also Whiteridge Global Energy Fund SPC Ltd, the largest shareholder of the Company. Before joining Signet Group in 1999, he was Senior Consultant for Computerized Portfolio Management Systems (1998-99); Head of Research and Portfolio Manager for a Group of top emerging-markets funds in Washington, D.C. (1993-98); an IT consultant to derivative traders in Chicago (1990-92), a Professor of Applied Mathematics and Computer Sciences and a head of the Numerical Analysis Laboratory in Kiev (1985-89).

Victor Iezuitov

Born in Russia in 1981, a Swiss resident, graduated in 2003 from Moscow State Linguistic University. Victor is Senior Analyst of Energy Sector and Deputy AML-Officer at Signet Research& Advisory SA – an asset management Company based in Lausanne, Switzerland.

Victor holds an Executive master's degree in Energy Management from joint program at BI Norwegian Business School, IFP Energies Nouvelles Paris and UC Berkeley "Center for Executive Education".

Victor has more than 12 years of experience in energy business, he worked for several international companies, with a particular emphasis on Russia and CIS countries.

Elections and terms of office

The articles of incorporation provide for a Board consisting of one or more members. Directors are appointed and removed by shareholders' resolution.

The Articles of Association of the Company provide that a member of the Board of Directors and/or the Management Board may not hold more than 15 mandates in total as Director or executive member in other companies (no more than 5 mandates in listed companies).

Their term of office is one year. Re-election is allowed. The President of the Board (the "Chairman") and the Compensation Committee members are currently appointed by the General Shareholders' Meeting.

The Directors are elected or re-elected individually.

Name	Gianluigi Facchini	Serge Umansky	Victor Iezuitov
Since	20 November 2015	20 November 2015	20 November 2015
Term	Re-elected at the annual general shareholders' meeting on 02 August 2016 for one year until the AGM of 2017, respectively	Re-elected at the annual general shareholders' meeting on 02 August 2016 for one year until the AGM of 2017, respectively	Re-elected at the annual general shareholders' meeting on 02 August 2016 for one year until the AGM of 2017, respectively

Internal organizational structure

The Board of Directors is self-constituting and designates its own members and secretary. The latter need not to be a member of the Board. The Chairman convenes the Board as often as the Company's affairs require and presides (or in his absence another Director specifically designated by the majority of the Directors present at the meeting) over the Board meetings.

The Chairman decides on agenda items and motions. Every Director shall be entitled to request of the Chairman, in writing, a meeting of the Board, by indicating the grounds for such a request.

To pass a valid resolution, the majority of the members of the Board have to attend the meeting. Meetings may also be held by telephone conference to which all the Directors are invited. The Board of Directors passes its resolutions by way of simple majority. The members of the Board may only vote in person, not in proxy. Decisions can also be taken in writing, upon written proposal. In the event of a tied vote, the vote of the Chairman (or the chairperson) shall be decisive. Minutes are kept of deliberations and resolutions, and are signed by the Chairman and the Secretary.

The Board of Directors is constituted by its Members. As of 02 August 2016, Mr. Gianluigi Facchini has been re-elected as president. He is in charge of calling for and leading the meetings of the Board of Directors.

In accordance with the Articles of incorporation, 5EL has a Compensation Committee that consists of two Members of the Board of Directors who are elected individually by the Annual Shareholders' Meeting. The following Members have been elected for one-year term:

- Gianluigi Facchini, Chairman
- Victor Iezuitov, Member

The Board of Directors met 12 times during the year 2016. The average duration of a meeting was about 1.0 hour.

Definition of areas of responsibility

The Board is entrusted with the ultimate management of the Company (see art. 716a Code of Obligations):

The Board has certain duties that cannot be transferred: (i) ultimately manage the Company and issue any necessary directives; (ii) determine the organizational structure of the Company; (iii) organize the accounting system, the financial control and the financial planning; (iv) appoint, recall and ultimately supervise the persons entrusted with the management and representation of the Company; (v) prepare the annual report and the shareholders' meeting, carrying out shareholders' meeting resolutions; and (vi) notify the judge in case of over indebtedness of the Company.

In accordance with the Articles and the Organizational Rules, the Board of Directors has delegated the implementation of its defined strategies and the daily management of the Company to the Chief Executive Officer and Chief Financial Officer.

The Company has a separate Management Board since April 2009. The Board of Directors is informed throughout the year by the Management Board during the meetings of the Board of Directors or if need arises by phone, fax or email. Since the resignation of the previous CEO, 02 August 2016, this function has remained vacant. The management of the Company is directly under the responsibility of the Board of Directors, this in view of the very limited business operations of the Company in 2016.

Competence of Management

The Board of Directors in principle has delegated the management to the Management Board composed of the CEO and CFO. The competence and division of tasks between Board of Directors and Management is regulated in the Organizational Rules of the Company. The management of the Company has been delegated as per Art. 716b Code of Obligations. The Management Board is in particular responsible for the current management of

the Company in respect of the laws, the Articles of Incorporation, internal rules, directives and instructions of the Board of Directors. For the year 2016, after the resignation of the CEO, the management of the Company is directly under the responsibility of the Board of Directors, this in view of the very limited business operations of the Company.

Information and control instruments vis-à-vis the Management

The Board of Directors has an Internal Control System which is revised yearly and approved by it. The Board of Directors also makes a yearly Risk Assessment, which is monitored constantly.

The Management Board immediately informs the Board of Directors about major events and keeps the President of the Board informed about the financial situation of the Company on a regular basis. Since the Management Board are member of the Board of Directors, they also attend all Board meetings.

Management Board

The Management Board is in charge of the management since 17 April 2009. See above" Definition of areas of responsibility". The above mentioned limitation on the number of mandates applies to members of the Management Board, as well.

Compensation, shareholdings and loans

Content and method of determining compensation and the shareholding programs

The Members of the Board of Directors receive a fixed compensation including remuneration for specific mandates. They may also receive a variable compensation depending on the results of the business.

Transparency of Compensation for acting members of the governing bodies

See below page 16.

Allocation of shares in the reporting period

The Company does not have a share compensation program.

Options

The Company does not have an option program.

Share ownership

Other than as indicated above, "Significant Shareholders", the members of the Board of Directors do not directly or indirectly own shares of the Company.

Additional honorarium and remuneration

See below page 16.

Loans granted to governing bodies

There are no loans outstanding from, and no guarantees issued to or assumed for any member of the governing bodies.

Shareholders' participation

Voting-rights and representation restrictions

There are no restrictions regarding voting rights, no statutory Group clauses and hence no rules for making exceptions. Consequently, there is neither a procedure nor a condition for their cancellation. A shareholder may be represented by his legal representative, the corporate proxy, the independent proxy, by a depositary or by another shareholder.

Statutory quorums

The Articles of the Company do not provide for any specific majority requirements, in addition to those of the law.

Convocation of the General Meeting of shareholders

The Articles of the Company do not differ from the law regarding the convocation of a shareholders' meeting.

Agenda

The Articles of the Company do not contain any obligations with regard to the agenda differing from the law. Specifically there are no additional requirements with regard to notice periods or deadlines to be respected.

Inscriptions into the share register

The Company has exclusively bearer shares outstanding. The registration in the share register does not apply.

Changes of control and defense measures

Duty to make an offer

There are no opting up or opting out clauses in the Articles.

Clauses on changes of control

There are no clauses of changes of control contained in any agreements or similar documents.

Auditors

Duration of the mandate and term of office of the lead auditor

On 8 October 2015 the Ordinary Shareholders Meeting appointed Berney et Associés SA Société Fiduciaire, Lausanne, as auditor of 5EL SA and of the Financial Statements of 5EL SA.

The audit report is signed jointly by one partner and one representative of Berney et Associés SA Société Fiduciaire on behalf of Berney et Associés SA Société Fiduciaire. This is the second year that Mr. Cosimo Picci, in his capacity as auditor in charge, signs the auditor's report for 5EL SA.

Auditing fees

The total audit fee for the audit of financial year 2016 amounts to CHF 55'000.

Additional fees

No additional fees besides the audit fees have been paid to Berney et Associés SA in relation to the business year 2016.

Informational instruments pertaining to external audit

The auditor also issues a comprehensive report to the Board of Directors, in addition to the reports to the General Meeting.

In 2016, there have been several meetings between members of the Board of Directors and the auditors, in addition to various contacts with Management in connection with the audit of the financial statements.

Information policy

The Company provides the following information to the shareholders:

Interim Report	Per 30 June (www.5el.ch)
Annual report	Annual report for the business period from 1st January to 31 December (www.5el.ch)
Press information	when appropriate (electronically, with newsletter which can be subscribed to on the Company's website)
Company information	www.5el.ch
Investor Relations	Victor Iezuitov, 5EL SA Rue du Grand-Chêne 8, 1003 Lausanne Tel + 41 21 620 64 71 Fax +41 21 620 64 69 E-Mail: info@5el.ch

The 2017 General Shareholders' Meeting will be held on 30 June 2017.

The Interim report is planned to be published on 30 September 2017.

MANAGEMENT REMUNERATION REPORT

1. Introduction

This Remuneration Report details 5EL's compensation policy, covering all key elements and general principles and outlines the responsibilities and implementation. It also contains detailed information on the compensation of the Board of Directors and the Group Management for financial years 2016 and 2015. The remuneration report meets the following requirements:

- The Swiss Ordinance against Excessive Compensation in Listed Stock Companies
- The Directive on Information Relating to Corporate Governance (Corporate Governance Directive, DCG) of the SIX Swiss Exchange dated 1 September 2014.

2. Compensation policy

The compensation of the Board of Directors and Management Board is subject to review on an annual basis in compliance with the Group's strategic and operating targets.

3. Principles, elements, authority and determination of compensation

Elements of the compensation of the Board of Directors and Management Board

Compensation for acting as members of the governing body approved by the Annual General Meeting

Members of the Board of Directors receive a fixed and a variable compensation. Fixed compensation includes remuneration for the activities of members of the Board of Directors of 5EL SA.

Variable compensation depends on the results of the business, according to a scheme to be defined by the Compensation Committee.

They could also receive stock options for the benefit of Directors, fellow employees and advisors. The scheme has to be defined and approved by the General Assembly.

No compensation was recognized to other persons other than those disclosed in table included in section 4 "Compensation to the Board of Directors and Management Board".

Lump sum expense allowance to members of the Board of Directors

The former CEO and member of the Board received lump-sum expense allowance for his activity in 2015 (2016: nil). The president and the other members of the Board of Directors do not receive any lump-sum expense allowance.

Management Board Honorarium and remuneration

The former Chief Executive Officer, Mr. Nicolò von Wunster received a fixed compensation, which was paid to a Company related to him.

Other

The former member of the Board and former Chief Executive Officer received additional compensation, paid to a Company related to him, in connection with outsourced back-office services, assistance to the financial department and the sub-lease of the offices.

Authority and determination of compensation

On 02 August 2016 the Ordinary Shareholders' Meeting, Mr. Gianluigi Facchini and Mr. Victor Iezuitov were elected as member of the Compensation Committee for one-year term. The Compensation Committee is in charge of the implementation of the compensation policy for the Company.

The shareholders approved for the period from the Annual General Meeting 2016 to the Annual General Meeting 2017, of a maximum amount of CHF 250'000 as fixed amount, including remuneration for specific mandates, and up to a maximum amount of CHF 250'000 as variable amount depending on the results of the business, according to a scheme to be defined by the Compensation Committee and approved by the shareholders. A stock options scheme has also to be defined by the Compensation Committee and approved by the shareholders.

The Compensation Committee prepares the recommendations, which will be submitted to the General Meeting for approval.

4. Compensation to the Board of Directors and Management Board

31 December 2016
In thousand of CHF

Member of the Board of Directors and Management Board of 5EL SA	Function	Compensation for acting as members of the governing body (i)	Lump sum expense allowance (ii)	*Sub-total Board of Directors remuneration*	Management Board honorarium and remuneration (iii)	Other (iv)	Total
Gianluigi Facchini	President	70		*70*			70
Nicolò Von Wunster	Member & CEO			-	70	490	560
Victor Iezuitov	Member	40		*40*			40
Total		110	-	110	70	490	670

31 December 2015
In thousand of CHF

Member of the Board of Directors and Management Board of 5EL SA	Function	Compensation for acting as members of the governing body (i)	Lump sum expense allowance (ii)	*Sub-total Board of Directors remuneration*	Management Board honorarium and remuneration (iii)	Other (iv)	Total
Gianluigi Facchini	President	8		*8*			8
Nicolò Von Wunster	Member & CEO	15		*15*	120	164	299
Giovanni Varallo	Member	15	15	*30*			30
Victor Iezuitov	Member	4		*4*			4
Total		42	15	57	120	164	341

(i) Compensation to Members of the Board is the fixed remuneration.
(ii) Lump sum expense allowance for the activity of Members of the Board is a fixed amount.
(iii) The honorarium is the fixed compensation to the former Chief Executive Officer paid to a Company related to him.

(iv) Other remuneration represents professional fees, termination costs and reimbursement of costs incurred paid to a Company related to the former Chief Executive Officer in connection with outsourced back-office services, facility and ICT services.

No compensation was recognized to former members of the Board of Director and Management Board in 2016 other than as mentioned above.

5. Loans granted to Board of Directors and Management Board

There are no loans granted to members of the Board of Directors and Management Board. There are outstanding receivables due by members of the Board for a total amount of TCHF 14 in 2016 (2015: nil).

There are no guarantees issued or assumed for any members or former member of the Board of Directors and/or Management Board.

No compensation amounts and no loans and credits which are not at arm's length were paid or granted to related parties as of 31 December 2016.

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT TO THE GENERAL MEETING OF SHAREHOLDERS

berney associés

berney & associés sa
société fiduciaire

8, rue du nant
case postale 6268
1211 genève 6
t +41 58 234 90 00
f +41 58 234 90 01

4, rue étraz
case postale 6199
1002 lausanne
t +41 58 234 91 00
f +41 58 234 91 01

37, bd de pérolles
case postale 16
1705 fribourg
t +41 26 422 88 33
f +41 26 422 88 01

6, rue du musée
case postale 1849
2001 neuchâtel
t +41 58 234 91 09
f +41 58 234 91 19

18, rue de la dent-blanche
case postale 1180
1951 sion
t +41 27 322 75 40
f +41 27 322 75 44

1, rue arthur parchet
case postale 284
1896 vouvry
t +41 58 234 90 20
f +41 58 234 90 05

berneyassocies.com

REPORT OF THE STATUTORY AUDITOR
TO THE GENERAL MEETING OF 5EL SA, LAUSANNE

We have audited the remuneration report of 5EL SA for the year ended 31 December 2016. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections 4 to 5 on pages 2 to 3 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report for the year ended 31 December 2016 of 5EL SA complies with Swiss law and articles 14–16 of the Ordinance.

BERNEY & ASSOCIES SA
Société Fiduciaire

Cosimo PICCI
Licensed Audit Expert
Auditor in charge

Claude HERI
Licensed Audit Expert

Lausanne, 28 April 2017

ORGANIZATION AND BUSINESS ACTIVITY

5EL SA, previously OTI Energy SA ("The Company") is a limited Company incorporated on 17 December 1998 under the laws of Switzerland and has its registered trade office at Rue du Grand-Chêne 8, 1003 Lausanne, Switzerland.

On 28 December 2015 the Company sold all of its subsidiaries. Since then, the Company has no more operating activity. The Board of Directors has been researching different strategies for future development of the Company including the most promising industry focus taking into consideration additional capital requirements and expected possibilities to maximize the shareholders' value. Several privately held businesses have been reviewed as potential acquisition targets and various investor Groups have been invited to discuss their potential participation in the planned capital increase.

In 2015, the consolidated financial statements comprised the Company and its subsidiaries (collectively the "Group" and individually "Group companies"). The Group was primarily involved in the acquisition, holding and sale of investments in national and foreign companies engaged in the energy sector, in the hydro power generation, and in the development of new hydro power plants in Italy.

In 2016, as a consequence of the sale of all subsidiaries, there are no consolidated financial statements issued and the financial statements are similar to the corporate financial statements of the Company.

Most of the changes in the various positions of the balance sheet and of the profit and loss between 2015 and 2016 are due to this change in the scope of consolidation.

TRANSITION FROM IFRS TO SWISS GAAP FER

As a consequence of the transition from IFRS to Swiss GAAP FER, results in the income statement for the year 2015 were restated. Changes were primarily due to a different accounting treatment for debt discounting. In the balance sheet, the biggest adjustment concerns the non-recognition of a contingent consideration on acquisition of shares. This leads, together with other effects, to an increase in equity of TCHF 60 on the balance sheet as at 31 December 2016, but no change in the total assets.

NET RESULT

The net result is TCHF - 937, compared to TCHF 270 in 2015. The Company had no revenue during 2016 whereas in 2015 it operated its hydro power plants until the date of the sale.

BALANCE SHEET

As all subsidiaries were sold in December 2015, balance sheets are comparable between 2016 and 2015.

FINANCIAL STATEMENTS

INCOME STATEMENT
(in thousands of Swiss Francs)

For the year ended 31 December

	Notes	2016	2015
		TCHF	TCHF
Revenue	3	-	1 005
Other income	4	-	3 573
Personnel expenses	5	-	(76)
Administration and other operating expenses	6	(870)	(2 093)
Depreciation, amortization and impairment losses	7	(6)	(1 432)
Operating result (EBIT)		**(876)**	**977**
Finance income	8	22	175
Finance costs	8	(75)	(565)
Result before income tax		**(929)**	**587**
Income tax expense/income	9	(8)	(317)
Net result		**(937)**	**270**
Attributable to:			
Owners of the Company		(937)	337
Non-controlling interests		-	(67)
Net result		**(937)**	**270**
Earnings per share			
Basic (CHF per share)	17	(3,75)	1,35
Diluted (CHF per share)	17	(3,28)	1,35

BALANCE SHEET
(in thousands of Swiss Francs)

As at 31 December

	Notes	2016 TCHF	2015 TCHF
ASSETS			
Current assets			
Cash and cash equivalent		46	763
Trade and other receivables	10	1 937	4 289
Prepaid expenses		8	-
Total current assets		**1 991**	**5 052**
Non-current assets			
Property, plant and equipment	11	-	6
Intangible assets	12	-	-
Associates	13	-	-
Total non-current assets		**-**	**6**
Total assets		**1 991**	**5 058**
LIABILITIES AND EQUITY			
Current liabilities			
Current financial liabilities	14	1 320	2 266
Trade and other payables	15	563	627
Total current liabilities		**1 883**	**2 893**
Non-current liabilities			
Non-current financial liabilities	14	-	1 120
Total non-current liabilities		**-**	**1 120**
Capital and reserves			
Issued capital	16	10 162	10 162
Treasury shares		(259)	(259)
Accumulated deficit	16	(9 795)	(8 858)
Total equity attributable to owners of the Company		**108**	**1 045**
Non-controlling interests		-	-
Total equity		**108**	**1 045**
Total liabilities and equity		**1 991**	**5 058**

CHANGES IN EQUITY
(in thousands of Swiss Francs)

For the year ended 31 December 2016

	Issued capital				Attributable to		
	Share Capital TCHF	Treasury Shares TCHF	Foreign currency translation TCHF	Retained earnings TCHF	Owners of the Company TCHF	Non-controlling interests TCHF	Total TCHF
Balance at 1 January 2015	**10 162**	**(259)**	**(34)**	**(9 196)**	**673**	**2 788**	**3 461**
Profit for the the year				337	337	(67)	270
- Currency translation difference			(344)		(344)	(275)	(619)
- Reclassification of the accumulated translation difference to profit or loss as part of the gain on disposal			378		378	-	378
- Rounding				1	1	-	1
Dividends					-	(298)	(298)
Disposal of subsidiaries with non-controlling interests					-	(2 148)	(2 148)
Balance at 31 December 2015	**10 162**	**(259)**	**-**	**(8 858)**	**1 045**	**-**	**1 045**
Balance at 1 January 2016	**10 162**	**(259)**	**-**	**(8 858)**	**1 045**	**-**	**1 045**
Loss for the the year				(937)	(937)		(937)
Balance at 31 December 2016	**10 162**	**(259)**	**-**	**(9 795)**	**108**	**-**	**108**

CASH FLOW STATEMENT
(in thousands of Swiss Francs)

For the year ended 31 December

	Notes	2016 TCHF	2015 TCHF
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) for the year		(937)	270
Adjustments for:			
Tax (income) / expense	9	8	317
Finance costs	8	33	566
Finance income	8	(22)	(165)
Gain on disposal of subsidiaries		-	(1 648)
Net (gain) / loss arising on financial assets		-	(10)
Depreciation and amortization expense	7/11	6	1 052
Impairment losses on development expenditure		-	123
Impairment loss on associate		-	257
Unrealised foreign exchange (gain) / loss		12	105
		(900)	867
Movement in working capital			
(Increase)/decrease in inventory		-	84
(Increase)/decrease in trade and other receivables		53	-
Increase/(decrease) in trade and other payables		154	(457)
Cash flow generated from operations		*(693)*	*494*
Income taxes paid		(5)	-
Net cash from operating activities		**(698)**	**494**
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of subsidiaries, net of cash disposed of		-	16
Proceeds on sale of financial assets		-	150
Acquisition of associates		-	(257)
Acquisition of Property, plant and equipment		-	(2)
Development expenditure		-	(120)
Net cash used in / from investing activities		**-**	**(213)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(415)
Dividends paid to non-controlling interests		-	(106)
Interest paid		(19)	(96)
Payment of finance lease liabilities		-	(5)
Net cash used in financing activities		**(19)**	**(622)**
Change in cash and cash equivalents		**(717)**	**(341)**
Cash and cash equivalents at 1 January		763	1 202
Effect of movements in exchange rates on cash held		-	(98)
Cash and cash equivalents at 31 December		46	763
Change in cash and cash equivalents		**(717)**	**(341)**

NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

This section describes the basis of preparation of the financial statements and the Group's accounting policies that are applicable to the financial statements as a whole. This section also explains the new accounting principles that the Group has adopted in the current financial year.

These financial statements were approved by the Board of Directors and authorized for issue on 28 April 2017, but they are subject to approval of the shareholders' General Meeting.

1. ACCOUNTING INFORMATION AND POLICIES

Basis of preparation

Accounting policies have been consistently applied to all years presented, unless otherwise stated. 2015 figures may have been reclassified in order to be comparable versus the current period.

Starting 1 January 2016, the financial statements are prepared in accordance with the entire existing accounting principles of Swiss GAAP FER (Generally Accepted Accounting Principles FER), as well as the additional rules for the listing at the SIX Swiss Stock Exchange.

Accounting principles under Swiss GAAP FER, which have been applied for the first time for the preparation and presentation of the financial statements for 2016, differ in the following respect from IFRS reporting standards applied to the consolidated financial statements for the year ended 31 December 2015:

a) Fair value of the contingent consideration relating to the acquisition of K.R.ENERGY Spa Shares

   Under IFRS the Company calculated the fair value of the contingent consideration based on the exchange conditions of the shares of the Company against the K.R.ENERGY shares. This calculation is no more necessary according to the new accounting principles under Swiss GAAP FER.

b) Adjustment market interest rate on convertible loan

   Under IFRS the convertible loan was accounted for using the effective interest rate method on initial recognition. Under Swiss GAAP FER the method chosen for financial debts is amortized cost.

c) Debt discounting

   As mentionned in point b) above, the Company uses from now on the amortized cost method for its financial debts.

The following is a summary of adjustments linked to the change of accounting principles from IFRS to Swiss GAAP FER applied to the 2015 comparative balance sheet:

	31 Dec 2015 TCHF	1 Jan 2015 TCHF
Equity according to IFRS	**985**	**3 575**
Swiss GAAP FER adjustments		
Fair value of the contingent consideration relating to the acquisition of K.R.ENERGY Spa shares	70	21
Adjustment market interest rate on convertible loan	(11)	(14)
Discounting on a debt expired in 2015	-	(121)
Rounding	1	
Total adjustments to equity	**60**	**(114)**
Equity according to Swiss GAAP FER	**1 045**	**3 461**

Net result according to IFRS	**97**
Swiss GAAP FER adjustments	
Fair value of the contingent consideration relating to the acquisition of K.R.ENERGY Spa shares	49
Adjustment market interest rate on convertible loan	3
Discounting on a debt expired in 2015	121
Total adjustments to net result	**173**
Net result according to Swiss GAAP FER	**270**

Presentation currency

These financial statements are presented in Swiss Francs (CHF), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Basis of consolidation

The consolidated financial statements comprise the financial statements of 5EL SA and all subsidiaries which the parent Company, directly or indirectly, controls either by holding more than 50% of the voting rights or by otherwise having the power to govern their operating and financial policies. These subsidiaries are fully consolidated. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Upon the loss of control the Group derecognizes the assets and liabilities of the subsidiaries, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss.

The Company sold all its subsidiaries in December 2015.

Investments in associated companies where the possibility of significant influence on business policy exists are reported for according to the equity method and initially recognized at acquisition value. Following acquisition, changes in the level of participation and any value impairments are taken into account. The share in the profit and the dilutive effect of these associated companies are recognized in the income statement.

Non-controlling interests

Non-controlling interests are presented separately in the consolidated balance sheet and the consolidated income statement but as a component of consolidated equity and consolidated net result.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The consideration paid plus directly attributable transaction costs for each acquisition are eliminated at the date of acquisition against the fair value of the net assets acquired, determined based on uniform accounting policies. Any excess of the consideration transferred, over the net assets acquired is recognized as goodwill.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated.

Foreign currencies

Foreign currency transactions

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Gains and losses from foreign currency balances and from converting year-end foreign currency balances are recognized in the income statement.

Financial statements of foreign operations

Assets and liabilities of the Group's foreign operations are translated into CHF using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in equity. At the date of sale of a foreign subsidiary, the respective cumulative foreign currency translation differences are recognized in profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in equity.

The following exchange rates were used for currency translation:

	Year ended 31 December 2016		Year ended 31 December 2015	
	Closing rate	Period average	Closing rate	Period average
EUR	1.07200	N/A	1.08740	1.06594

Discontinued operations

A discontinued operation is a component of the Group's business which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographic area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to re-sale.

Disclosure in relation with discontinued operation is presented in note 2.

Segment reporting

As 5EL SA had no operating activity in 2016, no segment information is presented in this annual report.

In 2015, the Group operated in a single segment: the generation of energy through hydro power plants located in Italy.

Revenue recognition (2015)

Revenue is recognized when significant risks and reward of ownership in connection with the supply of energy have been transferred to the customer, recovery of the consideration is probable, there is no continuing involvement with the goods and the amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and rebates.

Revenue from the sale of energy is recognized when the energy has been delivered to the customer.

Employee benefits (2015)

Short term employee benefits

Short-term employee benefits are expensed as the related services are provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Income tax

Income tax is recognized in profit or loss. Current income taxes are accrued based on taxable income of the current year. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date. Deferred income tax assets and liabilities are recognized for all temporary differences between the tax and accounting bases of assets and liabilities at the reporting date using the liability method.

Deferred income taxes are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability settled.

Deferred tax assets arising from tax loss carry-forwards and deductible temporary differences are capitalized only if it is probable that they can be used to be offset against future taxable profits.

Trade and other receivables

Trade and other receivables are measured at nominal value less necessary allowances for bad debts.

Cash and cash equivalents

Cash and cash equivalents are stated at amortized cost and include cash on hand, postal and bank accounts at sight and time deposits with maturities at the balance sheet date of 90 days or less.

Property, plant and equipment

Items of property, plant and equipment are individually measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed on a straight line basis over the estimated useful life of the assets.

Financial liabilities

Financial liabilities are recognized at nominal value.

Treasury shares

When share capital is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as treasury shares as a deduction from total equity. When treasury shares are subsequently sold, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within accumulated profit or deficit.

USE OF JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with Swiss GAAP FER requires the use of certain assumptions and estimates that influence the figures presented in this report. They are based on analysis and judgements which are continuously reviewed and adapted if necessary.

2. DISCONTINUED OPERATION

On 28 December 2015, 5EL SA sold its entire Hydro Power Generation (HPG) segment, which included 60% of the shares of Prodena Srl that in turn owned 100% of the shares of Lugo Srl and Enerproject Srl.

The selling price amounted to TEUR 4'500 (TCHF 4'870) and the transaction resulted in a pre-tax capital gain to the Group of TCHF 1'648. The deferred consideration was payable in three tranches. The first one of TEUR 1'900 was settled on 13 April 2016 by the buyer to 5EL SA through the payment of 5EL SA's liability due to NOVEIS Srl for the amount of TEUR 1'900. The two other tranches of TEUR 1'000 or TCHF 2'140, were not paid as planned. Some payments were assumed during 2016 and additional compensations done in 2017 in the following way:

1. Original liability TEUR 2'000 or TCHF 2'140
2. Payment of TEUR 50 or TCHF 54 in December 2016
3. Termination allowance to the former CEO TEUR 200 or TCHF 214 paid by ERVA in 2016
4. Interest on outstanding liability TCHF 21.4
5. Balance due as at December 31, 2016 TCHF 1'897.4
6. Termination allowance to the former CEO TEUR 100 or TCHF 107 assumed by ERVA in 2017
7. In April 2017, transfer to ERVA of liability towards MTH for TCHF 1'120 plus interest TCHF 25.9 for a total of TCHF 1'145.9
8. In April 2017, transfer to ERVA of liability towards Bithià for a residual value of TCHF 200 plus accumulated interests TCHF 137 for a total of TCHF 337
9. The remaining balance of TCHF 307.5 will be paid by ERVA to the Company by July 31, 2017

The key figures of HPG segment were as follows:

	2016 TCHF	2015 TCHF
Revenue		2 886
Expenses		(2 859)
Results from operating activities	**-**	**27**
Income tax		(196)
Results from operating activities, net of tax	**-**	**(169)**
Gain on sale of discontinued operations		**1 648**
Profit / (Loss) from discontinued operations, net of tax	**-**	**1 479**
Attributable to:		
Owners of the Company		1 546
Non-controlling interests		(67)
Profit / (Loss) from discontinued operations, net of tax	**-**	**1 479**

3. REVENUE

The following is an analysis of the revenue from operations:

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Revenue from the sale of electricity	-	1 005
Total revenue	**-**	**1 005**

All revenue refers to the segment of Hydro Power Generation, Italy, sold in 2015.

4. OTHER INCOME

The following is an analysis of the capitalized expenditure and other income:

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Other income from sales of Green Certificates	-	1 858
Gain on disposal of operations	-	1 648
Government grants received	-	20
Other income	-	47
Total other income	**-**	**3 573**

As producer of renewable energy, the Group was granted with green certificates based on the power output (kWh) derived from renewable energy sources. Green certificates were recognized when there was a reasonable assurance that the Group will comply with the conditions attached to them, which is once the renewable energy is produced.

On 28 December 2015 the Group sold all of its subsidiaries (Prodena Srl, Lugo Srl and Enerproject Srl), accordingly the Group realised a gain on disposal of TCHF 1’648.

During financial year 2010 the Group built a hydropower plant. As a result of an appraisal of 2015, certain parts of such investment were eligible to benefit from an investment tax credit. The total amount of the investment tax credit was recognized as tax asset (current and deferred) and deferred income. The deferred income was recognized as other operating income on a systematic basis over the useful lives of the assets. For the period ended 31 December 2015 an amount of TCHF 20 was recognized as other income.

5. PERSONNEL EXPENSES

The following is an analysis of the personnel expenses:

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Wages and salaries	-	53
Social security costs	-	17
Pension costs (defined contributions plans)	-	3
Other personnel expenses	-	3
Total personnel expenses	**-**	**76**

6. ADMINISTRATION AND OTHER OPERATING EXPENSES

The following is an analysis of the administration and other operating expenses:

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Maintenance expenses	-	24
Audit fees	50	175
Operating leases	-	235
Other administration expenses	820	1 659
Total administration expenses and other operating expenses	**870**	**2 093**

7. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

The following is an analysis of the depreciation, amortization and impairment losses:

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Depreciation of property, plant and equipment	6	1 052
Impairment of intangible assets	-	123
Impairment on investments in associate	-	257
Total depreciation, amortization and impairment losses	**6**	**1 432**

On 28 August 2015 the Court of Alessandria declared the bankruptcy of Idreg Piemonte SpA, an associate Company; accordingly an impairment loss of TCHF 257 was recognized in the income statement.

8. FINANCE INCOME AND FINANCE COSTS

The following tables show the items included in finance income and finance costs:

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Net gain on financial assets	-	10
Interest income	22	-
Net foreign exchange gains	-	165
Total finance income	**22**	**175**

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Interest on other loans	6	513
Interest on convertible loan	27	37
Other financial costs	7	13
Total	40	563
Net foreign exchange loss	35	2
Total finance costs	**75**	**565**

The weighted average interest rate on funds borrowed is 2.42% per annum (2015: 5.25% per annum).

In 2015 the Group sold the residual part of its equity securities K.R.ENERGY SA for a total amount of TCHF 150, realising a gain of TCHF 10.

9. INCOME TAXES

Amounts recognized in profit or loss

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Current tax expense		
Current year	8	317
Adjustment for prior years	-	-
	8	**317**
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	-	**-**
Tax expense	**8**	**317**

Reconciliation of effective tax rate

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Profit / (Loss) before tax	**(929)**	**587**
Tax using the average applicable rate of 7.8% (2015: 8.7%)	**(72)**	**51**
Tax effect of:		
Deferred tax assets not recognised	72	169
Income not subject to tax / expenses not deductible for tax purposes	-	(24)
Tax on equity	8	-
Unrecoverable taxes on dividends received	-	121
Tax expense	**8**	**317**

The tax rate used for the 2015 reconciliation above was the Group weighted average income tax rate based on corporate tax rates applicable in the different jurisdictions in which the Group operated. In 2016 it corresponds to the effective rate in the jurisdiction in which the Company is located.

Unrecognized deferred tax assets

Deferred tax assets that have not been recognized mainly relate to tax loss carry-forwards of 5EL SA. Such tax loss carry-forwards may be offset with future taxable profits in the same amount for the following 7 years. The unrecognized tax losses of TCHF 8'022 (2015: TCHF 8'380), and the related deferred tax asset of TCHF 628 (2015: TCHF 656) will therefore expire between 2018 and 2023.

10. TRADE AND OTHER RECEIVABLES

The following table shows the items included in trade and other receivables:

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Other accounts receivables	26	4 289
Other accounts receivables - related parties (Note 20)	1 911	-
Total other accounts receivable	**1 937**	**4 289**
Total trade and other accounts receivable	**1 937**	**4 289**

The trade and other receivables position includes the receivable related to deferred consideration resulting from the disposal of Prodena Srl and its subsidiaries.

Please refer to 2 above for explanations on collection of the outstanding receivable.

11. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

In thousand of CHF	Land	Building	Plant and equipment	Other tangible assets	Total
GROSS VALUE					
Balance at 1 January 2015	**79**	**3 631**	**29 535**	**64**	**33 309**
Additions	-	-	-	2	2
Disposals through business combinations	(72)	(3 284)	(26 712)	(49)	(30 117)
Foreign currency adjustment	(7)	(347)	(2 823)	(6)	(3 183)
Balance at 31 December 2015	**-**	**-**	**-**	**11**	**11**
Disposals	-	-	-	(11)	(11)
Balance at 31 December 2016	**-**	**-**	**-**	**-**	**-**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Balance at 1 January 2015	**(33)**	**(1 599)**	**(11 791)**	**(20)**	**(13 443)**
Depreciation	-	(28)	(1 007)	(17)	(1 052)
Impairment loss	-	-	-		-
Disposals through business combinations	29	1 473	11 693	30	13 225
Foreign currency adjustment	4	154	1 105	2	1 265
Balance at 31 December 2015	**-**	**-**	**-**	**(5)**	**(5)**
Depreciation	-	-	-	(6)	(6)
Disposals	-	-	-	11	11
Balance at 31 December 2016	**-**	**-**	**-**	**-**	**-**
CARRYING AMOUNT					
As at 1 January 2015	**46**	**2 032**	**17 744**	**44**	**19 866**
As at 31 December 2015	**-**	**-**	**-**	**6**	**6**
As at 31 December 2016	**-**	**-**	**-**	**-**	**-**

The decrease in Property, plant and equipment between the end of December 2015 and the end of December 2016 is attributable to the full amortization of other tangible assets following the change of headquarter from Lugano to Lausanne.

The decrease in Property, plant and equipment between the 1 January 2015 and the 31 December 2015 is attributable to the deconsolidation of Prodena Srl and its subsidiaries as a result of the disposal of this affiliate.

12. INTANGIBLE ASSETS

Reconciliation of carrying amount

In thousand of CHF	Development costs	Goodwill	Total
GROSS VALUE			
Balance at 1 January 2015	**2 059**	**93**	**2 152**
Additions	120	-	120
Acquisitions through business combinations	-	-	-
Disposals through business combinations	(1 982)	(93)	(2 075)
Foreign currency adjustment	(197)	-	(197)
Balance at 31 December 2015	**-**	**-**	**-**
Balance at 31 December 2016	**-**	**-**	**-**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
Balance at 1 January 2015	**(298)**	**(93)**	**(391)**
Depreciation	-	-	-
Impairment loss	(123)	-	(123)
Disposals through business combinations	395	93	488
Foreign currency adjustment	26	-	26
Balance at 31 December 2015	**-**	**-**	**-**
Balance at 31 December 2016	**-**	**-**	**-**
CARRYING AMOUNT			
As at 1 January 2015	**1 761**	**-**	**1 761**
As at 31 December 2015	**-**	**-**	**-**
As at 31 December 2016	**-**	**-**	**-**

The decrease in Intangible assets and Goodwill between the 1 January 2015 and the 31 December 2015 is attributable to the deconsolidation of Prodena Srl and its subsidiaries as a result of the disposal of this affiliate.

During 2015 the Group capitalized costs for an amount of TCHF 120, which included external legal and consulting expenses.

13. ASSOCIATE

On 21 April 2015 the Group acquired 19.0% of the share capital in Idreg Piemonte Srl for an amount of TCHF 257. The Group owned less than 20.0% of the equity interests and of the voting rights; however the Group had determined that it had significant influence because it had representation on the Board of the investee. On 28 August 2015 the Court of Alessandria declared the bankruptcy of Idreg Piemonte SpA; accordingly an impairment loss of TCHF 257 was recognized in the income statement in the line item “Administration and other operating expenses”.

No accounting data has been made available as at 31 December 2015 and 2016, accordingly neither share of profit of Idreg Piemonte SpA has been recognized in these financial statements. As a consequence of the declaration of bankruptcy no significant influence can be exercised.

14. FINANCIAL LIABILITIES

	Current Year ended		Non-current Year ended	
	31 Dec 2016 TCHF	31 Dec 2015 TCHF	31 Dec 2016 TCHF	31 Dec 2015 TCHF
Unsecured - at amortized cost				
Loans from:				
Third parties	200	2 266	-	-
Convertible loan from				
Third parties	1 120	-	-	1 120
Total unsecured borrowings	**1 320**	**2 266**	**-**	**1 120**

Loans

A non-interest bearing loan for an amount of TCHF 2'066 expiring on 31 December 2015, was extended to 15 July 2017, but settled on 13 April 2016; the loan was provided by NOVEIS, a former related party, in order to finance the acquisition of Prodena Srl in 2012. The effective interest rate on such loan was of 5.6%.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 18.

The TCHF 200 loan granted by a third party has the following features:

Duration: the loan was granted for one year starting from 28 February 2014; accordingly, the loan amount or the outstanding amount shall be repaid

Interest: fixed interest rate of 3%

Please refer to point 2 above for explanations on repayment of this loan.

Convertible loan

On 5 September 2013, the Company agreed with a third party a convertible loan for the amount of TCHF 1'120, which entitles the holder to convert all or part of the loan to ordinary shares at nominal value of 5EL shares (actually CHF 40 per share), i.e. for the loan of CHF 40 the holder shall receive 1 5EL share with a nominal value of CHF 40.

Conversion may occur at any time between 1 November 2018 and 30 December 2018. If the loan will not be converted in the timeframe mentioned, it will be reimbursed on 30 December 2018 or earlier at the option of the borrower. A variable interest of 2.5% on TCHF 1'000 and 0.75% on the surplus (2015: 3.25% p.a.) shall be paid in arrears semi-annually, until the notes are converted or redeemed.

Please refer to point 2 above for explanations on compensation of this loan. Due to this compensation during the first semester of 2017, the loan was recorded as short term liability.

15. TRADE AND OTHER PAYABLES

The following table shows the items included in trade and other payables:

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Trade accounts payable	24	105
Tax due	7	4
Social debts	48	-
Accrued interests	157	143
Other accrued expenses	327	375
Total Trade and other accounts payable	**563**	**627**

Auditing fees of Berney et Associés SA Société Fiduciaire for the Group amounted to CHF 55'000 for the financial year 2016 (2015: CHF 105'000).

No additional fees have been invoiced and/or paid in financial year 2016 and 2015.

16. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (financial liabilities as detailed in note 14 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed).

The Group is not subject to any externally imposed capital requirements.

Share capital

Fully paid in shares

As of 31 December 2016 the Company's share capital is unchanged compared to the end of the previous periods and consists of 254'048 ordinary bearer shares with a nominal value of CHF 40 each, all fully paid in, for a total amount of TCHF 10'162. Fully paid ordinary shares carry one vote per share and carry a right to dividends.

Treasury shares

At 31 December 2016 the Company owns 4'508 treasury shares (31 December 2015: 4'508) for a total amount at cost of TCHF 259 (31 December 2015: 259). No treasury shares were sold during the current and prior year.

Conditional capital increases

On 28 February 2014 the Extraordinary General Meeting of the Shareholders unanimously resolved the following:

- A conditional share capital increase up to a maximum of TCHF 1'120 by the issuance of maximum 28'000 bearer shares with a par value of CHF 40 each, in connection with the exercise of the conversion right granted to the holder of the convertible loan amounting to TCHF 1'120. The holder is entitled to convert all or part of the loan into 5EL SA shares at par value (i.e. for a loan fraction of CHF 40 the holder shall receive 1 5EL share with a par value of CHF 40). The preferential right of the existing shareholders related to the subscription of the shares of this conditional share capital increase is excluded.
- A conditional share capital increase up to a maximum amount of TCHF 3'900 by the issuance of maximum 97'500 bearer shares with a par value of CHF 40 each, in connection with the conversion rights to be granted under an expected future issuance of a convertible bond or similar instrument. The preferential right of the existing shareholders related to the subscription of this conditional share capital increase is neither limited nor excluded.
- During 2016 and 2015 there has been no issuance of shares resulting from these decisions.

17. EARNINGS PER SHARE

Earnings per share are calculated based on the number of issued ordinary shares less the weighted average of the own shares held by the Company.

Basic earnings per share

The calculation of basic earnings per share has been based on the following profit/loss attributable to Owners of the Company and weighted-average number of ordinary shares outstanding.

Profit attributable to Owners of the Company (basic)

	Year ended 31 Dec 2016	Year ended 31 Dec 2015
	TCHF	TCHF
Profit/Loss for the year attributable to Owners of the Company	(937)	337

Weighted-average number of ordinary shares (basic)

	Year ended 31 Dec 2016	Year ended 31 Dec 2015
Weighted average number of ordinary shares for the purpose of basic earnings per share	249 540	249 540

Diluted earnings per share

The calculation of diluted earnings per share has been based on the following profit/loss attributable to Owners of the Company and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Profit attributable to Owners of the Company (diluted)

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Profit/Loss for the year attributable to Owners of the Company	(937)	337
Interest on convertible loan	27	37
Profit/Loss for the year attributable to Owners of the Company (diluted)	(910)	374

Weighted-average number of ordinary shares (diluted)

	Year ended 31 Dec 2016	Year ended 31 Dec 2015
Weighted average number of ordinary shares for the purpose of basic earnings per share	249 540	249 540
Shares deemed to be issued for no consideration in respect of convertible loans and/or potential convertible loans	28 000	28 000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	277 540	277 540

18. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

Financial assets that expose the Group to credit risk consist of “Cash and bank balances” and “Trade and other receivables”.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

In 2016 trade and other receivables consist of a receivable for the deferred consideration related to the disposal of Prodena Srl (TEUR 1'750 – TCHF 1'876 plus interests for TCHF 20.4).

The following table represents the worst case scenario of credit risk exposure of the Group at 31 December 2016 and 2015. The extent of the Group's exposure to credit risk in respect to these assets is limited to the amounts reported in the table below.

	Year ended 31 Dec 2016 TCHF	Year ended 31 Dec 2015 TCHF
Cash and cash equivalents	46	763
Trade and other accounts receivable	1 937	4 289
Total	**1 983**	**5 052**

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through adequate amount of committed credit facilities and the ability to close out market positions.

It is the Group's policy to have at any time minimum available cash or highly liquid assets to meet current commitments.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Contractual cash flows			
In thousands of CHF	Total	Less than 1 year	Between 2 and 5 years	Above 5 years
At 31 December 2016				
Non-interest bearing	563	563	-	-
Fixed interest rate instruments	200	200	-	-
Variable interest rate instruments	1 120	1 120	-	-
	1 883	**1 883**	**-**	**-**
At 31 December 2015				
Non-interest bearing	2 693	2 693	-	-
Fixed interest rate instruments	200	200	-	-
Variable interest rate instruments	1 120	-	1 120	-
	4 013	**2 893**	**1 120**	**-**

Please refer to item 2 above explaining how the company will meet its obligation for 2017.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates, and interest rates and equity prices. Those risks are not actively managed and monitored (i.e. by entering into derivative instruments).

Currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company does not actively manage the foreign currency risk (i.e. by entering into derivative instruments), but seeks to mitigate the currency risk on the foreign currency net exposures by maintaining an appropriate balance between assets and liabilities in the respective foreign currency.

The Company is mainly exposed in Euro.

Interest rate risk

The Company is exposed to interest rate risk because entities in the Group had borrowed funds at both fixed and floating interest rates. The risk is not actively managed by the Company (i.e. by entering into derivative instruments).

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

19. CONTINGENT LIABILITIES

There are no contingent liabilities to report.

20. RELATED PARTY TRANSACTIONS

During 2016 Finanziaria Internazionale per lo Sviluppo Industriale – F.I.S.I. SA sold its remaining shares held in the Company to ERVA Energia Rinnovabile Valtellinese Srl.

For 2015, balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated upon consolidation and are not disclosed in this note.

Details of transactions between the Group and other related parties are disclosed below.

Other related parties indicated below have been considered as such as they were part of a Group controlled by the ultimate controlling party until August 2015.

All amounts outstanding shown below are unsecured and are expected to be settled in cash or compensation of receivable/payable. Please refer to point 2 above for details of such compensation.

Other related party transactions other than key management

	Transaction values for the year ended 31 December		Balance outstanding at 31 December	
	2016 TCHF	2015 TCHF	2016 TCHF	2015 TCHF
Purchase of goods and services				
Other related parties	-	(81)	-	-
Loans				
Other related parties				
- Convertible loan	-	(20)	-	-
- Other loan and related interest	-	26	-	-
Others				
- Other receivables (i)	22	-	1 898	-
- Contingent consideration	-	13	-	-
Net amount	22	(62)	1 898	-

(i) Receivable due by ERVA on the sale of Prodena and its subsidiaries and related interest.

Transactions with key management personnel

The compensation of the Board of Directors and other members of key management personnel during the year were as follows:

31 December 2016
In thousand of CHF

Member of the Board of Directors and Management Board of 5EL SA	Function	Compensation for acting as members of the governing body (i)	Lump sum expense allowance (ii)	*Sub-total Board of Directors remuneration*	Management Board honorarium and remuneration (iii)	Other (iv)	Total
Gianluigi Facchini	President	70		*70*			70
Nicolò Von Wunster	Member & CEO			-	70	490	560
Victor Iezuitov	Member	40		*40*			40
Total		110	-	110	70	490	670

31 December 2015
In thousand of CHF

Member of the Board of Directors and Management Board of 5EL SA	Function	Compensation for acting as members of the governing body (i)	Lump sum expense allowance (ii)	*Sub-total Board of Directors remuneration*	Management Board honorarium and remuneration (iii)	Other (iv)	Total
Gianluigi Facchini	President	8		*8*			8
Nicolò Von Wunster	Member & CEO	15		*15*	120	164	299
Giovanni Varallo	Member	15	15	*30*			30
Victor Iezuitov	Member	4		*4*			4
Total		42	15	57	120	164	341

(i) Compensation to Members of the Board is a fixed remuneration.
(ii) Lump sum expense allowance for the activity of Members of the Board is a fixed amount.
(iii) Honorarium is the fixed remuneration to the former Chief Executive Officer paid to Company related to him.
(iv) Other remuneration represents professional fees, termination costs and reimbursement of costs paid to a Company related to the Chief Executive Officer in connection with back-office services, facility and ICT services.

Receivables (+) from/ payables (-) to Board of Directors

	Year ended 31 Dec 2016	Year ended 31 Dec 2015
Gianluigi Facchini	4	(8)
Victor Ieuzitov	10	(4)
Nicolò Von Wunster	(107)	(38)
Giovanni Varallo	-	(15)
Marco Gallo	-	(25)
Total	(93)	(90)

Other information

No compensation was recognized to other persons other than those disclosed in the table above. The current as well as the former members of the Board of Directors and other members of the key management did not receive any loans or credits.

Until 31 December 2016 no other member of the Board of Directors held shares, or benefited from conversion rights and options.

21. IMPORTANT SHAREHOLDERS

The Company has issued exclusively bearer shares. The shareholders with a participation exceeding 3% known to the Company as of year-end 2016 are as follows:

Name	31 Dec 2016 %	31 Dec 2015 %
Finanziaria Internazionale per lo Sviluppo Industriale SA, Lugano, Switzerland	-	19.80
World Dynamic Fund Sicav	-	20.13
DOT Energy OÜ	-	14.99
Whiteridge Global Energy Fund SPC Ltd	23.22	23.22
ERVA Energia Rinnovabile Valtellinese s.r.l.	19.80	-
BBE s.r.l.	14.99	-
IFM Independant Fund Management AG	3.03	-
Marina Franklin	3.94	3.94

22. COMMITMENTS

There are not commitments as of 31 December 2016.

23. LIST OF SUBSIDIARIES

As mentioned previously the Company 5EL SA does not manage any subsidiary for the time being.

24. SUBSEQUENT EVENTS

No significant events occurred between 31 December 2016 and the date of authorization for issuance of the 2016 report that would require adjustments of the presented financial statements or disclosures.

AUDITOR'S REPORT ON FINANCIAL STATEMENTS

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REPORT OF THE STATUTORY AUDITOR
TO THE GENERAL MEETING OF
5EL SA, LAUSANNE

berney & associés sa
société fiduciaire

8, rue du nant
case postale 6268
1211 genève 6
t +41 58 234 90 00
f +41 58 234 90 01

4, rue étraz
case postale 6199
1002 lausanne
t +41 58 234 91 00
f +41 58 234 91 01

37, bd de pérolles
case postale 16
1705 fribourg
t +41 26 422 88 33
f +41 26 422 88 01

6, rue du musée
case postale 1849
2001 neuchâtel
t +41 58 234 91 09
f +41 58 234 91 19

18, rue de la dent-blanche
case postale 1180
1951 sion
t +41 27 322 75 40
f +41 27 322 75 44

1, rue arthur parchet
case postale 284
1896 vouvry
t +41 58 234 90 20
f +41 58 234 90 05

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Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of 5EL SA, which comprise the balance sheet as at 31 December 2016, the income statement, the statement of changes in equity, the cash flow statement and notes presented on pages 20 to 48 for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with Swiss GAAP FER and the provisions of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the 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 system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

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Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

BERNEY & ASSOCIES SA
Société Fiduciaire

Cosimo PICCI
Licensed Audit Expert
Auditor in charge

Claude HERI
Licensed Audit Expert

Lausanne, 28 April 2017

CORPORATE FINANCIAL STATEMENTS

CORPORATE INCOME STATEMENT
(in Swiss Francs)

For the year ended 31 December

	NOTES	2016 CHF	2015 CHF
Dividend income		-	326 531
Gains on disposal of investments		-	874 560
Other income		-	15 000
Total operating income		**-**	**1 216 091**
Various administrative expenses		(122 157)	(106 666)
Consulting and advisory expenses		(216 482)	(403 360)
Board of Directors, Management Board, shareholders' meeting, audit		(530 715)	(354 860)
Depreciation expense		(6 089)	(2 862)
Impairment losses on investments		-	(256 967)
Total operating expenses		**(875 443)**	**(1 124 715)**
Operating result		**(875 443)**	**91 376**
Foreign currency exchange result		(35 017)	186 469
Interest expenses and bank charges		(39 900)	(104 307)
Interest revenues		21 535	-
Net result on Securities listed on stock exchange		-	10 267
Ordinary result before taxes		**(928 825)**	**183 805**
Extraordinary, non-rucurring or prior year income	5	-	29 129
Result before taxes		**(928 825)**	**212 934**
Direct taxes		(7 761)	(1 689)
Profit / Loss for the year		**(936 586)**	**211 245**

CORPORATE BALANCE SHEET (1/2)
(in Swiss Francs)

As at 31 December

	NOTES	2016 CHF	2015 CHF
ASSETS			
Current assets			
Cash and cash equivalent		46 480	763 429
Other short-term receivables due from third parties		-	4 288 594
Other short-term receivables due from related parties		1 937 068	-
Prepaid expenses		7 500	-
Total current assets		**1 991 048**	**5 052 023**
Non-current assets			
Investments	2	1	1
Tangible fixed assets		-	6 089
Total non-current assets		**1**	**6 090**
Total assets		**1 991 049**	**5 058 113**

CORPORATE BALANCE SHEET (2/2)
(in Swiss Francs)

As at 31 December

	NOTES	2016 CHF	2015 CHF
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable to third parties		24 179	105 485
Short-term interest-bearing liabilities from third parties		1 320 000	200 000
Other short-term liabilities to third parties		46 960	2 069 810
Accrued expenses		491 703	518 025
Total current liabilities		**1 882 842**	**2 893 320**
Non-current liabilities			
Long-term interest-bearing liabilities from third parties		-	1 120 000
Total non-current liabilities		**-**	**1 120 000**
Total liabilities		**1 882 842**	**4 013 320**
Shareholders' equity			
Share capital		**10 161 920**	**10 161 920**
Accumulated losses at 1 January		(8 857 992)	(9 069 237)
Profit / Loss for the year		(936 586)	211 245
Accumulated losses at 31 December		**(9 794 578)**	**(8 857 992)**
Treasury shares	3	**(259 135)**	**(259 135)**
Total shareholders' equity		**108 207**	**1 044 793**
Total liabilities and equity		**1 991 049**	**5 058 113**

NOTES TO THE CORPORATE FINANCIAL STATEMENTS
(in Swiss Francs)

For the year ended 31 December 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of 5EL SA Lausanne (previously OTI Energy SA), (the "Company") have been prepared in accordance with the provisions of Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting principles applied are described below.

Since the Company prepared its financial statements in accordance with a recognized accounting standard (Swiss GAAP FER), it decided, in accordance with the CO, to forgo presenting additional information on audit fees and on maturities of long-term interest-bearing liabilities (1-5 years, more than 5 years, respectively) in the notes as well as a cash flow statement.

Valuation methods

Securities listed on stock exchange are reported at market value. All other financial assets are reported at cost less appropriate write-downs.

Treasury shares are recognized at cost and deducted from equity. If treasury shares are sold, the gain or loss is recognized in the income statement. Refer also to note 3.

Assets and liabilities denominated in foreign currency are translated into Swiss Francs (CHF) using year-end exchange rates, except for investments and tangible fixed assets, which are translated at historical exchange rates. Transactions during the year, which are denominated in foreign currencies are translated at the exchange rates effective at the relevant transaction date. Resulting exchange gains and losses are recognized in the income statement.

2. INVESTMENTS

Investments are listed in the table below:

	Voting and capital rights in %		Currency	Capital	
	31 Dec 2016	31 Dec 2015		31 Dec 2016	31 Dec 2015
Direct investments					
Idreg Piemonte Spa, Italy	19%	19%	EUR	20 000 000	20 000 000

During financial year 2015 the Company acquired 19% of the quotas of Idreg Piemonte Spa for a consideration of CHF 256'968. Due to the fact that Idreg Piemonte Spa is under receivership (bankruptcy) the investment has been fully impaired.

3. SHAREHOLDERS' EQUITY AND TREASURY SHARES

	Share Capital	Legal retained earnings	Accumulated Losses	Treasury Shares	Total
		Reserves for treasury shares			
	TCHF	TCHF	TCHF	TCHF	TCHF
Balance at 1 January 2015	**10 161 920**	**259 135**	**(9 496 445)**	**(91 062)**	**833 548**
Adjustments related to treasury shares (*)		(259 135)	427 208	(168 073)	-
Balance at 1 January 2015, adjusted	**10 161 920**	**-**	**(9 069 237)**	**(259 135)**	**833 548**
Profit for the year			211 245		211 245
Balance at 31 December 2015	**10 161 920**	**-**	**(8 857 992)**	**(259 135)**	**1 044 793**
Balance at 1 January 2016	**10 161 920**	**-**	**(8 857 992)**	**(259 135)**	**1 044 793**
Loss for the year			(936 586)		(936 586)
Balance at 31 December 2016	**10 161 920**	**-**	**(9 794 578)**	**(259 135)**	**108 207**

(*) Following the changes in the new law on accounting and financial reporting, the value of treasury shares was adjusted in order to reflect the cost. The adjustment has been reflected in the opening balance (at 1 January 2015) of the items "Accumulated losses" and "Treasury shares". The change in accounting policy generates an increase in profit in financial year 2015 of TCHF 59. The reserves for treasury shares have been dissolved with the accumulated losses in the opening balance (at 1 January 2015).

During financial years 2016 and 2015 the Company did not purchase or sell any treasury shares. The 4'508 treasury shares held by the Company correspond to an investment of 1.77% (2015: 1.77%) of total shares issued.

4. CONDITIONAL CAPITAL INCREASES AND RESTRUCTURING OF THE CAPITAL

On 28 February 2014 the Extraordinary General Meeting of the Shareholders unanimously resolved the following:

- A conditional share capital increase up to a maximum of TCHF 1'120 by the issuance of maximum 28'000 bearer shares with a par value of CHF 40 each, in connection with the exercise of the conversion right granted to the holder of the convertible loan amounting to TCHF 1'120 (long-term interest-bearing liabilities). The holder is entitled to convert all or part of the loan into 5EL SA (previously OTI Energy SA) shares at par value (i.e. for a loan fraction of CHF 40 the holder shall receive 1 5EL SA (previously OTI Energy SA) share with a par value of CHF 40). The preferential right of the existing shareholders related to the subscription of the shares of this conditional share capital increase is excluded.
- A conditional share capital increase up to a maximum amount of TCHF 3'900 by the issuance of maximum 97'500 bearer shares with a par value of CHF 40 each, in connection with the conversion rights to be granted under an expected future issuance of a convertible bond or similar instrument. The preferential right of the existing shareholders related to the subscription of this conditional share capital increase is neither limited nor excluded.

- During 2016 and 2015 there has been no issuance of shares resulting from these decisions.

On 29 September 2016 the Company held an Extraordinary General Meeting of shareholders. The Extraordinary General Meeting resolved to reduce the nominal value of a share to CHF 3.50 and to increase the capital by issuing new shares for at least CHF 9'272'753 and up to maximum of CHF 28'000'000. The reduction and subsequent increase has not been carried out.

5. EXTRAORDINARY, NON-RECURRING OR PRIOR PERIOD INCOME

This item represented in 2015 the release of prior period over-accruals.

6. COMMITMENTS

There are no commitments.

7. FULL-TIME EQUIVALENT EMPLOYMENTS

The annual average number of full-time equivalent employments for the reporting year, as well as the previous year, did not exceed 10.

8. SUBSEQUENT EVENTS

No significant events occurred between 31 December 2016 and the date of authorization for issuance of the 2016 report that would require adjustments of the presented financial statements or disclosures.

9. IMPORTANT SHAREHOLDERS

The Company has exclusively issued bearer shares. The shareholders with a participation exceeding 3% known to the Company as per 31 December 2016 and 31 December 2015 are as follows:

Name	31 Dec 2016 %	31 Dec 2015 %
Finanziaria Internazionale per lo Sviluppo Industriale SA, Lugano, Switzerland	-	19.80
World Dynamic Fund Sicav	-	20.13
DOT Energy OÜ	-	14.99
Whiteridge Global Energy Fund SPC Ltd	23.22	23.22
ERVA Energia Rinnovabile Valtellinese s.r.l.	19.80	-
BBE s.r.l.	14.99	-
IFM Independant Fund Management AG	3.03	-
Marina Franklin	3.94	3.94

AUDITOR'S REPORT ON CORPORATE FINANCIAL STATEMENTS

berney associés

berney & associés sa
société fiduciaire

8, rue du nant
case postale 6268
1211 genève 6
t +41 58 234 90 00
f +41 58 234 90 01

4, rue étraz
case postale 6199
1002 lausanne
t +41 58 234 91 00
f +41 58 234 91 01

37, bd de pérolles
case postale 16
1705 fribourg
t +41 26 422 88 33
f +41 26 422 88 01

6, rue du musée
case postale 1849
2001 neuchâtel
t +41 58 234 91 09
f +41 58 234 91 19

18, rue de la dent-blanche
case postale 1180
1951 sion
t +41 27 322 75 40
f +41 27 322 75 44

1, rue arthur parchet
case postale 284
1896 vouvry
t +41 58 234 90 20
f +41 58 234 90 05

berneyassocies.com

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF 5EL SA, LAUSANNE

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of 5EL SA, which comprise the balance sheet as at 31 December 2016, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 52 to 58) for the year ended 31 December 2016 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters

VALUATION OF RECEIVABLE FROM ERVA ENERGIA RINNOVABILE VALTELLINESE S.R.L.

The company holds a receivable from ERVA, an Italian entity that has become a shareholder of 5EL SA during 2016. This receivable is originated by the sale by 5EL SA of its sole subsidiary PRODENA in December 2015 to ERVA. During the year 2016, we noted that the planned repayment schedule of the outstanding receivable was not respected. A receivable of CHF 1'897'416 was unpaid and overdue by year end 2016.

How the scope of our audit responded to the key audit matter

We discussed with management the reasons behind the delays in making the scheduled payment.

After several discussions, Company's management and ERVA's management reached an agreement allowing an important reduction of the receivable by compensation of financial liabilities owed by the Company to third parties. ERVA committed to the payment of the remaining balance by end of July 2017.

We received sufficient information from management to satisfy ourselves on the recovery of the outstanding balance.

Conclusion

Based on the audit procedures performed above, we consider Management's estimates in the assessment of the recoverable value of the outstanding receivable from a related party, to be appropriate.

GOING CONCERN

The company had no operations during 2016 and has experienced significant losses during the period. The equity is reduced to CHF 108'207 at year end and the operating budget plans expenses for around CHF 500'000 with limited revenues for 2017.

This situation raises significant doubts for the Company to continue its operations as a going concern.

How the scope of our audit responded to the key audit matter

We discussed with management the ability of the Company's being able to continue as a going concern. Management showed us plans, correspondence with possible investors and finally evidence of positive discussions and probable commitment from a new group of investors to invest significantly in the Company.

Conclusion

Based on the audit procedures performed above, we consider Management's estimates in the assessment of the Company to continue as a going concern, to be appropriate.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

BERNEY & ASSOCIES SA
Société Fiduciaire

Cosimo PICCI
Licensed Audit Expert
Auditor in charge

Claude HERI
Licensed Audit Expert

Lausanne, 28 April 2017

COMPANY PROFILE

Board of Directors
Gianluigi Facchini, Chairman

Serge Umansky, Vice-Chairman

Victor Iezuitov, Member

Management Board
Vacant

Postal Address
5EL SA, Rue du Grand-Chêne 8, 1003 Lausanne

Auditors
Berney et Associés SA Société Fiduciaire, 1002 Lausanne

Reporting
The Board of Directors

Custodian Bank
BANQUE LAMBARD ODIER & Cie SA, Lausanne Branch, 1003 Lausanne

Publications
Interim reports on 30 June

Ticker Symbols

Bloomberg	FEL SW Equity
Telekurs	FEL
Security number	632.685
ISIN	CH0006326851

Capital Structure

Issue price	10.12.1998:	CHF 100	
Capital increase / decrease	30.06.1999:	CHF 200	of CHF 155’000 to CHF 5’572’900
	16.03.2000:	CHF 262	of CHF 5’572’900 to CHF 23’450’600
	27.05.2004:	Reductions of nominal value by	
		CHF 60	of CHF 23’450’600 to CHF 9’380’240
	27.05.2004:	CHF 42.	of CHF 9’380’240 to CHF 10’161’920
Share certificates	254’048 bearer shares at CHF 40 each		

Investor Relations

Victor Iezuitov, 5EL SA, Rue du Grand-Chêne 8, 1003 Lausanne