OTI Energy SA

Annual Report 2015

for the year ended 31 December 2015

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LETTER TO THE SHAREHOLDERS

TO OUR SHAREHOLDERS

Dear shareholders,

Another year is over.
This particular year has marked and meant a significant step for the future of the Company: the change of the main shareholder and the election of the new Board. At the same time, these major events have being granted both the follow up of the turnaround process started at the beginning of the year and the opportunity for the Company to get back on the recovery track.

During the year, through the sale of its assets, the Company has managed to normalize its financial situation, providing the business continuity and allowing the new Board of Directors to focus on new strategic development plans.

We have now the material confidence to build a new development in 2016 that will count on a share capital increase with industrial and financial partners granting the resources for investing in new deals along the traditional core business as well as other opportunities in different business areas.

Best Regards.
Gianluigi Facchini
The Chairman of the Board

CORPORATE GOVERNANCE

General information

The Company's corporate governance principles are laid out in the articles of incorporation (the "Articles"), in the Organisational Rules (Organisations reglement) 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 conforms to the Directive on Information Relating to Corporate Governance issued by the SIX Swiss Exchange; the information refers to 31 December 2015, unless otherwise indicated. In order to avoid redundancies, references are inserted to other parts of this Annual Report and links to OTI's web-site www.oti-energy.ch that could provide additional, more detailed information.

Group structure and shareholders

Group structure

Company Name	OTI Energy SA
Domicile	Via Nassa 31, 6900 Lugano
Company number	CHE-101.017.162
Listing	SIX Swiss Exchange, Domestic Standard
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 there is a group structure and consolidation is required.

Significant shareholders

Shareholders according to SIX notifications:

According to SIX Swiss Exchange notification, significant shareholders as of December 31, 2015 were:

- Whiteridge Global Energy Fund SPC Ltd, 23.22%
- World Dynamic Fund Sicav plc, Malta, 20.13%
- Finanziaria Internazionale per lo Sviluppo Industriale – FISI S.A., 19.80%
- DOT Energy OÜ, 14.99%
- The Company holds 1.77 % of its share capital (n. 4'508 shares/254'048)

Cross participations

There are no cross participations with other companies.

Capital structure

Share capital (CHF)

Ordinary share capital as per 31 December 2015	**CHF**	**10'161'920.–**
Authorized capital as per 31 December 2015	CHF	0.–
Conditional capital as per 31 December 2015	CHF	5'020'000.–

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 2013	10'161'920.–
Capital as per 31 December 2014	10'161'920.–
Capital as per 31 December 2015	10'161'920.–

Shares and participation certificates

As per 31 December 2015 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 bonus certificates.

Limitations on transferability and nominee registrations

Being issued to the bearer, the shares of the Company can be transferred without restrictions.

Convertible bonds and warrants / options

As per 31 December 2015 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 has been approved by an Extraordinary Meeting of Shareholders on 28 February 2014.

The Board of Directors

During 2015 several changes in the composition of the Board of Directors took place.

As of 31 December 2014 the Board of Directors was composed by:

Marco Marenco, Chairman
Nicolò von Wunster, CEO
Giovanni Varallo, Director

On 13 January 2015, Mr. Marco Marenco resigned as Chairman and Member of the Board and Mr. Nicolò von Wunster was appointed as ad interim Chairman.
In the Extraordinary General Meeting held on 18 February, 2015, following Mr. Marco Marenco resignation from the Board, Mrs. Irene Umansky, Mr. Nikolay Karailiev and Mr. Alexander Rothmund were elected as new Members of the Board and Mrs. Irene Umansky was appointed as Chairman in representation of the new shareholders.
On 6 May 2015 Mrs. Irene Umansky resigned as Chairman and Member of the Board and the following day Mr. Nikolay Karailiev resigned as Member of the Board; on 18 May 2015 in a Board meeting Mr. Nicolò von Wunster was appointed as ad interim Chairman and Mr. Giovanni Maria Operto and Mr. Guido Ventura Gregorini were proposed as new Members of the Board to be appointed in the next Annual General Meeting.

On 27 May 2015, after the resignation of Mr. Alexander Rothmund a new Board Meeting was held and Mr. Alessandro Vangelista was proposed to replace Mr. Alexander Rothmund and to be appointed in the next Annual General Meeting.

In the AGM held on 8 October 2015 the following Directors were appointed:

Angelo Alimonti, Chairman
Paolo Gatto, Director
Giuseppe Maternini, Director
Carlo Grosso, Director

On 17 October 2015 the 4 elected Members declined to accept the mandate, and so the old Board composed of Giovanni Varallo and Nicolò von Wunster, who continued to act as CEO, declared itself available to continue acting ad interim, until a new meeting of shareholders could be convened as soon as reasonably possible.

The Extraordinary Shareholders Meeting of 20 November 2015 elected the following members:

Gianluigi Facchini, Chairman
Serge Umansky, Vice Chairman
Nicolò von Wunster, CEO
Victor Iezuitov, board member

A brief profile of these members is found here 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
Executive President of the Board of Directors since 20 November 2015
Italian citizen, Resident in Milan (Italy)

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
Vice Chairman since 20 November 2015
U.S. citizen, Resident in Lausanne (Switzerland)

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. 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).

Nicolò von Wunster
Director since 30 April 2007 and Chief Executive Officer since 28 February 2011
Swiss citizen, Resident in Massagno (Switzerland)

Mr. Nicolò von Wunster has served as Chief Executive Director of OTI Energy SA since 28 February 2011 and Executive Member of the Board of Directors of the Company as from 30 April 2007.

Graduate in Business Management and Administration, Università Commerciale L. Bocconi – Milano. Diploma in Banking & Finance, City of London Polytechnic.

From 1988 to 2001, Administration, Finance and Control Director, and later Group, Operations and ICT Central Director of multinational foreign and Italian groups with turnover greater than € 1,5 Bl (i.e.: Harken (Italy), Reebok Int Ltd (U.K.), Prada Holding BV (Switzerland) .

Since 2007, CEO of Ambro Suisse SA, Lugano, and a founding member of TENSTARS SA which controls 100 % of Ambro Suisse SA, an Advisory and Fiduciary company specialized in Strategic and Financial Advisory in Energy, Tourism, Real Estate, Sport & Fashion Retail, Supply Chain & Transportation, Intellectual Properties & Patents, with particular specialization in the Family Office activity and private business ventures.

In 2010 appointed President of MT Holding SpA, a special-purpose vehicle for the Advisory acquisition process supervision, assigned to Ambro Suisse SA, of KR Energy SpA, a public company listed in Milan, controlled by the same Group controlling OTI Energy. Later on appointed President and CEO to support the post-acquisition phase, than Executive Director of KR Energy SpA. Member of the Suisse Chamber of Commerce in Italy.

Since 2013, Fiduciary Accountant member of the Fiduciary Register of the State of Canton of Ticino.

Victor Iezuitov
Director since 20 November 2015
Russian Citizen, Resident in Lausanne (Switzerland)

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

Their term of office is one year. Re-election is allowed. The President of the Board (the "Chairman") is currently appointed by the Board of Directors.

The Directors are elected or re-elected individually.

Name	Gianluigi Facchini	Serge Umansky	Nicolò von Wunster	Victor Iezuitov
Since	20 November 2015	20 November 2015	20 November 2015	20 November 2015
Term	At the extraordinary shareholder's meeting on 20 November 2015 for one year until the AGM of 2016, respectively	At the extraordinary shareholder's meeting on 20 November 2015 for one year until the AGM of 2016, respectively	At the extraordinary shareholder's meeting on 20 November 2015 for one year until the AGM of 2016, respectively	At the extraordinary shareholder's meeting on 20 November 2015 for one year until the AGM of 2016, respectively

Internal organizational structure

The Board of Directors is self-constituting and up to 2014 designated its own Chairman 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.

After consultation with the CEO, 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. 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 20 November 2015 Mr. Gianluigi Facchini has been elected as president. He is in charge of calling for and leading the meetings of the Board of Directors. The Board did not form any committees, due to its limited size.

The Board of Directors met 13 times during the year 2015. The average duration of a meeting was about 1.0 hour.

Since 17 April 2009 OTI has a Management Board in charge of the management of the Company. Since 28 February 2011 the CEO of the Group is Mr. Nicolò von Wunster.

Definition of areas of responsibility

The Board is entrusted with the ultimate direction 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 to 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 day-by-day 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.

Competence of Management

The Board of Directors 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.

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 about major events and keeps the President of 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"

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 in cash resolved by the Board in consent with the majority shareholder for each year.

Transparency of Compensation for acting members of the governing bodies

See below page 14.

Allocations of shares in the reporting period

The Company does not have a share participation 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 14.

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 head auditor

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

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 first year that Mr. Cosimo Picci, in his capacity as auditor in charge, signs the auditor's report for OTI Energy SA and for the Consolidated Financial Statements of the OTI Group.

Auditing fees

The total audit fee for the audit of financial year 2015 amounts to CHF 105,000.

Additional fees

No additional fees besides the audit fees have been paid to Berney et Associés SA in relation to the business year 2015.

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 2015, 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.oti-energy.ch)
Annual report	Annual report for the business period from 1st January to 31 December (www.oti-energy.ch)
Press information	when appropriate (electronically, with newsletter which can be subscribed to on the Company's website)
Company information	www.oti-energy.ch
Investor Relations	Nicolò von Wunster Tel + 41 91 922 00 73 Fax + 41 91 922 00 78 E-Mail: info@oti-energy.ch

MANAGEMENT REMUNERATION REPORT

1. Introduction

The Group implemented the new requirements in accordance with the "Ordinance Against Excessive Compensation in Listed Companies" ("Ordinance") of 20 November 2013.

2. Compensation policy

Compensation to members of the Board of Directors and Management Board (composed of the Chief Executive Officer) should conform to market conditions, correspond appropriately to performance and responsibility, and correlate to the size and to the complexity of the Group and its businesses.

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

Members of the Board of Directors receive a fixed compensation. Fixed compensation includes remuneration for the activities of members of the Board of Directors of OTI.

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

One member of the Board receives lump-sum expense allowance for his activity. 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 Chief Executive Officer receives a fixed compensation, which is paid to a company related to him.

Other

The member of the Board and Chief Executive Officer receives 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.

There is no variable compensation to the Board of Directors and Management Board.

There are no share participation program and/or other grant of equity instruments.

Authority and determination of compensation

The Board of Directors acts as Compensation Committee in accordance with the Articles of association and the General Meeting election. 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 2015
In thousand of CHF

Member of the Board of Directors and Management Board of OTI Energy 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*

31 December 2014
In thousand of CHF

Member of the Board of Directors and Management Board of OTI Energy 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
Marco Marenco	President	60		*60*			60
Nicolò von Wunster	Member & CEO	23		*23*	119	134	276
Giovanni Varallo	Member	15	15	*30*			30
Total		98	15	*113*	119	134	366

(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) The honorarium is the fixed compensation 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 outsourced back-office services, facility and ICT services.

No compensation was recognized to former members of the Board of Director and Management Board in 2015.

5. Loans granted to Board of Directors and Management Board

There are no outstanding receivables to and/or loans granted to members of the Board of Directors and Management Board.

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 2015.

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 2014, except for the following: receivables from related parties amounting to TCHF 211 refer to outstanding interests on financing transactions, which have been closed prior to the acquisition of Prodena (2012).

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

berney associés

REPORT OF THE STATUTORY AUDITOR
TO THE GENERAL MEETING OF OTI ENERGY SA, LUGANO

We have audited the remuneration report of OTI ENERGY SA for the year ended 31 December 2015. 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 and 5 on page 2 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 2015 of OTI ENERGY SA complies with Swiss law and articles 14–16 of the Ordinance.

berney & associés sa
société fiduciaire

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BERNEY & ASSOCIES SA
Société Fiduciaire

Cosimo PICCI
Licensed Audit Expert
Auditor in charge

Claude HERI
Licensed Audit Expert

Lausanne, 15 June 2016

CONSOLIDATED FINANCIAL STATEMENTS

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

For the year ended 31 December 2015

	Notes	2015 TCHF	2014 Restated* TCHF
Continuing operations			
Revenue	7	-	-
Other income	8	44	14
Depreciation, amortization and impairment losses	18/19	(3)	(1)
Personnel expenses	10	-	-
Administration and other operating expenses	11	(1,200)	(793)
Finance income	12	175	44
Finance costs	12	(277)	(1,115)
Profit / Loss before tax		**(1,261)**	**(1,851)**
Income tax expense/income	14	(121)	(102)
Profit/(loss) for the year from continuing operations		**(1,382)**	**(1,953)**
Profit/Loss from discontinued operations, net of tax	6	1,479	(2,580)
Profit / Loss for the year		**97**	**(4,533)**
Attributable to:			
Owners of the Company		164	(3,501)
Non-controlling interests		(67)	(1,032)
Profit / Loss for the year		**97**	**(4,533)**
Earnings per share			
Basic (CHF per share)	13	0.66	(14.03)
Diluted (CHF per share)	13	0.58	(14.03)
Earnings per share - continuing operations			
Basic (CHF per share)	13	(5.54)	(7.83)
Diluted (CHF per share)	13	(5.54)	(7.83)

* refer to note 6

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

For the year ended 31 December 2015

	2015 TCHF	2014 TCHF
Profit / Loss for the year	**97**	**(4,533)**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	(619)	(158)
Reclassification of the accumulated translation difference to profit or loss as part of the gain on disposal (note 6/8)	378	-
Other comprehensive income, net of tax	**(241)**	**(158)**
Total comprehensive income for the year	**(144)**	**(4,691)**
Attributable to:		
Owners of the Company	198	(3,597)
Non-controlling interests	(342)	(1,094)
Total comprehensive income for the year	**(144)**	**(4,691)**

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

As at 31 December 2015

	Notes	31 Dec 2015 TCHF	31 Dec 2014 TCHF
ASSETS			
Non-current assets			
Property, plant and equipment	18	6	19,866
Intangible assets and goodwill	19	-	1,761
Other financial assets	21	-	2,800
Total non-current assets		**6**	**24,427**
Current assets			
Inventories	15	-	330
Trade and other receivables	16	4,289	839
Other financial assets	21	-	140
Cash and bank balances	17	763	1,202
Total current assets		**5,052**	**2,511**
Total assets		**5,058**	**26,938**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	22	9,903	9,903
Currency translation reserve	22	-	(34)
Accumulated deficit	22	(8,918)	(9,082)
Total equity attributable to owners of the Company		**985**	**787**
Non-controlling interests	30	-	2,788
Total equity		**985**	**3,575**
Non-current liabilities			
Borrowings	24	1,109	9,461
Other financial liabilities	25	70	21
Other non-current liabilities		-	7
Deferred tax liabilites	14	-	2,509
Total non-current liabilities		**1,179**	**11,998**
Current liabilities			
Borrowings	24	2,391	8,343
Trade and other payables	26	503	2,880
Current tax liabilities		-	142
Total current liabilities		**2,894**	**11,365**
Total liabilities and equity		**5,058**	**26,938**

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

For the year ended 31 December 2015

	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	**10,162**	**(259)**	**62**	**(5,581)**	**4,384**	**4,090**	**8,474**
Comprehensive income							
Loss for the year				(3,501)	(3,501)	(1,032)	(4,533)
Other comprehensive income			(96)		(96)	(62)	(158)
Total comprehensive income	**-**	**-**	**(96)**	**(3,501)**	**(3,597)**	**(1,094)**	**(4,691)**
Transactions with owners of the Company							
Contributions and distributions							
Dividends (Note 22)						(208)	(208)
Total contributions and distributions	**-**	**-**	**-**	**-**	**-**	**(208)**	**(208)**
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**(208)**	**(208)**
Balance at 31 December 2014	**10,162**	**(259)**	**(34)**	**(9,082)**	**787**	**2,788**	**3,575**
Balance at 1 January 2015	**10,162**	**(259)**	**(34)**	**(9,082)**	**787**	**2,788**	**3,575**
Comprehensive income							
Profit for the the year				164	164	(67)	97
Other comprehensive income							
- Exchange difference on translation of foreign operations			(344)		(344)	(275)	(619)
- Reclassification of the accumulated translation difference to profit or loss as part of the gain on disposal (note 6/8)			378		378	-	378
Total comprehensive income	**-**	**-**	**34**	**164**	**198**	**(342)**	**(144)**
Transactions with owners of the Company							
Contributions and distributions							
Dividends (Note 22)					-	(298)	(298)
Total contributions and distributions	**-**	**-**	**-**	**-**	**-**	**(298)**	**(298)**
Changes in ownership interests							
Disposal of subsidiaries with non-controlling interests (Note 6)					-	(2,148)	(2,148)
Total changes in ownership interests	**-**	**-**	**-**	**-**	**-**	**(2,148)**	**(2,148)**
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**-**	**(2,446)**	**(2,446)**
Balance at 31 December 2015	**10,162**	**(259)**	**-**	**(8,918)**	**985**	**-**	**985**

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

For the year ended 31 December 2015

	Notes	2015 TCHF	2014 TCHF
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) for the year		97	(4,333)
Adjustments for:			
Tax (income) / expense	14	317	(888)
Finance costs		690	764
Finance income		(165)	(27)
Gain on disposal of intangible assets		-	(5)
Gain on disposal of subsidiaries	6	(1,648)	
Net (gain) / loss arising on financial liabilities designated as at FVTPL	25	49	(17)
Net (gain) / loss arising on financial assets classified as held for trading	12	(10)	684
Depreciation and amortization expense	9/18	1,052	1,253
Impairment losses on property, plant and equipment	9/18	-	3,843
Impairment losses on development expenditure	9/19	123	301
impairment loss on associate	20	257	-
Net foreign exchange (gain) / loss		105	(179)
		867	1,396
Movement in working capital			
(Increase)/decrease in trade and other receivables		-	(447)
(Increase)/decrease in inventory		84	(248)
Increase/(decrease) in trade and other payables		(457)	782
Cash flow generated from operations		*494*	*1,483*
Income taxes paid			(489)
Net cash from operating activities		**494**	**994**
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of subsidiaries, net of cash disposed of	6	16	-
Payment of deferred consideration related to acquisition of subsidiaries		-	(46)
Proceeds on sale of financial assets	21	150	665
Acquisition of associates	20	(257)	-
Acquisition of Property, plant and equipment	18	(2)	(10)
Development expenditure	19	(120)	(389)
Proceeds from sale of intangible assets		-	18
Net cash used in / from investing activities		**(213)**	**238**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(415)	-
Dividends paid to non-controlling interests	22	(106)	(109)
Interest paid		(96)	(18)
Payment of finance lease liabilities		(5)	(5)
Net cash used in financing activities		**(622)**	**(132)**
Change in cash and cash equivalents		**(341)**	**1,100**
Cash and cash equivalents at 1 January		1,202	111
Effect of movements in exchange rates on cash held		(98)	(9)
Cash and cash equivalents at 31 December		763	1,202
Change in cash and cash equivalents		**(341)**	**1,100**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Swiss Francs, except as otherwise indicated)

For the year ended 31 December 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.

Its parent and ultimate holding company was Finanziaria Internazionale per lo Sviluppo Industriale - F.I.S.I. SA ("FISI SA"). Its ultimate controlling party was Mr. Marco Marenco. During 2015 FISI SA sold the majority of the shares held in OTI Energy SA to third parties. Further information on the changes in the shareholders structure is disclosed in note 35 "Important shareholders".

These consolidated financial statements as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (collectively the "Group" and individually "Group companies"). 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.

On 28 December 2015 the Group sold all of its subsidiaries. As this was a significant change in the Group business activity, the consolidated statement of financial position of the current and prior year are not comparable, while the consolidated statement of profit and or loss, consolidated statement of profit or loss and other comprehensive income, and the consolidated statement of cash flows are comparable.

2. BASIS OF ACCOUNTING

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), 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.

Details of the Group's accounting policies, including changes during the year, are included in notes 38 and 39.

3. FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated 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.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that could affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 8– recognition of green certificates as other income

Assumptions and estimation uncertainties

Information about assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2015 is included in the following notes:

- Note 18 – impairment of Property, plant and equipment: as a result of the sale of all of its subsidiaries, the Group has no Property, plant and equipment at 31 December 2015, while at 31 December 2014 the Group had TCHF 21,153 in Property, plant and equipment. Property, plant and equipment are assessed for impairment when there is a triggering event that provides evidence that an asset may be impaired. To assess whether any impairment exists, estimates of expected future cash flows are used. Actual outcomes could vary significantly from such estimates. Factors as changes in discount rates, energy price, technical obsolescence could lead to shorter useful lives and impairment losses. No impairment was booked in the current year, while an impairment loss in the amount of TCHF 2,542 had been recognized in the prior year. Refer to note 18 "Property, plant and equipment" for further discussion.
- Note 19 – impairment of Intangible assets: as a result of the sale of all of its subsidiaries, the Group has no Intangible assets and Goodwill at 31 December 2015, while at 31 December 2014 the Group had TCHF 1,761 in Intangible assets and Goodwill. Intangible assets not yet available for use and Goodwill are reviewed annually for impairment. Intangible assets in use are assessed for impairment when there is a triggering event that provides evidence that an asset may be impaired. Goodwill is fully impaired. To assess whether any impairment exists, estimates of the expected present value was derived from expected future cash flows. Actual outcomes could vary significantly from such estimates. The changes in energy price could lead to impairment losses. An impairment loss in the amount TCHF 123 has been booked in the current year (2014: TCHF 301). Refer to note 19 "Intangible assets and goodwill" for further discussion.
- Note 14 – recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used.

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 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 the following notes:

- Note 27 – Financial instruments

5. SEGMENT INFORMATION

Products and services from which reportable segments derive their revenues

Information reported to the chief decision maker for the purposes of resource allocation and assessment of segment performance focuses on the goods delivered. The directors of the Company chose to organize the Group around different products and services.

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 (also 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 through hydro power plants in Italy. The segment HPG was sold in December 2015.

With reference to HPG, as a result of the disposal of Prodena Srl and its subsidiaries there are no more segment assets and segment liabilities as of 31 December 2015, while segment revenues and results are included until the date of the disposal.

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 TCHF	HPG - Italy discontinued TCHF	Total reportable segments TCHF	Reconciliation TCHF		Consolidated (*) TCHF
Operating segments - 31 December 2015						
Reportable segment profit	331	929	1,260	(846)	(i)	414
Revenue from external customers	-	1,005	1,005	-		1,005
Other income	969	1,881	2,850	723	(ii)	3,573
Depreciation and amortization expense	(3)	(7)	(10)	(1,036)	(iii)	(1,046)
Impairment losses	-	-	-	(129)	(iv)	(129)
Change in fair value of financial assets classified as held for trading	-	-	-	-	(v)	-
Interest expenses	104	651	755	(68)	(vi)	687
Income taxes	(121)	(482)	(603)	286	(vii)	(317)
Operating segments - 31 December 2014						
Reportable segment profit	(3,370)	(134)	(3,504)	(1,717)	(i)	(5,221)
Revenue from external customers	-	1,144	1,144	-		1,144
Other income	15	2,285	2,300	-	(ii)	2,300
Depreciation and amortization expense	(2,053)	(717)	(2,770)	1,517	(iii)	(1,253)
Impairment losses	-	(40)	(40)	(4,104)	(iv)	(4,144)
Share of profit of associate	-	-	-	-		-
Change in fair value of financial assets classified as held for trading	769	-	769	(85)	(v)	684
Interest expenses	111	431	542	221	(vi)	763
Income taxes	(102)	(62)	(164)	1,052	(vii)	888

* comparative year restated (refer to note 6)

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 (2014: nil).

The accounting policies of the reportable segments for management purposes differ significantly from those of the Group, as described in note 39. 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), (iii), (iv), (v) and (vi), as well as additional effects related to entries, which have been reversed for the purpose of these consolidated financial statements since related to post-disposal transactions (Prodena Srl and its subsidiaries).

(ii) The difference of TCHF 723 is mainly attributable to the adjustment of the profit of the disposal of Prodena Srl and its subsidiaries

(iii) In financial year 2015 the difference of TEUR 1,036 is mainly attributable to the depreciation and amortiza-

tion booked at group level, as no local depreciation and amortization expense has been booked consequently to the disposal of Prodena Srl and its subsidiaries. In financial year 2014 the difference of TCHF 1,517 on depreciation, amortization and impairment losses was 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 with an impact of additional depreciation and amortization of TCHF 534. Furthermore an amount of CHF 2,051, recorded as impairment loss on investments for statutory purposes, has been reversed upon consolidation.

(iv) The difference of TCHF 129 (2014: TCHF 4,104) is attributable to the impairment losses recorded on consolidation level on the property, plant and equipment (2015: nil; 2014; TCHF 3,843; note 18) and on intangible asset (2015: 129; 2014: TCHF 261; note 19).

(v) The difference of TCHF 85 in 2014 was due to the different accounting principles for the valuation of treasury shares. In 2015 the accounting treatment is the same under IFRS and local accounts.

(vi) Differences on interest expenses of TCHF 68 (2014: TCHF 221) are due to the effects of the application of the effective interest method on consolidated level.

(vii) In the current year the variation of income taxes is reflecting both current and deferred income taxes, while in the prior the variation of income taxes was only reflecting deferred taxes which were not considered for management reporting purposes, and a reclassification of corporate taxes.

Segment assets and liabilities

Segment assets	Trading / Investment management TCHF	HPG - Italy discontinued TCHF	Total reportable segments TCHF	Reconciliation TCHF	Unallocated TCHF	**Consolidated TCHF**
Operating segments - 31 December 2015						
Segment assets	5,058	-	5,058	- (i)	-	**5,058**
Capital expenditure	2	120	122	-	-	**122**
Operating segments - 31 December 2014						
Segment assets	3,627	16,191	19,818	7,320 (i)	-	**27,138**
Capital expenditure	11	479	490	-	-	**490**

Segment liabilities	Trading / Investment management TCHF	HPG - Italy discontinued TCHF	Total reportable segments TCHF	Reconciliation TCHF	Unallocated TCHF	**Consolidated TCHF**
Operating segments - 31 December 2015						
Segment liabilities	4,014	-	4,014	59 (ii)	-	**4,073**
Operating segments - 31 December 2014						
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, all assets and liabilities are allocated to reportable segments except for current and deferred tax assets and liabilities.

As a consequence of the disposal of Prodena Srl and its subsidiaries most of the differences between Management reporting and consolidated figures are no longer present as at 31 December 2015. The difference between Management and consolidated in the Segment liabilities is related to the recognition of the contingent consideration on consolidation of TCHF 70 (refer also to note 25).

As mentioned above, due to the different accounting principles applied, differences between Management reporting and consolidated figures the following occurred for the year ended 31 December 2014:

(i) The amount of 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 and impairment losses from the acquisition date. Total impact of such differences is of 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 196 (opposite effect as before). The remaining difference is attributable to the different presentation of treasury shares, presented for management purposes as a current asset for TCHF 91.

(ii) The amount of TCHF 603 is due to the effect of the application of the effective interest method on consolidated figures for TCHF 895, the recognition of the contingent consideration on consolidation of TCHF 21 and other liabilities recognized for consolidation purposes of TCHF 271.

Revenue from major products and services

All revenue is allocated to the HPG-Italy segment. Revenue arises from the sale of energy TCHF 1,005 (2014: TCHF 1,144).

Geographical information

The Group operates in two principal geographical areas – Switzerland and Italy.

The Group's revenue from external customers by location of operations and information about its non-current assets* by location of assets are as follows:

	Revenue from external customers		Non-current assets	
	31 Dec 2015	31 Dec 2014 (restated) *	31 Dec 2015	31 Dec 2014
	TCHF	TCHF	TCHF	TCHF
Switzerland	-	-	6	3,007
Italy (discontinued)	1,005	1,144	-	21,620
Total consolidated figures	**1,005**	**1,144**	**6**	**24,627**

* refer to note 6

*Non-current assets exclude deferred tax assets.

Information about major customers

All sales of energy included in revenues from the Hydro Power Generation arose from the sales to one single customer (2015: TCHF 1,005; 2014: TCHF 1,144). No other single customers contributed 10% or more to the Group's revenue for both 2015 and 2014.

6. DISCONTINUED OPERATION

On 28 December 2015, OTI Energy SA sold its entire Hydro power generation (HPG) segment (refer to note 5), which includes 60% of the shares of Prodena Srl that in turn owns 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 is payable in three tranches: TEUR 1,900 (settled on 13 April 2016 by the buyer to OTI through the payment of OTI Energy S.A.'s liability due to NOVEIS Srl for the amount of TEUR 1,900), TEUR 1,000 due on 30 June 2016 and TEUR 1,000 due on 28 December 2016.

The HPG segment was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss has been restated to show the discontinued operation separately from continuing operations.

Results of discontinued operation

	2015 TCHF	2014 TCHF
Revenue	2,886	3,430
Expenses	(2,859)	(7,000)
Results from operating activities	**27**	**(3,570)**
Income tax	(196)	990
Results from operating activities, net of tax	**(169)**	**(2,580)**
Gain on sale of discontinued operations	**1,648**	**-**
Profit / (Loss) from discontinued operations, net of tax	**1,479**	**(2,580)**
Attributable to:		
Owners of the Company	1,546	(1,544)
Non-controlling interests	(67)	(1,036)
Profit / (Loss) from discontinued operations, net of tax	**1,479**	**(2,580)**
Earnings per share		
Basic (CHF per share)	6.20	(6.19)
Diluted (CHF per share)	4.36	(6.19)

The loss from continuing operations of TCHF 1,382 (2014: TCHF 1,953) is attributable entirely to the Owners of the Company.

Cash flows from (used in) discontinued operation

	2015 TCHF	2014 TCHF
Net cash from operating activities	476	1,738
Net cash used in investing activities	(120)	(371)
Net cash used in financing activities	(527)	(546)
Net cash flows for the year	**(171)**	**821**

Effect of disposal on the financial position of the Group

	Prodena Srl and subsidiaries TCHF
Property, plant and equipment	16,892
Intangible assets	1,587
Other non-current assets	414
Deferred tax assets	290
Inventories	213
Trade and other receivables	716
Current tax assets	46
Cash and bank balances	613
Borrowings	(10,357)
Deferred tax liabilities	-
Trade and other payables	(1,976)
Other liabilities and deferred income	(1,609)
Current tax liabilities	(1,460)
Net identifiable assets and liabilities	**5,369**
Less portion attributable to non-controlling interests	(2,147)
Gain on the transaction	1,648
Total consideration agreed	**4,870**
of which:	
Satisfied in cash	629
Deferred consideration receivable	4,241
Cash disposed of	(613)
Net cash inflow	**16**

7. REVENUE

The following is an analysis of the revenue for the year from operations (excluding finance income – refer to note 12):

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 (restated)* TCHF
Continuing operations	-	
Revenue from the sale of electricity	-	-
Total revenue	**-**	**-**
Discontinued operations		
Revenue from the sale of electricity	1,005	1,144
Total revenue discontinued operations	**1,005**	**1,144**
Total revenue	**1,005**	**1,144**

* refer to note 6

All revenue refers to the segment of Hydro Power Generation – Italy (see note 5).

8. OTHER INCOME

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

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 (restated)* TCHF
Continuing operations		
Other income	44	14
Total other income	**44**	**14**
Discontinued operations		
Other income from sales of Green Certificates	1,858	2,196
Capitalized expenditure	-	78
Gain on disposal of intangible assets	-	5
Gain on disposal of operations	1,648	-
Government grants received	20	-
Other income	3	7
Total other income discountinued operations	**3,529**	**2,286**

As producer of renewable energy, the Group is granted with green certificates based on the power output (kWh)

derived from renewable energy sources. As these certificates are granted by a government body, management determined that they meet the definition of government grants and fall within the scope of IAS 20. Accordingly, green certificates are recognized when there is a reasonable assurance that the Group will comply with the conditions attached to them, which is once the renewable energy is produced. Green certificates are initially measured at their fair value and are recognized as inventory and other income.

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. Refer also to note 6.

During financial year 2010 the Group built a 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 of the investment tax credit was 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 31 December 2015 an amount of TCHF 20 was recognized as other income.

Capitalized expenditures were related to personnel expenses in connection with the development of new hydropower plant projects (refer also to note 19).

9. DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

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

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 (restated)* TCHF
Continuing operations		
Depreciation of property, plant and equipment	3	1
Total depreciation, amortization and impairment losses	**3**	**1**
Discontinued operations		
Depreciation of property, plant and equipment	1,050	1,252
Impairment of property, plant and equipment	-	3,843
Impairment of intangible assets	123	301
Total depreciation, amortization and impairment losses discontinued operations	**1,173**	**5,396**

* refer to note 6

Refer also to note 18 and 19.

10. PERSONNEL EXPENSES

The following is an analysis of the personnel expenses:

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 (restated)* TCHF
Continuing operations		
Total personnel expenses	**-**	**-**
Discontinued operations		
Wages and salaries	53	54
Social security costs	17	16
Pension costs (defined contributions plans)	3	4
Other personnel expenses	3	4
Total personnel expenses discontinued operations	**76**	**78**

* refer to note 6

11. ADMINISTRATION AND OTHER OPERATING EXPENSES

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

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 (restated) * TCHF
Continuing operations		
Impairment on investments in associate	257	-
Audit fees	175	172
Other administration expenses	768	621
Total administration expenses and other operating expenses	**1,200**	**793**
Discontinued operations		
Maintenance expenses	24	45
Operating leases (Note 31)	235	260
Audit fees	-	81
Other administration expenses	893	606
Total administration expenses and other operating expenses discontinued operations	**1,152**	**992**

* refer to note 6

12. FINANCE INCOME AND FINANCE COSTS

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

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 TCHF
Interest revenue		
Other loans and receivables	-	-
Total	-	-
Other		
Net gain arising on financial liabilities designated as at FVTPL (Note 24)	-	17
Net gain on financial assets classified as held for trading	10	-
Net foreign exchange gains	165	27
Total finance income	**175**	**44**

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 (restated) * TCHF
Continuing operations		
Interest on other loans	180	190
Interest on convertible loan	40	40
Other interest expense	8	1
Total	228	**231**
Net (gain)/loss arising on financial liabilities designated as at FVTPL (Note 24)	49	-
Net loss arising on financial assets designated as at fair value (Note 20)	-	200
Net loss arising on financial assets classified as held for trading (Note 20)	-	684
Total	**49**	**884**
Total finance costs	**277**	**1,115**
Discontinued operations		
Interest on other loans	454	605
Other interest expense	5	2
Total	459	**607**
Less: amounts included in the cost of qualifying assets (Note 18)	-	(75)
Total	-	**(75)**
Net foreign exchange loss	2	2
Total finance costs discontinued operations	**461**	**534**

* refer to note 6

The weighted average interest rate on funds borrowed is 5.25% per annum (2014: 5.56% per annum).

All interest payable on financial liabilities are attributable entirely to the category "Financial liabilities measured at amortized cost".

During the current year the Group sold the residual part of its equity securities held for trading (KR Energy SpA) for a total amount of TCHF 150 realizing a gain of TCHF 10.

During the prior year the Group sold part of its equity securities held for trading (KR Energy SpA) for a total amount of TCHF 665 realizing a loss of TCHF 493. An additional loss of TCHF 191 was incurred as a result of the change in fair value.

During the prior year the Group incurred in a loss of TCHF 200 as a result of the change in fair value of the shares held in ATW Resources LLC. The shares held in ATW Resources LLC were sold in the current year at the net carrying amount; accordingly there were no impacts in the income statement (refer also to note 21).

13. 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 2015	Year ended 31 Dec 2014 restated (*)
	TCHF	TCHF
Loss for the year from continuing operations	(1,382)	(1,953)
Profit/Loss from discontinued operations, net of tax	1,546	(1,548)
Profit/Loss for the year period attributable to Owners of the Company	164	(3,501)

* refer to note 6

Weighted-average number of ordinary shares (basic)

	Year ended 31 Dec 2015	Year ended 31 Dec 2014
	TCHF	TCHF
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 2015 TCHF	Year ended 31 Dec 2014 TCHF
Loss for the year from continuing operations	(1,382)	(1,953)
Profit/Loss from discontinued operations, net of tax	1,546	(2,580)
Profit/Loss for the year attributable to Owners of the Company	164	(4,533)
Interest on convertible loan	40	40
Loss for the year from continuing operations (diluted)	(1,342)	(1,913)
Profit/Loss from discontinued operations, net of tax (diluted)	1,546	(2,580)
Profit/Loss for the year attributable to Owners of the Company (diluted)	204	(4,493)

Weighted-average number of ordinary shares (basic)

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 TCHF
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	104,744	103,524
Weighted average number of ordinary shares for the purpose of diluted earnings per share	354,284	353,064

14. INCOME TAXES

Amounts recognized in profit or loss

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 (restated) * TCHF
Current tax expense		
Current year	121	102
Adjustment for prior years	-	-
	121	**102**
Deferred tax expense		
Origination and reversal of temporary differences	-	-
	-	**-**
Tax expense	**121**	**102**

* refer to note 6

Reconciliation of effective tax rate

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 (restated) * TCHF
Profit / (Loss) before tax	**(1,261)**	**(1,851)**
Tax using the average applicable rate of 7.9% (2014: 13.1%)	**(99)**	**(243)**
Tax effect of:		
Deferred tax assets not recognised	99	243
Unrecoverable taxes on dividends received	121	102
Tax expense	**121**	**102**

The tax rate used for the 2015 and 2014 reconciliations above is the group weighted average income tax rate based on corporate tax rates applicable in the different jurisdiction in which the Group operates. The high variation from one year to the other is due to the different mix of results realised in each jurisdiction.

Movement in deferred tax balances

In thousand of CHF	Net balance at 1 January	Charged to profit or loss	Deferred income (Grant)	Disposed on business combination	Foreign currency translation	Balance at 31 December		
						Net	Deferred tax assets	Deferred tax liabilities
2015								
Property, plant and equipment	2,424	2,396	-	(4,542)	(278)	-	-	-
Intangible assets	(56)	26	-	25	5	-	-	-
Trade and other receivables	-	(3,003)	-	3,003	-	-		
Other assets	12	60	-	(54)	-	18	-	18
Borrowings	250	(75)	-	(147)	(27)	1	-	1
Other liabilities	(87)	294	-	(223)	10	(6)	(6)	-
Provisions	-	(1,621)	(602)	2,224	-	1	1	-
Tax loss carry-forwards	(34)	15	-	4	1	(14)	(14)	-
Tax (assets) liabilities before set-off	**2,509**	**(1,908)**	**(602)**	**290**	**(289)**	**-**	**(19)**	**19**
Set-off of tax							19	(19)
Net tax (assets) liabilities						**-**	**-**	**-**
2014								
Property, plant and equipment	3,858	(1,371)	-	-	(63)	2,424	-	2,424
Intangible assets	(47)	(10)	-	-	1	(56)	(67)	11
Other assets	(18)	30	-	-	-	12	-	12
Borrowings	327	(72)	-	-	(5)	250	-	250
Other liabilities	(90)	1	-	-	2	(87)	(87)	-
Tax loss carry-forwards	-	(34)	-	-	-	(34)	(34)	-
Tax (assets) liabilities before set-off	**4,030**	**(1,456)**	**-**	**-**	**(65)**	**2,509**	**(188)**	**2,697**
Set-off of tax							188	(188)
Net tax (assets) liabilities						**2,509**	**-**	**2,509**

Unrecognized deferred tax assets

Deferred tax assets that have not been recognized mainly relate to tax loss carry-forwards of OTI Energy 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 8,380 (2014: TCHF 9,847), and the related deferred tax asset of TCHF 656 (2014: TCHF 771) will therefore expire between 2016 and 2021, as detailed in the following table, which also include, for the year ended 2014, minor tax loss carry-forwards of other subsidiaries for which no deferred tax assets have been recognised.

Management has established that it is uncertain whether future taxable profits would be available against which these losses can be used, and therefore this amount has been included in the balance of unrecognised losses of TCHF 8,380 at 31 December 2015.

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 TCHF
Expiry of tax losses carry forwards:		
Reporting date + 1 year	1,208	1,571
Reporting date + 2 years	-	1,208
Reporting date + 3 years	261	-
Reporting date + 4 years	840	261
Reporting date + 5 years	2,575	840
Reporting date + 6 years	3,675	2,575
Reporting date + 7 years	-	3,675
Longer	-	-
Indefinite	-	184
Total tax loss carry forwards	**8,559**	**10,314**
of which recognised	(179)	(319)
Total tax loss carry forwards - unrecognized	**8,380**	**9,995**

Unrecognized taxable temporary differences associated with investments

Taxable temporary differences in relation to the investments in subsidiaries for which no deferred tax liabilities have been recognized are attributable to foreign subsidiaries for an amount of nil (31 December 2014: TCHF 984).

15. INVENTORY

The following tables shows the items included in inventory:

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 TCHF
Green certificates	-	330
Total inventories	**-**	**330**

The decrease in inventories between the end of December 2014 and the end of December 2015 is attributable to the deconsolidation of Prodena Srl and its subsidiaries as a result of the disposal.

The Group benefited from a Green Certificate program, based on which the Group obtains certificates from the government for the generation of electricity from renewable sources. The program will expire as of 31 December 2025. The carrying amount of the Certificates is indicated above, and represents the cost of such certificates.

16. TRADE AND OTHER RECEIVABLES

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

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 TCHF
Trade receivables	-	27
Allowance for doubtful accounts	-	(3)
Total trade receivables	**-**	**24**
Other accounts receivables - third	4,289	261
Other accounts receivables - related parties (Note 33)	-	554
Total other accounts receivable	**4,289**	**815**
Total trade and other accounts receivable	**4,289**	**839**

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables is included in Note 27.

The increase in trade and other receivables is mainly attributable to the receivable related to deferred consideration resulting from the disposal of Prodena Srl and its subsidiaries.

17. CASH AND BANK BALANCES

The following tables shows the items included in cash and bank balances:

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 TCHF
Cash and bank balances	763	1,202
Total cash and bank balances	**763**	**1,202**

18. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

In thousand of CHF	Land	Building	Plant and equipment	Other tangible assets	Total
COST					
Balance at 1 January 2014	**81**	**3,701**	**30,104**	**41**	**33,927**
Additions	-	-	-	24	24
Acquisitions through business combinations	-	-	-	-	-
Foreign currency adjustment	(2)	(70)	(569)	(1)	(642)
Balance at 31 December 2014	**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**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES					
Balance at 1 January 2014	**(14)**	**(672)**	**(7,869)**	**(5)**	**(8,560)**
Depreciation	-	(44)	(1,196)	(13)	(1,253)
Impairment loss	(19)	(905)	(2,916)	(2)	(3,842)
Foreign currency adjustment	-	22	190	-	212
Balance at 31 December 2014	**(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)**
CARRYING AMOUNT					
As at 1 January 2014	**67**	**3,029**	**22,235**	**36**	**25,367**
As at 31 December 2014	**46**	**2,032**	**17,744**	**44**	**19,866**
As at 31 December 2015	**-**	**-**	**-**	**6**	**6**

The decrease in Property, plant and equipment between the end of December 2014 and the end of December 2015 is attributable to the deconsolidation of Prodena Srl and its subsidiaries as a result of the disposal.

No borrowing costs were capitalized during the current or the previous year.

The Group leases certain other tangible assets under finance lease agreements. At the end of each of the leases, the Group has the option to purchase the other tangible assets. At 31 December 2015 the net carrying amount of leased other tangible assets was TCHF nil (31 December 2014: TCHF 10). The leased other tangible assets secures lease obligations. Refer to note 24 for a description of the related finance lease liabilities.

Impairment loss

During 2015 no impairment losses are required to be recorded.

During 2014, as a consequence of a continued decrease of the energy prices, Group management reassessed 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 of TCHF 18,894 and an impairment loss of TCHF 3,842 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 7.8% and a terminal growth rate of 1.6% from 2038.

Changes in the circumstances or expectations of future performance of an individual asset may be an indicator that the asset is impaired requiring the book value to be written down to its recoverable amount. Impairments are reversed if conditions for impairment are no longer present. Evaluating whether an asset is impaired or if an impairment should be reversed requires a high degree of judgment and may to a large extent depend upon the selection of key assumptions about the future.

Estimating recoverable amounts, involves complexity in estimating relevant future cash flows, based on assumptions about the future, and discounted to their present value. Impairment testing requires long-term assumptions to be made concerning a number of often volatile economic factors such as future electricity prices and effective production, discount rates and political and country risk among others, in order to establish relevant future cash flows. Impairment testing frequently also requires judgment regarding probabilities as well as levels of sensitivity inherent in the establishment of recoverable amount estimates, and consequently in ensuring that the recoverable amount estimates' robustness where relevant is factored sufficiently into the impairment evaluations and reflected in the impairment or reversal of impairment recognized in the financial statements.

Security

None of the assets are pledged as a security.

19. INTANGIBLE ASSETS AND GOODWILL

Reconciliation of carrying amount

In thousand of CHF	Development costs	Goodwill	Total
COST			
Balance at 1 January 2014	**1,642**	**93**	**1,735**
Additions	466	-	466
Acquisitions through business combinations	-	-	-
Disposals	(13)	-	(13)
Foreign currency adjustment	(36)	-	(36)
Balance at 31 December 2014	**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	**-**	**-**	**-**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES			
Balance at 1 January 2014	**-**	**(93)**	**(93)**
Depreciation	-	-	-
Impairment loss	(301)	-	(301)
Foreign currency adjustment	3	-	3
Balance at 31 December 2014	**(298)**	**(93)**	**(391)**
Depreciation	-	-	-
Impairment loss	(123)	-	(123)
Disposals through business combinations	395	93	488
Foreign currency adjustment	26	-	26
Balance at 31 December 2014	**-**	**-**	**-**
CARRYING AMOUNT			
As at 1 January 2014	**1,642**	**-**	**1,642**
As at 31 December 2014	**1,761**	**-**	**1,761**
As at 31 December 2015	**-**	**-**	**-**

The decrease in Intangible assets and Goodwill between the end of December 2014 and the end of December 2015 is attributable to the deconsolidation of Prodena Srl and its subsidiaries as a result of the disposal.

Intangible assets included 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 and were acquired through business combination on 23 December 2013.

During 2015 the Group capitalized costs for an amount of TCHF 120 (prior year: 466), which include borrowing costs of TCHF nil (prior year: TCHF 75), external legal and consulting expenses for TCHF 120 (prior year: TCHF 313) and

internal personnel expenses for TCHF nil (prior year: TCHF 78).

During 2014 the Group sold a project for an amount of TCHF 18, thus realizing a gain on disposal of TCHF 5.

Impairment test

The negative development of the general market situation in Italy and consumption of energy, caused the Directors to reconsider assumptions and anticipated margins on these projects, and therefore the intention to finally realize them. Consequently, 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 123 (prior year: TCHF 301) was recognized. The impairment loss is included in profit or loss in the item "Depreciation, amortization and impairment losses".

20. 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 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. On 28 August 2015 the Court of Alessandria declared the bankruptcy of Idreg Piemonte SpA; accordingly an impairment loss of TCHF 257 has been recognized in the income statement in the line item "Administration and other operating expenses". No accounting data has been made available at 31 December 2015, accordingly neither share of profit nor OCI of Idreg Piemonte SpA has been recognized in these financial statements. Consequently the declaration of bankruptcy no significant influence can be exercised.

21. OTHER FINANCIAL ASSETS

Other financial assets include the following:

	Current Year ended		Non-current Year ended	
	31 Dec 2015 TCHF	31 Dec 2014 TCHF	31 Dec 2015 TCHF	31 Dec 2014 TCHF
Financial assets measured at fair value				
Held for trading non-derivative financial assets				
Listed equity securities				
K.R. Energy SpA (i)	-	140	-	-
Designated at fair value				
Non-listed equity securities	-	-	-	2,800
Total other financial assets	**-**	**140**	**-**	**2,800**

(i) K.R. Energy SpA, Milan (Italy)

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 4.5% 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 24. With reference to the change in fair value refer to note 12.

On 13 August 2015 OTI Energy SA sold all the units held in ATW Resources LLC for a consideration of TCHF 2,800.

The consideration was satisfied by assigning an amount of TCHF 2,800 out of the loan specifically granted to buy the units (refer to note 24) to the buyer.

The listed equity securities are managed and their performance evaluated on fair value basis. The fair value is determined with reference to quoted market prices.

With reference to the loss and gain on the sale of the K.R. Energy Spa shares, as well as to their change in fair value refer to note 12.

22. ISSUED CAPITAL AND DIVIDENDS

Share capital

Fully paid in shares

As of 31 December 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 31 December 2015 the Company owns 4,508 treasury shares (31 December 2013: 4,508) for a total amount at cost of TCHF 259 (31 December 2014: 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 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.
- During 2015 and 2014 there has been no issuance of shares resulting from these decisions.

Nature and purpose of reserves

Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations into Group's presentation currency (i.e. Swiss Francs).

Treasury share reserve

The reserve for treasury shares comprises the cost of the Company's shares held by the Group, as described above.

Convertible loan (included in the retained earnings)

The reserve for convertible loan comprises the amount allocated to the equity component for the convertible loan issued by the Group.

Dividends

Prodena Srl declared a dividend in the amount of TEUR 421 (TCHF 519) in favour of its shareholders as follows:

- 60.0% (TCHF 447) in favour of OTI Energy SA
- 40.0% (TCHF 298) in favour of the non-controlling shareholder of the company. The amount paid so far is TCHF 106.

23. 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 Group's overall strategy remains unchanged from 2014.

The capital structure of the Group consists of net debt (borrowings as detailed in note 24 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.

The Board of Directors reviews the capital structure of the Group on a regular basis. As the actual strategic focus is on the development of the business through the acquisition of new subsidiaries which are active in the renewable energy market, there is no short term target for the capital structure. Nevertheless a long term target gearing ratio of 1.5 to 1.6, determined as the proportion of net debt to equity is considered appropriate.

The gearing ratio at the end of the reporting period was as follows:

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 TCHF
Debt	3,570	17,825
Cash and cash equivalents	(763)	(1,202)
Net debt	**2,807**	**16,623**
Equity	**985**	**3,575**
Net debt to equity ratio	**2.85**	**4.65**

The ratio is very variable due to the actual small size of the Group. Accordingly, acquisitions of investments, sales of investment and impairment losses may have significant impacts on those figures, which therefore may not be comparable from one year to the other. Particularly, the decrease of the current year reflects the effects of the deconsolidation of Prodena Srl and its subsidiaries as a result of the disposal (refer to note 6).

24. BORROWINGS

	Current Year ended		Non-current Year ended	
	31 Dec 2015 TCHF	31 Dec 2014 TCHF	31 Dec 2015 TCHF	31 Dec 2014 TCHF
Unsecured - at amortized cost				
Loans from:				
Related parties (Note 34)	-	4,243	-	8,350
Third parties	2,391	4,095	-	-
Convertible loan from				
Related parties (Note 34)			-	1,105
Third parties			1,109	
Finance lease liabilities	-	5	-	6
Total unsecured borrowings	**2,391**	**8,343**	**1,109**	**9,461**

The decrease in Borrowings between the end of December 2014 and the end of December 2015 is mainly attributable to the deconsolidation of Prodena Srl and its subsidiaries as a result of the disposal.

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 27.

Loans

Financial year 2015

The following conditions are set up for the amounts repayable to third parties:

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

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%
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 21. The liquidity made available under this financing agreement will be paid by the lender directly to ATW Resources LLC and/or its subsidiaries.

As a result of the sale of the units held in ATW Resources LLC for a consideration of TCHF 2,800 (refer to note 21), which was satisfied by assigning a portion of the loan previously described (TCHF 2,800) to the buyer of the units, the principal amount is TCHF 200 and is repayable on 30 June 2016. The other conditions are unchanged.

II. A non-interest bearing loan for an amount of TCHF 2,066 (for prior year refer to note 34), expiring on 31 December 2015, was extended to 15 July 2017, but settled on 13 April 2016; the loan was provided by a former related party (refer to note 34) in order to finance the acquisition of Prodena Srl in 2012. The effective interest rate on such loan was of 5.6%.

Financial year 2014

The following conditions are set up for the amounts repayable to third parties:

I. Amount due for a principal amount of TCHF 962 (TEUR 800) bearing an effective interest rate of 5.6%. The loan is repayable in two instalments, one of which is due at the balance sheet date, while the other expires on 31 July 2015.

III. 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 21. 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.

The description of the arrangements related to loan due to related parties are described in note 34.

Convertible loan

On 5 September 2013, the Company agreed with a related party a convertible loan for the amount of TCHF 1,120, which entitles the holder to convert all or part the loan to ordinary shares at nominal value of OTI shares (actually CHF 40 per share), i.e. for the loan of CHF 40.00 the holder shall receive 1 OTI share with a nominal value of CHF 40.00.

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 3.25% p.a. shall be paid in arrears semi-annually, until the notes are converted or redeemed.

The convertible notes contain two components: liability and equity elements. The equity element is presented in equity within the component “retained earnings”. The effective interest rate of the liability element on initial recognition is 3.61% p.a.

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments		Interests		Present value of minimum lease payments	
	31 Dec 2015 TCHF	31 Dec 2014 TCHF	31 Dec 2015 TCHF	31 Dec 2014 TCHF	31 Dec 2015 TCHF	31 Dec 2014 TCHF
Finance lease liabilities						
No later than 1 year	-	6	-	1	-	5
Later than 1 year but no later than 5 years	-	7	-	1	-	6
Total	**-**	**13**	**-**	**2**	**-**	**11**

Breach of loan agreement

During the current and previous year there has not been any breach of loan agreement.

25. OTHER FINANCIAL LIABILITIES

	Current Year ended		Non-current Year ended	
	31 Dec 2015 TCHF	31 Dec 2014 TCHF	31 Dec 2015 TCHF	31 Dec 2014 TCHF
Financial liabilities measured at fair value				
Non-derivative financial liabilities measured at fair value	-	-	70	21
Total other financial liabilities	**-**	**-**	**70**	**21**

Other financial liabilities include TCHF 70 (31 December 2014: TCHF 21) representing the estimated fair value on the contingent consideration relating to the acquisition of K.R.ENERGY Spa shares (refer to note 21).

26. TRADE AND OTHER PAYABLES

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 TCHF
Trade accounts payable	485	824
Trade payables - related parties (Note 34)	-	834
Other accounts payable	-	297
Other accounts payable - related parties (Note 34)	18	925
Total Trade and other accounts payable	**503**	**2,880**

The decrease in Trade and other payables between the end of December 2014 and the end of December 2015 is mainly attributable to the deconsolidation of Prodena Srl and its subsidiaries as a result of the disposal.

Auditing fees of Berney & Associés SA Société Fiduciaire for the Group amounted to CHF 105,000 for the financial year 2015. KPMG SA charged CHF 187,000 for the prior year audit.

No additional fees have been invoiced and/or paid in financial year 2015 and 2014.

27. FINANCIAL INSTRUMENTS

Accounting classification 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 31 December 2015	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	-	-			**-**	-		-	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets not measured at fair value									
Trade and other receivables			4,289		**4,289**				**-**
Cash and cash equivalents			763		**763**				**-**
	-	**-**	**5,052**	**-**	**5,052**	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value									
Contingent consideration		(70)			**(70)**		(70)		**(70)**
	-	**(70)**	**-**	**-**	**(70)**	**-**	**(70)**	**-**	**(70)**
Financial liabilities not measured at fair value									
Convertible loan - liability component				(1,109)	**(1,109)**		(1,109)		**(1,109)**
Other unsecured loans				(2,391)	**(2,391)**		(2,391)		**(2,391)**
Trade and other payables				(503)	**(503)**				**-**
	-	**-**	**-**	**(4,003)**	**(4,003)**	**-**	**(3,500)**	**-**	**(3,500)**

At 31 December 2014	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	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**				**-**
	-	**-**	**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)**		(11)		**(11)**
Trade payables				(2,880)	**(2,880)**				**-**
	-	**-**	**-**	**(20,684)**	**(20,684)**	**-**	**(17,804)**	**-**	**(17,804)**

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
	31 Dec 2015	31 Dec 2014				
Equity securities	Assets - TCHF -	Assets - TCHF 140	Level 1	Quoted price in an active market	Not applicable	Not applicable
Equity securities	Assets - TCHF -	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
Contingent consideration	Liabilities - TCHF 70	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 3,500	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.

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Group maintains positions on non-derivative financial instruments.

Risk management framework

The investment policy of the Group allows investing in securities, quoted or non-quoted, of Swiss and foreign corporations, taking advantage of significant transactional events such as spin-offs, acquisitions, mergers, carve-outs and recapitalizations. The Group will actively pursue investment opportunities in which it believes its involvement will become a success factor for the investee and the Group.

The Group investment portfolio comprises quoted securities. The investments held in foreign currency expose the Group in a certain degree to a currency exposure risk, which are not actively managed.

The following attempts to summarize the nature of the principal risk associated with the instruments and markets in which the Group invests, however it does not represent a comprehensive review of all risks associated with the Group's activities.

The risks associated to every business unit are monitored locally by the key management in place. The Board of Directors of the Group regularly reviews and agrees activities for managing these risks, which are summarized below. These risks include credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk).

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Financial assets that expose the Group to credit risk mainly 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 2015 trade and other receivables mainly consist of a receivable for the deferred consideration related to the disposal of Prodena Srl (TEUR 3,900 – TCHF 4,241). An amount of TEUR 1,900 (TCHF 2,066) is not guaranteed, while an amount of TEUR 2,000 (TCHF 2,175) is guaranteed. The amount of TEUR 1,900 (TCHF 2,066) has been settled in April 2016 as described in note 6 and note 36, while TEUR 1,000 (TCHF 1,087) is payable on 30 June 2016 and TEUR 1,000 (TCHF 1,087) is payable on 28 December 2016.

In 2014 trade and other receivables consist mainly of exposure to related party entities and primary customers. No formal credit limits are in place, but credit exposure is controlled on a monthly basis.

The following table represents the worst case scenario of credit risk exposure of the Group at 31 December 2015 and 2014. 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 2015 TCHF	Year ended 31 Dec 2014 TCHF
Cash and cash equivalents	763	1,202
Trade and other accounts receivable	4,289	839
Total	**5,052**	**2,041**

Except for the guarantee previously mentioned, 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 tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have 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 tables include both interest and principal cash flows.

		Contractual cash flows			
In thousands of CHF	Carrying amount	Total	Less than 1 year	Between 2 and 5 years	Above 5 years
At 31 December 2015					
Non-interest bearing	2,569	2,569	2,569	-	-
Fixed interest rate instruments	325	328	328	-	-
Variable interest rate instruments	1,179	1,300	36	1,264	-
	4,073	**4,197**	**2,933**	**1,264**	**-**
At 31 December 2014					
Non-interest bearing	5,043	5,210	5,210	-	-
Fixed interest rate instruments	13,509	16,167	5,572	6,151	4,444
Variable interest rate instruments	2,153	1,286	1,063	1,250	-
	20,705	**22,663**	**11,845**	**7,401**	**4,444**

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Directors expect to meet their obligation for 2016 from operating cash flows.

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 Group'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 Group'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).

There has been no change to the Group's manner in which these risks are managed and measured.

Currency risk

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group 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 carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities		Assets	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
In thousands of CHF				
At 31 December 2014				
EUR	2,066	2,163	4,906	448
	2,066	**2,163**	**4,906**	**448**

Foreign currency sensitivity analysis

The Group is mainly exposed in Euro.

The following table details the Group's sensitivity to a 10% increase and decrease in the CHF against the EUR. 10% is the sensitivity rate that represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans. A positive number below indicates an increase in profit or equity (gain) where the CHF strengthens 10% against the relevant currency, while a negative number below indicates a decrease in profit or equity (loss) where the CHF weakens 10% against the relevant currency.

	EUR impact	
	31 Dec 2015	31 Dec 2014
In thousands of CHF		
At 31 December 2015		
On profit or loss	284	59
On equity	284	59

The Group's sensitivity to foreign currency has increased during the current year mainly due to the higher exposure in foreign currency.

Interest rate risk

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

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

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments

at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's:

- profit for the year ended 31 December 2015 would decrease/increase by TCHF 3 (2014: TCHF 9). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings;

The Group's sensitivity to interest rates has decreased during the current year mainly due to the lower exposure to variable interest instruments).

Other market price risks

The Group is exposed to an equity price risk arising from equity investments measured at fair value through profit or loss.

The primary goal of the Group's investment strategy is to maximize investment returns, both to improve its returns in general and to keep sufficient available liquid assets in order to meet possible liquidity risks.

Equity price sensitivity analysis

All of the Group's listed equity investments are listed at the Milan Stock Exchange. For such investments an increase of 5% at the reporting date would have increased the profit by TCHF 7 after tax; an equal change in the opposite direction would have decreased profit by TCHF 7 after tax.

28. LIST OF SUBSIDIARIES

Details of the Group's subsidiaries at the end of the year are set out as follows:

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

29. SIGNIFICANT NON-CASH TRANSACTIONS

Significant non-cash transactions are related to the following:

Financial year 2015

- On 12 February 2015 part of the loan granted by a former related party in the amount TCHF 1,897 (TEUR 1,780) was transferred to a third party.
- On 13 August 2015 OTI Energy SA sold all the units held in ATW Resources LLC (refer also to note 21) for a consideration of TCHF 2,800. The consideration was satisfied by assigning part of the loan (as described in note 24) in the amount of TCHF 2,800 to the buyer of the units.

Financial year 2014

- Acquisition of 491,387 units in ATW Resources LLC (refer to note 21), which were financed through a convertible loan of TCHF 3,000 (refer to note 24).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 34). Subsequently the parties agreed to cancel the transfer, accordingly no off-setting of existing liability took place (refer also to note 34).
- Borrowing costs capitalised in intangible assets in the amount of TCHF 75 have not been paid.

30. NON-CONTROLLING INTERESTS

The following table summarises the information relating to each of the Group's subsidiaries that has material Non-controlling interests ("NCI"), before any intragroup eliminations:

In thousands of CHF	Prodena Srl	Enerproject Srl	Lugo Srl	Intragroup eliminations	Year ended 31 Dec 2015
NCI percentage	**40.0%**	**40.0%**	**40.0%**		
Current assets	-	-	-		-
Non-current assets	-	-	-		-
Current liabilities	-	-	-		-
Non-current liabilities	-	-	-		-
Net assets	**-**	**-**	**-**	**-**	**-**
Carrying amount of NCI	-	-	-	-	-
Revenue	1,005	-	-		1,005
Profit	179	(308)	(39)		(168)
OCI	(688)				(688)
Total comprehensive income	**(509)**	**(308)**	**(39)**		**(856)**
Loss allocated to NCI	72	(123)	(16)		(67)
OCI allocated to NCI	(275)	-	-		(275)
Cash flows from operating activities	359	(139)	(8)	264	476
Cash flows from investing activities	-	(100)	(20)		(120)
Cash flows from financing activities (dividends to NCI: CHF 106)	(522)	236	23	(264)	(527)
Net increase (decrease) in cash and cash equivalents	**(163)**	**(3)**	**(5)**	**-**	**(171)**

In thousands of CHF	Prodena Srl	Enerproject Srl	Lugo Srl	Intragroup eliminations	Year ended 31 Dec 2014
NCI percentage	**40.0%**	**40.0%**	**40.0%**		
Current assets	1,779	192	10		1,981
Non-current assets	20,406	978	809	(573)	21,620
Current liabilities	5,076	337	347		5,760
Non-current liabilities	9,874	889	393	(285)	10,871
Net assets	**7,235**	**(55)**	**78**	**(288)**	**6,970**
Carrying amount of NCI	2,894	(22)	31	(115)	2,788
Revenue	1,102	41	-		1,143
Loss	(2,266)	(285)	(28)		(2,579)
OCI	(158)	1	-		(157)
Total comprehensive income	**(2,424)**	**(284)**	**(28)**		**(2,736)**
Loss allocated to NCI	(907)	(114)	(11)		(1,032)
OCI allocated to NCI	(62)	-	-		(62)
Cash flows from operating activities	1,360	(105)	1	482	1,738
Cash flows from investment activities	(1)	(245)	(125)		(371)
Cash flows from financing activities (dividends paid to NCI: CHF 109)	(541)	353	124	(482)	(546)
Net increase (decrease) in cash and cash equivalents	**818**	**3**	**-**		**821**

Call options on non-controlling interests

As at 31 December 2014 the Company held a call option that was exercisable at a fixed price of TCHF 6,252 or TEUR 5,200 at any time until 31 December 2018, according to which the Group could acquire the residual 40.0% interest in Prodena Srl. As a consequence of the disposal of the interest held in Prodena Srl, the call option agreement has been terminated.

31. OPERATING LEASES

Leasing arrangements

There are no operating leases as of 31 December 2015.

As of 31 December 2014 operating leases included the following:

- to use rights for the use of water paid to the government with a lease term ending on 30 April 2038. The lease in calculated on the installed capacity of the plant, and the amount is reviewed annually.
- to use rights of land from the government with lease terms until the end of the above mentioned water use rights. The rent includes a fixed (but annually indexed) amount of TCHF 49 (TEUR 40), and a variable part depending on effective production.
- to the rent of plants from a related party which are used in common. The rent includes a fixed amount of TCHF 37 (TEUR 30) indexed with the inflation.

The Group does not have an option to purchase the leased items indicated above at the expiry of the lease periods.

The previously mentioned operating leases were related to the disposed subsidiary Prodena Srl.

Payments recognized as an expense

During the current period the Group has recognized minimum lease payments of TCHF 227 (2014: TCHF 260).

Non-cancellable operating lease commitments

	Year ended 31 Dec 2015 TCHF	Year ended 31 Dec 2014 TCHF
Not longer than 1 year	-	225
Longer than 1 year and not longer than 5 years	-	897
Longer than 5 years	-	4,261
Total	**-**	**5,383**

32. COMMITMENTS

Financial year 2015

There are not commitments as of 31 December 2015.

Financial year 2014

The Group had entered into a contract with a related party for the operating of the hydropower plant, until the end of the use rights. This would give rise to an annual expense of a minimum of TCHF 73 (TEUR 60) and a variable part depending on actual production. The extent to which an outflow of funds will be required is dependent on the future effective production of the plant. In 2014 TCHF 157 (TEUR 129) have been paid for such services. Such contract was related to the subsidiary sold.

The Group had entered into a contract with a related party for the maintenance of plant & equipment which was used in common, and for which the Group was paying a rent. According to this contract the Group had to participate to a maximum of TCHF 962) – equivalent to TEUR 800 - for extraordinary maintenance work (of which TCHF 271 already recognized) and on 50% of any ordinary maintenance work.Such contract was related to the subsidiary sold.

In the context of an auction procedure OTI Energy SA was awarded on 24 November 2014 with the shares representing the 19% of the share capital of Idreg Piemonte SpA for a consideration of TCHF 280 (TEUR 233). The consideration and the formal transfer of the shares occurred in 2015.

33. CONTINGENT LIABILITIES

There are no contingent liabilities to report.

34. RELATED PARTY TRANSACTIONS

During 2015 Finanziaria Internazionale per lo Sviluppo Industriale – F.I.S.I. SA (incorporated in Switzerland), former parent and ultimate holding company of OTI Energy SA sold most of the shares held in the Company. For further changes in ownership refer to note 35 “Important shareholders”.

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 . 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

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

31 December 2015

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
Gianluigi Facchini	President	8				8
Nicolò von Wunster	Member and CEO	15		120	164	299
Giovanni Varallo	Member	15	15			30
Victor Iezuitov	Member	4				4
Other key management						
Marco Gallo	Chairman of Prodena	168				168
Total		210	15	120	164	509

31 December 2014

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	60				60
Nicolò von Wunster	Member and CEO	23		119	134	276
Giovanni Varallo	Member	15	15			30
Other key management						
Marco Gallo	Chairman of Prodena	109				109
Total		207	15	119	134	475

(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 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.

Payables to Board of Directors

Payables to Board of Directors	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Gianluigi Facchini	8	0
Victor Ieuzitov	4	0
Marco Marenco	0	120
Nicolò Von Wunster	38	8
Giovanni Varallo	15	15
Marco Gallo	25	1
Total	90	144

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 key management did not receive any loans or credits. One member resigned from the Board of Directors at the end of 2013 and was cancelled from the company registrar in January 2014.

Until 31 December 2015 no other member of the Board of Directors held shares, or benefited from conversion rights and options excluding for Finanziaria Internazionale per lo Sviluppo Industriale - F.I.S.I. SA (see note 35, which was controlled by Mr. Marco Marenco),.

Other related party transactions other than key management

	Transaction values for the year ended 31 December		Balance outstanding at 31 December	
	2015 TCHF	2014 TCHF	2015 TCHF	2014 TCHF
Sale of goods and services				
Other related parties	-	24	-	9
Purchase of goods and services				
Other related parties (i)	(81)	(192)	-	(834)
Loans				
Other related parties				
- Convertible loan	(20)	(40)	-	(1,105)
- Other loan and related interest (ii)	26	(666)	-	(12,593)
Others				
Other related parties				
- Other payables (iii)			-	(925)
- Other receivables (iv)	-	-	-	211
- Contingent consideration	13	17	-	(21)
Net amount	(62)	(857)	-	(15,258)

(i) The operation and maintenance of the power plant is outsourced to a former "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 "related parties". During the period TCHF 81 (2014: TCHF 192) have been charged for such services and leases.

(ii) Other loans included at 31 December 2014 the following unsecured loans from related parties:
   a. A non-interest bearing loan for an amount of TCHF 2,163, expiring on 31 December 2015, extended to 15 July 2017 and settled on 13 April 2016; provided by 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%.
   b. A loan of 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 a third party in the amount of TCHF 1,897. In 2015 the residual loan was de-consolidated as a result of the disposal of Prodena Srl.
   c. Two loans totalling 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. In 2015 the two loans have been de-consolidated as a result of the disposal of Prodena Srl.

(iii) The other payables at 31 December 2014 to related parties referred mainly to:
   a. TCHF 139 of dividends initially due to the non-controlling shareholder. The lender transferred its credit to another related party in 2013. The amount was outstanding and is not bearing interest. In 2015 this item has been de-consolidated as a result of the disposal of Prodena Srl.
   b. TCHF 48 related to balances between the subsidiary acquired in 2012 and other related parties con-

trolled by one of the Board member. The amounts referred to outstanding interests on financing operations, which had been arranged prior to the change of control (2012), but whose interests were not yet paid at the closing date. In 2015 this item has been de-consolidated as a result of the disposal of Prodena Srl.

c. TCHF 94 due to the non-controlling shareholder represented the residual liability in connection with a dividend distribution. In 2015 this item has been de-consolidated as a result of the disposal of Prodena Srl.
d. TCHF 82 was related to accrued interests related to the loan described in (ii) c and to the convertible loan. In 2015 this item has been de-consolidated as a result of the disposal of Prodena Srl.
e. TCHF 203 was related to liability, which resulted from the cancellation of the off-setting agreement as described in (iv). In 2015 this item has been de-consolidated as a result of the disposal of Prodena Srl.
f. TCHF 359 was mainly related to VAT invoiced by the counterparty, which was financing the construction of the hydropower-plant. In 2015 this item has been de-consolidated as a result of the disposal of Prodena Srl.

(iv) The outstanding amount of TCHF 211 was towards "Other related parties". The amount was referred to balances between the subsidiary acquired in 2012 (Prodena Srl) and "Other related parties", and referred to outstanding interests on financing transactions, which had been arranged prior to the change of control). Out of the total amount of TCHF 211, a receivable due from an Other related party in the amount of TCHF 206 had been transferred to another related party entity by off-setting an existing liability. Subsequently the parties agreed to cancel the transfer, accordingly no off-setting of existing liability took place. In 2015 this item has been de-consolidated as a result of the disposal of Prodena Srl.

35. IMPORTANT SHAREHOLDERS

The Company has issued exclusively bearer shares. The shareholders with a participation exceeding 5% known to the Company as of year end 2015 are as follows:

Name	31 Dec 2015 %	31 Dec 2014 %
Whiteridge Global Energy Fund SPC Ltd.	23.22	-
World Dynamic Fund Sicav	20.13	19.47
Finanziaria Internazionale per lo Sviluppo Industriale SA, Lugano, Switzerland	19.80	66.18
DOT Energy OÜ	14.99	-

36. SUBSEQUENT EVENTS

No significant events occurred between 31 December 2015 and the date of authorization that would require adjustments of these consolidated financial statements or disclosure, except for the following:

- On 9 February 2016 OTI Energy SA has been informed about the change of the beneficial owner of Finanziaria Internazionale per lo Sviluppo Industriale - F.I.S.I. SA (FISI) (shareholder for 19,80%). Pursuant to the notifications received, Mr. Marco Marenco sold his interest in FISI to Ms. Silvana Rivella
- On 13 April 2016, executing the clause included in the sale agreement entered into between OTI Energy S.A. and ERVA Srl (refer to note 6) with reference to the 60% shares held in Prodena Srl, ERVA Srl paid OTI Energy S.A.'s residual liability due to NOVEIS Srl for the amount of TEUR 1,900 in connection with the acquisition of 60% of the shares of Prodena Srl in 2012. This payment was part of the price for the sale of 60% shares of Prodena.
- On 27 April 2016, an Extraordinary General Meeting was held. The only item on the agenda was a further

resolution on the restructuring of the Company by capital reduction immediately followed by a capital increase of at least of the same amount. The attending shareholders have unanimously approved and resolved to carry out a capital reduction by decreasing the nominal value per share from CHF 40.00 to CHF 3.50. In a subsequent capital increase, in cash and/or by compensation of at least CHF 9.272.753 and up to a maximum of CHF 28.000.000 by issuing at least 2.649.358 and up to a maximum of 8.000.000 new bearer shares of CHF 3.50 each, at an issuing price to be determined by the Board of Directors.

- As already notified to SIX and posted on OTI's website, due to delays related due to the closing process, OTI applied for two extensions of the time limit to publish the annual report 2015. Such requests were accepted by SIX and the new deadline for publication of the 2015 annual report is on 15 June 2016.

These consolidated financial statements were approved by the Board of directors and authorized for issue on 15 June 2016.

37. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis, except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Non-derivative financial instruments at fair value through profit or loss	Fair value
Contingent consideration assumed in a business combination	Fair value

38. CHANGES IN ACCOUNTING POLICIES

The Group has consistently applied the accounting policies set out in note 39 to all periods presented in these financial statements.

The Group has adopted the following new standards or amendments to a standard with a date of initial application of 1 January 2015 that did not have a material effect on the Group's consolidated financial statements:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- Annual improvements to IFRSs 2010-2012 Cycle
- Annual improvements to IFRSs 2011-2013 Cycle

39. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

Business combinations

Acquisitions of businesses are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the net identifiable assets acquired exceeds the sum of

the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Subsidiaries

The consolidated financial statements include all the entities, over which the Company, directly or indirectly, has control (generally as a result of owning more than 50% of the entity's voting interest). Consolidated entities are also referred as "subsidiaries". The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are

changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Non-controlling interests

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions of entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls OTI Energy SA are recognized at the fair value of the net assets acquired at the date of the acquisition, in analogy to the methodology used for other business combinations. However, to the extent that the acquisition accounting gives rise to a gain on a bargain purchase, it is recognized in equity as a capital contribution from the shareholders of the acquirer.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates. The Group has no joint ventures. 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 associate are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are stated at historical cost are translated at the foreign exchange rate at the date of transaction.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to 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.

Exchange rates

The following exchange rates were used for currency translation:

	Year ended 31 December 2015		Year ended 31 December 2014	
	Closing rates	Period average	Closing rates	Period average
EUR	1.08740	1.06594	1.20235	1.21463

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of 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.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Revenue recognition

Revenue is recognised 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 management 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

Short term employee benefits

Short-term employee benefits are expensed as the related services is provided. A liability is recognised 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.

Government grants

Grants are recognized at fair value when it is reasonably certain that they will be received or that the conditions for receipt have been met as provided for by the governments, government agencies and similar authorities. Operating grants, consisting of green certificates, are recognized fully in profit or loss when they satisfy the requirements for

recognition. Green certificates relate to power generation of plants using renewable resources. Green certificates are recognized based on the amount of electricity generated during the year that qualify for the assignment of green certificates as Inventory and Other income.

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 period in which the expenses are incurred. Grants (including also tax incentives for investment activities) 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.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income
- interest expense
- the foreign currency gain or loss on financial assets and liabilities
- the net gain or loss on financial assets at fair value through profit or loss
- the net gain or loss on financial liabilities at fair value through profit or loss

Interest income or expense is recognized using the effective interest method.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rate enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be released; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its asset and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Inventories

Inventories comprise green certificates that are stated at the lower of cost or net realizable value. Cost on initial recognition of green certificates is determined based on fair value of these green certificates at the date the government grant received is recognized. Refer also to accounting policy on Government grants.

Property, plant and equipment

Land is measured at cost and is not depreciated. Items of property, plant and equipment, other than land, are measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment (other than land and properties under construction) less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in the profit or loss.

The estimated useful lives of property, plant and equipment for current and comparative years are as follows:

- Buildings 65 years
- Plant and equipment 13 to 115 years
- Other tangible assets 7 to 9 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Intangible assets and goodwill

Goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Amortization is calculated to write off the cost of intangible assets (other than goodwill and development cost in progress, which are not amortized) less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in the profit or loss. Development costs include costs related to the obtainment of various concessions for the construction of new hydropower plants. The concessions are amortized over the duration of the concession.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transactions in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial assets – measurement

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated

as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognized in profit or loss.

Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Non-derivative financial liabilities – measurement

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments and hedge accounting

The Group does not hold any derivative financial instruments to hedge its foreign currency, interest rate risk exposures or any other risk.

The Group also owns call options on non-controlling interests that are exercisable at a fixed price at any time, and if exercised would give it all the proportionate voting rights. Transactions with non-controlling interests are treated as equity transactions, including any transaction-related costs. Gains or losses on disposals as well as any excess or deficit of consideration paid over the carrying amount of non-controlling interests when acquiring additional shares in a subsidiary are recognized in retained earnings. Consideration paid for a call option or other similar contract giving the Group the right to acquire a fixed non-controlling interest in exchange for a fixed amount of cash or another financial asset is deducted from retained earnings.

Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognized as a deduction from equity.

Treasury shares

When shares recognized as equity are 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. 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 deficit.

Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including interest in an equity-accounted investee, are assessed at each reporting period.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognized in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leases

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating lease and not recognized in the Group's statement of financial position. Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

40. STANDARDS ISSUED BUT NOT YET ADOPTED

The following new and revised Standards and Interpretations have been issued, but are not yet effective. They have not been applied early in these consolidated financial statements. Their impact on the (consolidated) financial statements of OTI Energy SA has not yet been systematically analyzed, unless indicated otherwise. A preliminary assessment has been conducted by OTI Energy SA management and the expected impact of each new or amended Standard and Interpretation is presented below.

		Effective date	Planned application
New Standards or Interpretations			
IFRS 14 Regulatory Deferral Accounts	*	1 January 2016	Reporting year 2016
IFRS 15 Revenue from Contracts with Customers	*	1 January 2018	Reporting year 2017
IFRS 9 Financial Instruments	*	1 January 2018	Reporting year 2018
Revisions and amendments of Standards and Interpretations			
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	*	1 January 2016	Reporting year 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	*	1 January 2016	Reporting year 2016
Bearer Plants (Amendments to IAS 16 and IAS 41)	*	1 January 2016	Reporting year 2016
Equity Method in Separate Financial Statements (Amendments to IAS 27)	*	1 January 2016	Reporting year 2016
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	*	1 January 2016	Reporting year 2016
Annual Improvements to IFRSs 2012-2014 Cycle	*	1 January 2016	Reporting year 2016
Disclosure Initiative (Amendments to IAS 1)	*	1 January 2016	Reporting year 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	*	1 January 2016	Reporting year 2016

* not expected to have a significant impact on the Group's consolidated financial statements

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

berney associés

REPORT OF THE STATUTORY AUDITOR
TO THE GENERAL MEETING OF
OTI ENERGY SA, LUGANO

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société fiduciaire

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Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements of OTI ENERGY SA, which comprise the consolidated statement of financial position, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the consolidated financial statements presented on pages 19 to 75 for the year ended 31 December 2015.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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berney associés

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Other matter

The consolidated financial statements of OTI ENERGY SA for the year ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 30 June 2015.

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 consolidated financial statements according to the instructions of the Board of Directors.

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

We draw attention to the fact that, contrary to the requirements of article 699 para. 2 CO, the annual general meeting of shareholders is not scheduled to take place within six months after reporting date.

BERNEY & ASSOCIES SA
Société Fiduciaire

Cosimo PICCI
Licensed audit expert
Auditor in charge

Claude HERI
Licensed audit expert

Lausanne, 15 June 2016

CORPORATE FINANCIAL STATEMENTS

CORPORATE INCOME STATEMENT
(in Swiss Francs)

For the year ended 31 December

	NOTES	2015 CHF	2014 CHF
Dividend income		326,531	307,347
Gains on disposal of investments		874,560	-
Other income		15,000	15,000
Total operating income		**1,216,091**	**322,347**
Various administrative expenses		(106,666)	(219,489)
Consulting and advisory expenses		(523,360)	(395,861)
Board of Directors, shareholders' meeting, audit		(234,860)	(277,822)
Depreciation expense		(2,862)	(2,003)
Impairment losses on investments		(256,967)	(2,251,235)
Total operating expenses		**(1,124,715)**	**(3,146,410)**
Operating result		**91,376**	**(2,824,063)**
Foreign currency exchange result		186,469	28,944
Interest expenses and bank charges		(104,307)	(110,744)
Net result on Securities listed on stock exchange		10,267	(767,271)
Ordinary result before taxes		**183,805**	**(3,673,134)**
Extraordinary, non-recurring or prior period income	5	29,129	-
Result before taxes		**212,934**	**(3,673,134)**
Direct taxes		(1,689)	(2,259)
Profit / Loss for the year		**211,245**	**(3,675,393)**

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

As at 31 December

	NOTES	2015 CHF	2014 CHF
ASSETS			
Current assets			
Cash and cash equivalents		763,429	330,679
Securities listed on stock exchange		-	140,303
Other short-term receivables due from related parties		-	8,581
Other short-term receivables due from third parties		4,288,594	49,698
Total current assets		**5,052,023**	**529,261**
Non-current assets			
Investments	2	1	4,342,000
Financial assets		-	2,800,000
Tangible fixed assets		6,089	6,858
Total non-current assets		**6,090**	**7,148,858**
Total assets		**5,058,113**	**7,678,119**

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

As at 31 December

	NOTES	2015 CHF	2014 CHF
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable to third parties		105,485	93
Short-term interest-bearing liabilities from third parties		200,000	3,000,000
Other short-term liabilities to related parties		-	2,284,465
Other short-term liabilities to third parties		2,069,810	-
Accrued expenses		518,025	440,013
Total current liabilities		**2,893,320**	**5,724,571**
Non-current liabilities			
Long-term interest-bearing liabilites from related parties		-	1,120,000
Long-term interest-bearing liabilites from third parties		1,120,000	-
Total non-current liabilities		**1,120,000**	**1,120,000**
Total liabilities		**4,013,320**	**6,844,571**
Shareholders' equity			
Share capital		**10,161,920**	**10,161,920**
Reserves for treasury shares		-	259,135
Legal retained earnings		**-**	**259,135**
Accumulated losses at 1 January		(9,069,237)	(5,821,052)
Profit / Loss for the year		211,245	(3,675,393)
Accumulated losses at 31 December		**(8,857,992)**	**(9,496,445)**
Treasury shares	3	**(259,135)**	**(91,062)**
Total shareholders' equity		**1,044,793**	**833,548**
Total liabilities and equity		**5,058,113**	**7,678,119**

NOTES TO THE CORPORATE FINANCIAL STATEMENTS
(in Swiss Francs)

For the year ended 31 December 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements of OTI Energy SA, Lugano (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.

The changes from the new law on accounting and financial reporting contained in the 32nd title of the Swiss Code of Obligations (CO) were adopted on 1 January 2015 and the comparative information for 2014 has been adjusted accordingly.

Since the Company prepared its consolidated financial statements in accordance with a recognised accounting standard (International Financial Reporting Standards), 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 recognised at cost and deducted from equity. If treasury shares are sold, the gain or loss is recognised 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 dates. Resulting exchange gains and losses are recognised in the income statement.

Direct taxes include corporate income and capital taxes.

2. INVESTMENTS

Investments are listed in the table below:

	Voting and capital rights in %		Currency	Capital	
	31 Dec 2015	31 Dec 2014		31 Dec 2015	31 Dec 2014
Direct investments					
Prodena Srl, Italy	-	60.0%	EUR	-	100,000
Idreg Piemonte Spa, Italy	19.0%	-	EUR	20,000,000	-
Indirect investments					
Lugo Srl, Italy	-	60.0%	EUR	-	40,000
Enerproject Srl, Italy	-	60.0%	EUR	-	40,000

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 2014	**10,161,920**	**259,135**	**(5,821,052)**	**(175,812)**	**4,424,191**
Loss for the year			(3,675,393)		(3,675,393)
Market value adjustment			-	84,750	84,750
Balance at 31 December 2014	**10,161,920**	**259,135**	**(9,496,445)**	**(91,062)**	**833,548**
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**

(*) 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 2015 and 2014 the Company did not purchase or sell any treasury shares. The 4,508 treasury shares held by the Company correspond to a participation of 1.77% (2014: 1.77%) of total shares issued.

4. 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 (long-term interest-bearing liabilities). 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.
- During 2015 and 2014 there has been no issuance of shares resulting from these decisions.

5. EXTRAORDINARY, NON-RECURRING OR PRIOR PERIOD INCOME

This item represents the release of prior period over-accruals.

6. COMMITMENTS

31 December 2015

There are no commitments.

31 December 2014

In the context of an auction procedure OTI Energy SA was awarded on 24 November 2014 with the shares representing the 19% of the share capital of Idreg Piemonte SpA for a consideration of TCHF 280 (TEUR 233). The consideration was paid on 12 January 2015 on an escrow account; the formal transfer of the shares occurred on 21 April 2015.

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 2015 and the date of authorization of the financial statements, except for the following:

- On 13 April 2016, executing the clause included in the sale agreement entered into between OTI Energy S.A. and ERVA Srl (refer to note 28) with reference to the 60% shares held in Prodena Srl, ERVA Srl paid OTI Energy S.A.'s residual liability due to NOVEIS Srl for the amount of TEUR 1,900 in connection with the acquisition of 60% of the shares of Prodena Srl in 2012. This payment was part of the price for the sale of

60% shares of Prodena.

- On 27 April 2016, an Extraordinary General Meeting was held. The only item on the agenda was a further resolution on the restructuring of the Company by capital reduction immediately followed by a capital increase of at least of the same amount. The attending shareholders have unanimously approved and resolved to carry out a capital reduction by decreasing the nominal value per share from CHF 40.00 to CHF 3.50. In a subsequent capital increase, in cash and/or by compensation of at least CHF 9,272,753 and up to a maximum of CHF 28,000,000 by issuing at least 2,649,358 and up to a maximum of 8,000,000 new bearer shares of CHF 3.50 each, at an issuing price to be determined by the Board of Directors.
- As already notified to SIX and posted on OTI's website, due to delays related due to the closing process and the related auditing process, OTI applied for two extensions of the time limit to publish the annual report 2015. Such requests were accepted by SIX and the new deadline for publication of the 2015 annual report is on 15 June 2016.

9. IMPORTANT SHAREHOLDERS

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

Name	31 Dec 2015 %	31 Dec 2014 %
Whiteridge Global Energy Fund SPC Ltd.	23.22	-
World Dynamic Fund Sicav	20.13	19.47
Finanziaria Internazionale per lo Sviluppo Industriale SA, Lugano, Switzerland	19.80	66.18
DOT Energy OÜ	14.99	-

AUDITOR'S REPORT ON CORPORATE FINANCIAL STATEMENTS

berney associés

REPORT OF THE STATUTORY AUDITOR
TO THE GENERAL MEETING OF
OTI ENERGY SA, LUGANO

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société fiduciaire

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Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements of OTI ENERGY SA, which comprise the balance sheet, the income statement and notes presented on pages 79 to 86 for the year ended 31 December 2015.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of these financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. 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 for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

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Other matter

The financial statements of OTI ENERGY SA for the year ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 30 June 2015.

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.

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

We draw attention to the fact that half of the share capital and legal reserves are no longer covered (article 725 para. 1 CO).

Furthermore, we draw attention to the fact that, contrary to the requirements of article 699 para. 2 CO, the annual general meeting of shareholders is not scheduled to take place within six months after reporting date.

BERNEY & ASSOCIES SA
Société Fiduciaire

Cosimo PICCI
Licensed audit expert
Auditor in charge

Claude HERI
Licensed audit expert

Lausanne, 15 June 2016

COMPANY PROFILE

Board of Directors
Gianluigi Facchini, Chairman

Serge Umansky, Vice-Chairman

Nicolò von Wunster, Delegate of the Board of Directors

Victor Iezuitov, Member

Management Board
Nicolò von Wunster, CEO

Postal Address
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Auditors
Berney & Associés SA Société Fiduciaire, 1002 Lausanne

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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