OTI Energy SA

Half-year Report 2015

(unaudited)

TABLE OF CONTENT

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(in thousands of Swiss Francs)

For the six months ended

	Notes	Unaudited 30 June 2015 TCHF	Unaudited 30 June 2014 TCHF
Revenue		454	553
Capitalized expenditure and other income		957	1,132
Depreciation, amortization and impairment losses		(600)	(3,198)
Personnel expenses		(35)	(46)
Administration and other operating expenses		(866)	(819)
Finance income	16	272	-
Finance costs	16	(210)	(905)
Loss before tax		**(28)**	**(3,283)**
Income tax expense/income		(115)	659
Loss for the period		**(143)**	**(2,624)**
Attributable to:			
Owners of the Company		(146)	(1,992)
Non-controlling interests		3	(632)
Loss for the period		**(143)**	**(2,624)**
Earnings per share			
Basic and diluted (CHF per share)	7	(0.59)	(10.52)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(in thousands of Swiss Francs)

For the six months ended

	Unaudited 30 June 2015 TCHF	Unaudited 30 June 2014 TCHF
Loss for the period	**(143)**	**(2,624)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	(956)	(74)
Other comprehensive income, net of tax	**(956)**	**(74)**
Total comprehensive income for the period	**(1,099)**	**(2,698)**
Attributable to:		
Owners of the Company	(723)	(2,036)
Non-controlling interests	(376)	(662)
Total comprehensive income for the period	**(1,099)**	**(2,698)**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in thousands of Swiss Francs)

As at

	Notes	Unaudited 30 June 2015 TCHF	Audited 31 Dec 2014 TCHF
ASSETS			
Non-current assets			
Property, plant and equipment	9	16,617	19,866
Intangible assets and goodwill	10	1,495	1,761
Investments in associates	11	257	-
Other financial assets	14	2,800	2,800
Total non-current assets		**21,169**	**24,427**
Current assets			
Inventories		621	330
Trade and other receivables		406	839
Other financial assets	14	-	140
Current tax assets		921	-
Cash and bank balances		256	1,202
Total current assets		**2,204**	**2,511**
Total assets		**23,373**	**26,938**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	12	9,903	9,903
Currency translation reserve		(34)	(34)
Accumulated deficit		(9,805)	(9,082)
Total equity attributable to owners of the Company		**64**	**787**
Non-controlling interests		2,116	2,788
Total equity		**2,180**	**3,575**
Non-current liabilities			
Borrowings	13/14	8,004	9,461
Other financial liabilities		34	21
Other non-current liabilities		8	7
Deferred tax liabilites		1,588	2,509
Deferred income	15	1,538	-
Total non-current liabilities		**11,172**	**11,998**
Current liabilities			
Borrowings	13/14	7,918	8,343
Trade and other payables		1,951	2,880
Current tax liabilities		152	142
Total current liabilities		**10,021**	**11,365**
Total liabilities and equity		**23,373**	**26,938**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(in thousands of Swiss Francs)

	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 2014 (audited)	**10,162**	**(259)**	**62**	**(5,581)**	**4,384**	**4,090**	**8,474**
Comprehensive income							
Loss for the period				(1,992)	(1,992)	(632)	(2,624)
Other comprehensive income			(44)	-	(44)	(30)	(74)
Total comprehensive income	**-**	**-**	**(44)**	**(1,992)**	**(2,036)**	**(662)**	**(2,698)**
Transactions with owners of the Company							
Contributions and distributions							
Dividends						(171)	(171)
Total contributions and distributions	-	-	-	-	-	**(171)**	**(171)**
Total transactions with owners of the Company	-	-	-	-	-	**(171)**	**(171)**
Balance at 30 June 2014 (unaudited)	**10,162**	**(259)**	**18**	**(7,573)**	**2,348**	**3,257**	**5,605**
Balance at 1 January 2015 (audited)	**10,162**	**(259)**	**(34)**	**(9,082)**	**787**	**2,788**	**3,575**
Comprehensive income							
Loss for the the period				(146)	(146)	3	(143)
Other comprehensive income				(577)	(577)	(379)	(956)
Total comprehensive income	**-**	**-**	**-**	**(723)**	**(723)**	**(376)**	**(1,099)**
Transactions with owners of the Company							
Contributions and distributions							
Dividends (Note 12)					-	(296)	(296)
Total contributions and distributions	**-**	**-**	**-**	**-**	**-**	**(296)**	**(296)**
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**(296)**	**(296)**
Balance at 30 June 2015 (unaudited)	**10,162**	**(259)**	**(34)**	**(9,805)**	**64**	**2,116**	**2,180**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of Swiss Francs)

For the six month ended

	Notes	Unaudited 30 June 2015 TCHF	Unaudited 30 June 2014 TCHF
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(143)	(2,624)
Adjustments for:			
Tax (income) / expense		115	(659)
Finance costs		210	379
Finance income		(262)	-
Gain on disposal of intangible assets	10	-	(5)
Net (gain) / loss arising on financial liabilities designated as at FVTPL		13	54
Net (gain) / loss arising on financial assets classified as held for trading		(10)	475
Depreciation, amortization and impairment losses		600	3,198
Net foreign exchange (gain) / loss		142	(21)
		665	797
Movement in working capital			
(Increase)/decrease in trade and other receivables		332	(394)
(Increase)/decrease in inventory		(394)	(547)
Increase/(decrease) in trade and other payables and deferred income		(1,089)	281
Cash flow generated from operations		*(486)*	*137*
Income taxes paid		-	-
Net cash from operating activities		**(486)**	**137**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of deferred consideration related to acquisition of subsidiaries		-	(46)
Acquisition of associates	11	(257)	-
Proceeds on sale of financial assets	14	150	315
Acquisition of Property, plant and equipment	9	(2)	(6)
Acquisition of Intangible assets	10	(67)	(163)
Development expenditure		-	(41)
Proceeds from sale of intangible assets		-	18
Net cash from investing activities		**(176)**	**77**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(148)	-
Proceeds from sale of treasury shares		-	-
Dividends paid to non-controlling interests		-	(24)
Interest paid		(24)	-
Payment of finance lease liabilities		(2)	(2)
Net cash used in financing activities		**(174)**	**(26)**
Change in cash and cash equivalents		**(836)**	**188**
Cash and cash equivalents at 1 January		1,202	111
Effect of movements in exchange rates on cash held		(110)	(2)
Cash and cash equivalents at 30 June		256	297
Change in cash and cash equivalents		**(836)**	**188**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(in thousands of Swiss Francs, except as otherwise indicated)

For the period ended 30 June 2015

1. ORGANISATION AND BUSINESS ACTIVITY

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 Via Nassa 31, 6900 Lugano, Switzerland.

Between 1 January 2015 and 30 June 2015 Finanziaria Internazionale per lo Sviluppo Industriale - F.I.S.I. SA ("FISI SA"), former parent and ultimate holding company of OTI Energy SA sold part of the shares held in the Company. Further information on the changes in the shareholder structure is disclosed in note 19 "Important shareholders".

These condensed consolidated interim financial statements ("interim financial statements") as at and for the six months ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is 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.

2. BASIS OF ACCOUNTING

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as well as the rules of the Listing Rules of the SIX and the additional rules for the listing at the SIX Swiss Stock Exchange. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial statements as of and for the year ended 31 December 2014.

These interim financial statements are expressed in thousands Swiss Francs, except as otherwise indicated, and are therefore rounded to the nearest unit. Consequently, there might be differences of maximum one thousand Swiss Francs in the figures reported.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual result may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2014.

Going concern

The Board of directors expect to satisfy its day-to-day working capital requirements based on the operating cash flows generated by the Italian operations at Prodena Srl, on the fact that the terms of repayment of existing loan agreements were renegotiated and on the planned execution of a capital increase. Accordingly, the Board of directors considers it appropriate to prepare the Group's interim financial statements on the going concern basis.

However, for the reasons outlined below, material uncertainties exist that may cast significant doubt about the Group's ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business: the group's liquidity forecast for the next 12 months is based on various assumptions such as the timing of cash flows, sales price developments for its products, future investment needs, sale of financial assets, disposal of a hydro power plant project and the planned execution of capital increase. Even though prospective financial information is inherently based on certain assumptions, actual cash flows could be different from forecasted results and the variation may be material.

The Directors have a reasonable expectation that the risk factors described above are unlikely to occur, but if this should be the case the Group would need to obtain additional financing.

Furthermore, should the liquidity forecast not be met, and adequate further financing not be obtained, the Group would have to prepare the consolidated financial statements on the basis of liquidation values.

Measurement of fair value

The Board of directors determines fair value in accordance with IFRS 13. In measuring the fair value of assets and liabilities, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Group recognizes the transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 13.

4. FOREIGN CURRENCIES

The following exchange rates were used for currency translation:

	Period ended 30 June 2015		Year ended 31 December 2014		Period-ended 30 June 2014	
	Closing rates	Period average	Closing rates	Period average	Closing rates	Period average
EUR	1.03630	1.05780	1.20235	1.21463	1.21540	1.22100

5. SEGMENT INFORMATION

Products and services from which reportable segments derive their revenues

Information reported to the decision maker for the purposes of resource allocation and assessment of segment performance focuses on the goods delivered. The directors of the Company have chosen to organize the Group around differences in products.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

- Trading and investment management (previously Corporate), whose activity is the acquisition, holding and sale of investments in national and foreign companies, which mainly engage in the energy sector; and
- Hydro power generation (HPG) - Italy, whose activity is the generation of energy trough hydro power plants in Italy.

Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Also finance cost, finance income and income taxes are managed on an individual level of the companies building up the group, and therefore allocated to the segments.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segments:

	Trading / Investment management	HPG - Italy	Total reportable segments	Reconciliation		Consolidated
	TCHF	TCHF	TCHF	TCHF		TCHF
Operating segments - 30 June 2015 (Unaudited)						
Reportable segment profit	369	333	702	(730)	(i)	**(28)**
Revenue from external customers	-	454	454	-		**454**
Other income	37	920	957	-		**957**
Depreciation and amortization expense	(3)	(314)	(317)	(202)	(ii)	**(519)**
Impairment losses	-	-	-	(81)	(iii)	**(81)**
Change in fair value of financial assets classified as held for trading	13	-	13	-		**13**
Interest expenses	(65)	(164)	(229)	34	(iv)	**(195)**
Interest revenue	-	-	-	-		**-**
Income taxes	(117)	(164)	(281)	166	(v)	**(115)**
Operating segments - 30 June 2014 (Unaudited)						
Reportable segment profit	(644)	650	6	(3,289)	(i)	**(3,283)**
Revenue from external customers	-	553	553	-		**553**
Other income	4	1,082	1,086	-		**1,086**
Depreciation and amortization expense	(1)	(359)	(360)	(284)	(ii)	**(644)**
Impairment losses	-	-	-	(2,554)	(iii)	**(2,554)**
Net (gain) / loss arising on financial assets designated at FVTPL	(473)	-	(473)	(2)		**(475)**
Interest expenses	(52)	(182)	(234)	(151)	(iv)	**(385)**
Interest revenue	-	-	-		(v)	**-**
Income tax expense	(51)	(222)	(273)	2,416	(vi)	**2,143**

Segment profit represents the profit before tax earned by each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment revenue reported above represents revenue generated from external customers.

There have been no inter-segment sales in the current period (2013: nil).

The accounting policies of the reportable segments for management purposes differ significantly from those of the Group, as described in note 20. They are based on accounting principles according to the respective civil code of each country (local law) where a group company is registered.

Basically management reporting is based on the historical cost convention and on the accrual basis. Financial assets are recorded according to the lower of market or cost value principle. The main differences are the following:

(i) The difference on reportable segment profit is mainly due to the differences explained in (ii) and (iii).
(ii) The difference of TCHF 202 (30 June 2014: TCHF 284) on depreciation and amortization expense is attributable to the combined effect of increased property, plant and equipment values for IFRS purposes as a consequence of the acquisition accounting compared to the one used by management. Consequently depreciation and amortization for IFRS accounts are higher, the effect is partially compensated by the use of different estimated useful lives between the two accounting principles.
(iii) The difference of TCHF 81 (30 June 2014: TCHF 2,554) is attributable to impairment losses recorded on consolidation on intangible assets (note 10; for the comparative period refer to note 9).
(iv) Differences on interest expenses of TCHF 34 (30 June 2014: TCHF 151) are due to the effects of the application of the effective interest method on consolidated level.
(v) The variation of income taxes is reflecting deferred taxes which are not considered for management reporting purposes, and a reclassification of corporate taxes.

Segment assets and liabilities

Segment assets	Trading / Investment management	HPG - Italy	Total reportable segments	Reconciliation		Unallocated	Consolidated
	TCHF	TCHF	TCHF	TCHF		TCHF	**TCHF**
Operating segments - 30 June 2015 (Unaudited)							
Segment assets	3,447	13,020	16,467	5,871	(i)	1,035	**23,373**
Capital expenditure	2	67	69	-		-	**69**
Operating segments - 31 December 2014 (Audited)							
Segment assets	3,427	16,191	19,618	7,320	(i)	-	**26,938**
Capital expenditure	11	479	490	-		-	**490**

Segment liabilities	Trading / Investment management	HPG - Italy	Total reportable segments	Reconciliation		Unallocated	Consolidated
	TCHF	TCHF	TCHF	TCHF		TCHF	**TCHF**
Operating segments - 30 June 2015 (Unaudited)							
Segment liabilities	6,910	12,399	19,309	141	(ii)	1,743	**21,193**
Operating segments - 31 December 2014 (Audited)							
Segment liabilities	6,845	14,469	21,314	(603)	(ii)	2,652	**23,363**

For the purposes of monitoring segment performance and allocating resources between segments:

a) all assets are allocated to reportable segments other than current and deferred tax assets (if any), and
b) all liabilities are allocated to reportable segments other than current and deferred tax liabilities.

As mentioned above, due to the different accounting principles applied, differences between Management reporting and consolidated figures occur:

(i) The amount of TCHF 5,871 (31 December 2014: TCHF 7,320) is mainly attributable to the revaluation of property, plant and equipment at fair value resulting from the acquisition accounting of the acquired subsidiary, including the effect of depreciation from the acquisition date. Total impact of such differences is of TCHF 6,353 (31 December 2014: TCHF 7,607) and is not considered in the management reporting. Additional differences arise on the acquisition accounting of intangible assets, which for consolidation purposes have not been recognized with an impact of TCHF 201 (31 December 2014: TCHF 196) (opposite effect as before) and accumulated impairment losses recorded on consolidation for TCHF 190. The remaining difference is attributable to the different presentation of treasury shares, presented for management purposes as a current asset for TCHF 91 (31 December 2014: TCHF 91).

(ii) The amount of TCHF 141 (31 December 2014: TCHF 920) is due to the effect of the application of the effective interest method on consolidated figures for TCHF 1,241 (31 December 2014: TCHF 895), the recognition of a deferred income for 1,538, the recognition of the contingent consideration on consolidation of TCHF 34 (31 December 2014: TCHF 21), the other liabilities recognized for consolidation purposes of TCHF 233 (31 December 2014: TCHF 271) and the elimination of intra-segment receivable/liabilities of TCHF 423.

6. SEASONALITY OF OPERATIONS

Demand for energy is seasonal because climatic conditions affect both, the level of production and the level of consumption of energy. The Group experiences a reduction in production and sales during the first quarter reflecting the effect of the winter season in its principal market in Italy and tends to see an increase in sales in the second and third quarters reflecting the effect of the summer season. The effect can be particularly pronounced in harsh winters.

7. 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 earnings and the weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Unaudited Period ended 30 June 2015 TCHF	Unaudited Period ended 30 June 2014 TCHF
Loss for the period attributable to Owners of the Company	(146)	(2,624)
Losses used in the calculation of basic earnings per share	(146)	(2,624)
Weighted average number of ordinary shares for the purpose of basic earnings per share	249,540	249,540
Basic earnings per share		
Basic and diluted earnings per share (CHF per share)	(0.59)	(10.52)

Diluted earnings per share

There are no convertible loans with dilutive effects.

8. COMPOSITION OF THE GROUP

No changes occurred in the scope of consolidation during the 6 months-ended 30 June 2015.

Details of the Company's subsidiaries at 30 June 2015 and 31 December 2014 are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership and voting power held by the Group		Principal activity
		30 June 2015	31 Dec 2014	
Prodena Srl	Montaldo Dora - Italy	60%	60%	Hydropower Generation
Lugo Srl	Lucca - Italy	60%	60%	Renewable Energy Project Development
Enerproject Srl	Lucca - Italy	60%	60%	Renewable Energy Project Development

9. PROPERTY, PLANT AND EQUIPMENT

During the period no significant acquisitions and disposals have been performed.

No impairment loss was recognized during the six months ended 30 June 2015.

Following a decrease of the energy prices during the six months ended 30 June 2014, the Group assessed the recoverable amount of the production plant in Italy included in the Group's HPP-Italy reportable segment. The carrying amount was determined to be higher than its recoverable amount and an impairment loss of TCHF 2,554 was recognized. The impairment loss was fully allocated to Property, plant and equipment and is included in profit or loss in the item "Depreciation, amortization and impairment losses". The recoverable amount was estimated based on the value in use using a discount rate of 7.1% and a terminal growth rate of 2.33% from 2038.

10. INTANGIBLE ASSETS

Intangible assets include capitalized costs in connection with the obtainment of various concessions (in progress) for the construction of new hydropower plants (“Development projects”). These Development projects are in progress.

During the six months ended 30 June 2015 the Group capitalized costs for an amount of TCHF 67 (comparative period: TCHF 253), which include capitalised borrowing costs of nil (comparative period: TCHF 49), external legal and consulting expenses for TCHF 67 (comparative period TCHF 163) and internal personnel expenses for TCHF nil (prior year: TCHF 41).

The negative development of the general market situation caused the Directors to reconsider assumptions on these projects. Consequently, the Group management assessed the recoverable amount based on the current value of the projects considering the progress of the concessions, assuming that the concessions will be obtained. The carrying amount was determined to be higher than its recoverable amount and an impairment loss of TCHF 81 (comparative period: nil) was recognized in the item “Depreciation, amortization and impairment losses”.

Additionally during the six months ended 30 June 2014 the Group sold a project for an amount of TCHF 18, thus realizing a gain on disposal of TCHF 5.

11. ASSOCIATES

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 owns less than 20.0% of the equity interests and of the voting rights; however the Group has determined that it has significant influence because it has representation on the Board of the investees. The company did not make available any accounting data at 30 June 2015, accordingly nor share of profit nor OCI of Idreg Piemonte SpA were recognized in these interim financial statements.

12. ISSUED CAPITAL AND DIVIDENDS

Fully paid in shares

As of 30 June 2015 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 30 June 2015 the Company owns 4,508 treasury shares (31 December 2014: unchanged) for a total value of TCHF 259 (31 December 2014: unchanged). No treasury shares were sold during the current and the comparative period.

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 OTI Energy SA shares at par value (i.e. for a loan fraction of CHF 40 the holder shall receive 1 OTI Energy 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.

Dividends

Prodena Srl declared a dividend in the amount of TEUR 700 (TCHF 740) in favour of its shareholders as follows:

- 60.0% (TCHF 444) in favour of OTI Energy SA
- 40.0% (TCHF 296) in favour of the non-controlling shareholder of the company. The amount paid so far is TCHF nil.

13. BORROWINGS

Current period

During the current period the following changes occurred:

- On 8 February 2015 a loan granted by a related party in the amount of TCHF 1,969 (TEUR 1,900) was extended from the original maturity date (31 December 2015) to 15 July 2017. The other terms and conditions agreed are unchanged (refer also to note 17).
- On 10 February 2015 the loan granted by third party described below (refer to “Comparative period”) was extended from the original maturity (28 February 2015) to 30 June 2016. All other terms and conditions agreed are unchanged.
- On 12 February 2015 part of a loan granted by a related party in the amount of TCHF 1,844 (TEUR 1,780) was transferred to an third parties. A new agreement was reached with the third party, according to which a monthly payment (including capital and interest) starting from 1 March 2015 of TCHF 42 (TEUR 41) is due until full repayment will be performed. The interest rate is 4.5%.
- On 29 May 2015 a loan granted by a third party in the amount of TCHF 831 (TEUR 800) was extended as follows: first instalment (TEUR 400) is due on 31 December 2016 and second instalment (TEUR 400) is due on 30 June 2017. The interest rate is 0.5%.

No other significant changes occurred in the balance sheet item “Borrowings” during the 6 months ended 30 June 2015.

Comparative period

On 28 February 2014 the Group entered into a new loan up to an amount of TCHF 3,000. The main conditions are as follows:

Duration:	the loan is 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%
Purpose:	the amount of the loan is utilized in connection with the acquisition of a number of units in ATW Resources LLC as described in note 13. The liquidity made available under this financing agreement will be paid by the lender directly to ATW Resources LLC and/or its subsidiaries.

Additionally, the loan may be converted into a convertible bond or similar instrument. The lender confirmed its willingness and intention to later convert the loan, to the extent that the existing shareholders do not exercise their preferential subscription right.

No other significant changes occurred in the balance sheet item "Borrowings" during the 6 months ended 30 June 2014.

14. FINANCIAL INSTRUMENTS

Carrying amounts and fair values

The following table shows the carrying amounts and the fair value of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not include the fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

At 30 June 2015 (Unaudited)	Carrying amount					Fair value			
In thousands of CHF	Held-for-trading	Designated at fair value	Loans and receivables	Other financial liabilities	**Total**	Level 1	Level 2	Level 3	**Total**
Financial assets measured at fair value									
Equity securities		2,800			**2,800**	-		2,800	**2,800**
	-	**2,800**	-	-	**2,800**	-	-	**2,800**	**2,800**
Financial assets not measured at fair value									
Trade and other receivables			406		**406**				-
Cash and cash equivalents			256		**256**				-
	-	-	**662**	-	**662**	-	-	-	-
Financial liabilities measured at fair value									
Contingent consideration		(34)			**(34)**		(34)		**(34)**
	-	**(34)**	-	-	**(34)**	-	**(34)**	-	**(34)**
Financial liabilities not measured at fair value									
Convertible loan - liability component				(1,107)	**(1,107)**		(1,107)		**(1,107)**
Other unsecured loans				(14,808)	**(14,808)**		(14,808)		**(14,808)**
Finance lease liabilities				(7)	**(7)**				-
Trade and other payables				(1,951)	**(1,951)**				-
	-	-	-	**(17,873)**	**(17,873)**	-	**(15,915)**	-	**(15,915)**

At 31 December 2014 (Audited)	Carrying amount					Fair value			
In thousands of CHF	Held-for-trading	Designated at fair value	Loans and receivables	Other financial liabilities	**Total**	Level 1	Level 2	Level 3	**Total**
Equity securities	140	2,800			**2,940**	140		2,800	**2,940**
	140	**2,800**	-	-	**2,940**	**140**	-	**2,800**	**2,940**
Financial assets not measured at fair value									
Trade and other receivables			839		**839**				-
Cash and cash equivalents			1,202		**1,202**				-
Corporate debt securities					-				-
	-	-	**2,041**	-	**2,041**	-	-	-	-
Financial liabilities measured at fair value									
Contingent consideration		(21)			**(21)**		(21)		**(21)**
	-	**(21)**	-	-	**(21)**	-	**(21)**	-	**(21)**
Financial liabilities not measured at fair value									
Convertible loan - liability component				(1,105)	**(1,105)**		(1,105)		**(1,105)**
Other unsecured loans				(16,688)	**(16,688)**		(16,688)		**(16,688)**
Finance lease liabilities				(11)	**(11)**				-
Trade and other payables				(2,880)	**(2,880)**				-
	-	-	-	**(20,684)**	**(20,684)**	-	**(17,793)**	-	**(17,793)**

Measurement of fair values

The following tables gives information about how the fair values of these financial assets and financial liabilities are determined.

FINANCIAL ASSETS/FINANCIAL LIABILITIES	Fair value as at		Fair value hierarchy	Valuation techniques	Significant unobservable data	Relationship of unobservable inputs to fair value
	Unaudited 30 June 2015	Audited 31 Dec 2014				
Equity securities	Assets - TCHF 0	Assets - TCHF 140	Level 1	Quoted price in an active market	Not applicable	Not applicable
Equity securities	Assets - TCHF 2,800	Assets - TCHF 2,800	Level 3	Discounted cash flow model using the weighted average cost of capital methodology	1) Forecast revenue 2) Forecast operating expense 3) Capital expenditure and working capital	The estimated fair value would increase (decrease) if the revenue growth were higher (lower), consequently, the operating expenses would be partly lower (higher). Capital expenditure and change in working capital would also impact the estimated fair value. There are no reasonable changes in assumptions that would result in a material change to the fair value of the underlying value. As on 17 June 2015, OTI Energy SA accepted a binding offer stating that ATW SA is ready to purchase the entire investment held by OTI Energy SA in ATW LLC for a consideration of TEUR 2,800, the above calculation was not up-dated from prior year closing.
Contingent consideration	Liabilities - TCHF 34	Liabilities - TCHF 21	Level 2	Formula included in the contract to calculate the liability that is based on inputs observable on the market	Not applicable	Not applicable
Other unsecured loans and convertible loan	Liabilities - TCHF 15,922	Liabilities - TCHF 17,804	Level 2	Discounted cash flow: the valuation model considers the present value based on the effective interest rate	Not applicable	Not applicable

There were no transfers between levels of the fair value hierarchy in the current and in the prior period.

During the period the Group sold all of its remaining equity securities held for trading (KR Energy SpA) for a total amount of TCHF 150 (comparative period: TCHF 315) realizing a gain of TCHF 10 (comparative period: loss of TCHF 80).

Additionally during the comparative period, on 4 March 2014 the Group committed to subscribe 491,387 series B preferred units of ATW Resources LLC for a total amount of TEUR 2,457 or CHF 3,000 representing 4.9% of the members' capital, a start-up company, whose activity consists of developing systems able to extract water from air. On 10 March 2014 the Group subscribed a first tranche of 163,787 series B preferred units of ATW Resources LLC for a total amount of TEUR 819 and subsequently on 8 May 2014 a second tranche of 327,600 series B preferred units for a total amount of TEUR 1,638. This transaction was financed through a specific loan for an amount of TCHF 3,000, as described in note 13. These equity securities were classified as Level 3 in the fair value hierarchy.

15. DEFERRED INCOME

During financial year 2010 Prodena Srl built an hydropower plant. As a result of an appraisal of 2015, certain parts of such investment are eligible to benefit from an investment tax credit. The total amount (TCHF 1,543) of the investment tax credit is recognized as tax asset (current and deferred) and deferred income. The deferred income is recognized as other operating income on a systematic basis over the useful lives of the assets. For the period ended 30 June 2015 an amount of TCHF 5 was recognized as other income.

16. FINANCE INCOME AND COSTS

The following tables shows the items included in the finance costs:

	Unaudited Period ended 30 June 2015 TCHF	Unaudited Period ended 30 June 2014 TCHF
Interest on other loans	195	409
Interest on convertible loan	-	20
Other interest expense	-	4
Total	195	**433**
Less: amounts included in the cost of qualifying assets (Note 10)	-	(49)
Total	**-**	**(49)**
Net loss arising on financial liabilities designated as at FVTPL	13	53
Net loss arising on financial assets classified as held for trading (note 13)	-	475
Total	**13**	**528**
Net foreign exchange loss	2	(7)
Total finance costs	**210**	**905**
Ctrl	-	-

	Year ended 31 Dec 2014 TCHF	Year ended 31 Dec 2013 TCHF
Net gain on financial assets classified as held for trading (note 13)	10	-
Net foreign exchange gains	262	-
Total finance income	**272**	**-**

Compared to the comparative period the interest expenses decreased as a result of the fact that the maturities of certain loans were extended and accordingly the effective interest rate calculations were up-dated.

Compared to the comparative period the net foreign exchange gain increased as a result of the exchange rate move of the EUR/CHF exchange rate.

17. RELATED PARTY TRANSACTIONS

FISI SA was the immediate parent of the Group until the first quarter of 2015. The ultimate controlling party of FISI is Mr. Marco Marenco. Further information on the changes in the shareholder structure is disclosed in note 19 “Important shareholders”. FISI still has significant influence over OTI Energy SA.

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 are part of a group controlled by the ultimate controlling party.

All amounts outstanding shown below are unsecured and are expected to be either settled in cash or compensation. No guarantees have been given or received. No expense for bad or doubtful debts has been recognized in the current or prior period in respect of the amounts owed by related parties.

Transactions with key management personnel

An amount of TCHF 52 (31 December 2014: TCHF 144) is outstanding as a payable to key management personnel (directors and other member of key management personnel) in relation to services provided until 30 June 2015.

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

30 June 2015 (unaudited)

Member of the Board of directors of OTI Energy	Function	Compensation for acting as members of the governing body (i)	Lump sum expense allowance (ii)	Honorarium and remuneration (iii)	Other (iv)	Total
Marco Marenco	Former President	2				2
Nicolò Von Wunster	President ad interim and CEO	8		60	70	138
Giovanni Varallo	Member	8			8	16
Other key management						
Marco Gallo	Chairman of Prodena	57				57
Total		75	-	60	78	213

30 June 2014 (unaudited)

Member of the Board of directors of OTI Energy	Function	Compensation for acting as members of the governing body (i)	Lump sum expense allowance (ii)	Honorarium and remuneration (iii)	Other (iv)	Total
Marco Marenco	President	30				30
Nicolò Von Wunster	Member and CEO	8		59	65	132
Giovanni Varallo	Member	8			4	12
Other key management						
Marco Gallo	Chairman of Prodena	61				61
Total		107	-	59	69	235

(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 Chief Executive Officer paid to a company related to him.
(iv) Other remuneration represent professional fees and reimbursement of costs incurred paid to a company related to the Chief Executive officer in connection with back office services, facility and ICT services.

Other information

No compensation was paid to former members of the Board of Directors or other key management. The current as well as the former members of the Board of Directors and other key management did not receive any loans or credits. The former president left the Board of Directors during 2015.

With the exception of FISI SA (see note 19, which is controlled by Mr. Marco Marenco), no other member of the Board of Directors holds shares, or benefits from conversion rights and options. Marco Marenco has been president of the Board until 12 January 2015.

Other related party transactions other than key management

The table below has been adapted to reflect the related party transactions with the associate acquired during 2015 (being the 19% of the share capital of Idreg Piemonte SpA). Such company in the prior year was included in the "Other related parties".

	Transaction values for the period ended 30 June		Balance outstanding at	
	2015 (unaudited) TCHF	2014 (unaudited) TCHF	30 June 2015 (unaudited) TCHF	31 December 2014 (audited) TCHF
Sale of goods and services				
Other related parties	-	10	-	9
Purchase of goods and services				
Associate (i)	(80)	-	(779)	-
Other related parties (i)	-	(105)	-	(834)
Loans				
Other related parties				
- Convertible loan	(20)	(20)	(1,107)	(1,105)
- Other loan and related interest (ii)	29	(336)	(9,395)	(12,593)
Others				
Associate	-	-	(55)	-
Other related parties				
- Other payables (iii)			(440)	(925)
- Other receivables (iv)	-	-	-	211
- Contingent consideration	(13)	(54)	(34)	(21)
Net amount	(84)	(505)	(11,810)	(15,258)

(i) The operation and maintenance of the power plant is outsourced to an associate (comparative period included in "Other related parties", with which also an operating lease is signed for the combined use of some parts of the plant. Additionally also some administrative tasks are outsourced to an associate (prior year included in "Other related parties"). During the period TCHF 80 (comparative period: TCHF 105) have been charged for such services and leases.

(ii) Other loans include the following unsecured loans from related parties:

a. A non-interest bearing loan for an amount of TCHF 1,817 (31 December 2014: TCHF 2,163), expiring on 15 July 2017 (previously 31 December 2015); provided by a related party in order to finance the acquisition of Prodena Srl in 2012. The effective interest rate on such loan is of 4% (previously 5.6%).
b. A loan of TCHF 6,248 (31 December 2014: TCHF 8,895) bearing a nominal interest of 4% (effective interest rate of 5.6%), obtained to finance the construction of the hydropower-plant actually in function. The loan is repayable according to a repayment plan, which will expire on 31 December 2023. On 12 February 2015 part of that loan was transferred to an third parties in the amount of TCHF 1,844 (TEUR 1,780).
c. Two loans totalling TCHF 1,330 (31 December 2014: TCHF 1,535) bearing both a nominal interest rate of 4% (effective interest rate 5.85%) in order to finance the intangible assets acquired. They are due according to a repayment plan which will expire on 31 March 2017.

(iii) The other payables to related parties refer mainly to:
a. TCHF 102 (31 December 2014: TCHF 139) of dividends initially due to the non-controlling shareholder. The lender transferred its credit to another related party in 2013. The amount is outstanding and is not bearing interest.
b. TCHF 42 (31 December 2014: TCHF 48) relates to balances between the subsidiary acquired in 2012 and other related parties controlled by one of the Board member. The amounts refer to outstanding interests on financing operations, which have been closed prior to the change of control, but whose interests were not yet paid at the closing date.
c. TCHF 146 (31 December 2014: TCHF 94) due to the non-controlling shareholder represent the residual liability in connection with the dividend distribution (refer also to note 11).
d. TCHF 81 (31 December 2014: TCHF 82) are related to accrued interests related to the loans described in (ii) c and to the convertible loan.
e. TCHF 55 (31 December 2014: TCHF 203) is related to a liability, which resulted from the cancellation of the off-setting agreement as described in (iv) and to liability related to services provided to Group (refer to (i)). In both period/year ends the balance is towards Idreg Piemonte SpA, which in 2015 became an associate.
f. TCHF nil (31 December 2014: TCHF 359) was mainly related to VAT invoiced to the counterparty, which is financing the construction of the hydropower-plant.

(iv) The outstanding amount of TCHF nil (2014: TCHF 211) was towards "Other related parties". The significant change were mainly related to balances between the subsidiary acquired in 2012 and "Other related parties", which were transferred with no cash involvement to another related party entity (in 2015 the associate Idreg Piemonte SpA).

18. SIGNIFICANT NON-CASH TRANSACTIONS

Significant non-cash transactions are related to the following:

Current period

- On 12 February 2015 part of a loan granted by a related party in the amount of TCHF 1,844 (TEUR 1,780) was transferred to a third party. A new agreement was reached with the third party, according to which a monthly payment (including capital and interest) starting from 1 March 2015 of TCHF 42 (TEUR 41) is due until full repayment will be performed. The interest rate is 4.5%.
- A receivable due from an Other related party in the amount of TCHF 175 has been transferred to another related party entity by off-setting an existing liability (refer also to note 17).

Comparative period

- Acquisition of 491,387 units in ATW Resources LLC (refer to note 13), which were financed through a convertible loan of TCHF 3,000 (refer to note 12).The lender provided the cash directly to ATW Resources LLC and/or its subsidiaries.
- A receivable due from an Other related party in the amount of TCHF 206 has been transferred to another

related party entity by off-setting an existing liability (refer also to note 17). Such transaction was reversed with a new agreement in the second semester.

- Borrowing costs capitalised in intangible assets in the amount of TCHF 32 have not been paid.

19. IMPORTANT SHAREHOLDERS

The Company has exclusively issued bearer shares. The shareholders with a participation exceeding 5% known to the Company as per 30 June 2015 changed compared to 31 December 2014 as follows:

Name	30 June 2015 %	31 Dec 2014 %
Finanziaria Internazionale per lo Sviluppo Industriale SA, Switzerland	19.80	66.18
World Dynamic Fund Sicav pls, Malta	20.13	10.96
DOT Energy OÜ, Estonia	14.99	-
Whiteridge Global Energy Fund SPC LTd, BVI	23.22	-

20. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

The following additional accounting policies were used to prepare the interim financial statements:

- ***Associates***: Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the share of the profit or loss and OCI of equity-accounted associates, until the date on which influence ceases.
- ***Government grants related to assets***: Government grants relating to assets and to expenses incurred are recognized in the balance sheet initially as deferred income when there is reasonable assurance that they will be received, and the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as other operating income in the income statement on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the costs of an asset are recognized as other operating income on a systematic basis over the useful life of the asset.

A number of new standards and amendments to existing standards apply for the first time in 2014. However, none of these new standards and/or amendments have a material effect on the Group's interim financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

21. EVENTS AFTER THE REPORTING PERIOD

No significant events occurred between 30 June 2015 and the date of authorization that would require adjustments of these interim financial statements or disclosure, except for the following:

- On 13 August 2015 OTI Energy SA sold all the units held in ATW Resources LLC (refer also to note 14) for a consideration of TCHF 2,800. The consideration was satisfied by assigning an amount of TCHF 2,800 out the loan specifically granted to buy the units (refer to note 13) to the buyer.
- On 28 August 2015 the Court of Alessandria declared the bankruptcy of Idreg Piemonte SpA (associate). The financial implications for OTI Energy SA cannot be estimated reliably yet.

22. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved by the Board of directors and authorized for issue on 30 September 2015.

COMPANY PROFILE

Board of Directors
Nicolò Von Wunster, President ad interim
Giovanni Varallo, Member

Management Board
Nicolò von Wunster, CEO

Postal Address
OTI Energy SA, Via Nassa 31, 6900 Lugano

Auditors
Auditor for 2015 not yet elected by the Annual General Meeting of Shareholders

Reporting
The Board of Directors

Custodian Bank
BANQUE SARASIN & CO LTD, Lugano Branch, 6900 Lugano

Publications
Interim reports on 30 June

Ticker Symbols

Bloomberg	OTI SW Equity
Telekurs	OTI
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
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