

**VELCAN**

Société Anonyme

RCS Luxembourg B145.006

**REPORT OF THE REVISEUR D'ENTREPRISES AGREE  
AND  
ANNUAL ACCOUNTS AS AT 31 DECEMBER 2014**

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## LEGAL INFORMATION

Name:	VELCAN (formerly VELCAN ENERGY LUXEMBOURG S.A.), the “Company”.
Legal Form:	Société Anonyme (Public Limited Company)
Registered office:	11 Avenue Guillaume L-1651 Luxembourg
Company Registration Number:	R.C.S Luxembourg, B 145.006
Constitution :	Company incorporated on 12 February 2009 by notarial deed of Maître Paul DECKER, constitution released in Mémorial C n° 643 of 25 March 2009; modified on 18 February 2009, released in Mémorial C n° 658 of 26 March 2009; modified on 28 June 2010, released in Mémorial C n° 1739 of 26 August 2010; modified on 3 September 2010, released in Mémorial C n° 2261 of 22 October 2010, modified on 11 May 2011, released in Mémorial C n° 1735 of 30 July 2011; modified on 14 May 2014, released in Mémorial C n° 1405 of 2 June 2014 and rectified in Mémorial C n° 1623 of 2 June 2014.
Listing:	VELCAN is listed on the Paris Stock Exchange (Euronext Alternext ALVEL-FR0010245803). The Company never performed any Public Offer as understood under Directive 2003/71/CE of the European Parliament and Council.
Financial Year:	From January 1 to December 31 of each year.
Board of Directors:	Mr. Jean-Luc RIVOIRE, 99 Emerald Hill Road, 229375 SINGAPOUR, Co-Managing Director  Mr. Antoine DECITRE, 27, Bukit Tunggal Road, 309712 SINGAPOUR, Co-Managing Director  Mr. Philippe PEDRINI, 81, rue de Pannebourg, B-6700 Waltzing, Belgique, Chairman of the Board  Mrs. Véronique WAUTHIER, 15 rue de Saeul, L-8562 Schweich, Director  Mr. Didier SCHÖNBERGER, 47 rue du Château, F-57970, Inglinge, Director.

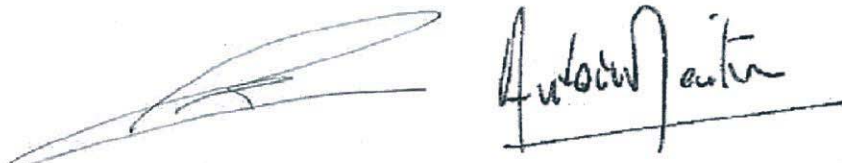
## REPORT OF THE BOARD OF DIRECTORS

Current year result has been mostly impacted by value adjustments and reversals of value adjustments on financial assets and other financial income. Net profit for the period amounts to EUR 1,278,612.42. The Board of Directors is proposing following allocation:

	EUR
Profit or loss brought forward	(5,655,089.44)
Profit or loss for the financial year	1,278,612.42
Allocation to the legal Reserve	
Profit or loss to bring forward	<u>(4,376,477.02)</u> =====

2014 Financial year has been marked by a successful internal restructuring, by which Velcan Energy SA, the previous 100% shareholder of the Company was absorbed by the Company. The entity resulting of this merger has been renamed VELCAN (the Company).

We propose to approve annual accounts as presented below and to pursue the Company's activities.



\_\_\_\_\_  
For the Board of Directors

## REPORT OF THE REVISEUR D'ENTREPRISES AGREE

To the Shareholders of  
VELCAN  
11, avenue Guillaume  
L-1651 Luxembourg

Following our appointment by the General Meeting of the Shareholders, we have audited the accompanying annual accounts of VELCAN, which comprise the balance sheet as at 31 December 2014 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Responsibility of the Board of Directors for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

### *Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the réviseur d'entreprises agréé's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the réviseur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.



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 annual accounts give a true and fair view of the financial position of VELCAN as of 31 December 2014, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Luxembourg, 23 April 2015

BDO Audit  
*Cabinet de révision agréé*  
represented by

A handwritten signature in blue ink, appearing to read 'Daniel Hilbert', is written over a horizontal line. The signature is stylized with a large 'D' and 'H'.

Daniel Hilbert

RCSL Nr. : B145006

Matricule : 2009,2202,802

**ABRIDGED BALANCE SHEET**Financial year from <sup>01</sup> 01/01/2014 to <sup>02</sup> 31/12/2014 (in <sup>03</sup> EUR )**VELCAN****11 Avenue Guillaume****L-1651 Luxembourg****ASSETS**

	Reference(s)	Current year	Previous year
<b>A. Subscribed capital unpaid</b>	1101	0.00	0.00
I. Subscribed capital not called	1103	0.00	0.00
II. Subscribed capital called but unpaid	1105	0.00	0.00
<b>B. Formation expenses</b>	1107	0.00	0.00
<b>C. Fixed assets</b>	1109	149,337,139.68	125,447,778.55
I. Intangible fixed assets	1111	603.04	0.00
II. Tangible fixed assets	1125	31,963.09	0.00
III. Financial fixed assets	1135 3	149,304,573.55	125,447,778.55
<b>D. Current assets</b>	1151	9,883,495.68	13,441,697.63
I. Inventories	1153	0.00	0.00
II. Debtors	1163	397,571.76	5,666,288.38
a) becoming due and payable within one year	1203	397,571.76	5,666,288.38
b) becoming due and payable after more than one year	1205	0.00	0.00
III. Transferable securities	1189	7,980,892.63	5,362,424.23
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197	1,505,031.29	2,412,985.02
<b>E. Prepayments</b>	1199	32,559.32	0.00
<b>TOTAL (ASSETS)</b>	201	159,253,194.68	138,889,476.18

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B145006

Matricule : 2009,2202,802

**LIABILITIES**

	Reference(s)	Current year	Previous year
<b>A. Capital and reserves</b>			
	1301 _____	301 <u>142,556,370.17</u>	302 <u>94,114,774.44</u>
I. Subscribed capital	1303 <u>4</u>	303 <u>7,790,942.00</u>	304 <u>99,357,700.00</u>
II. Share premium and similar premiums	1305 _____	305 <u>138,729,741.31</u>	306 <u>0.00</u>
III. Revaluation reserves	1307 _____	307 <u>0.00</u>	308 <u>0.00</u>
IV. Reserves	1309 <u>7</u>	309 <u>412,163.88</u>	310 <u>412,163.88</u>
V. Profit or loss brought forward	1319 _____	319 <u>-5,655,089.44</u>	320 <u>1,868,301.12</u>
VI. Profit or loss for the financial year	1321 _____	321 <u>1,278,612.42</u>	322 <u>-7,523,390.56</u>
VII. Interim dividends	1323 _____	323 <u>0.00</u>	324 <u>0.00</u>
VIII. Capital investment subsidies	1325 _____	325 <u>0.00</u>	326 <u>0.00</u>
IX. Temporarily not taxable capital gains	1327 _____	327 <u>0.00</u>	328 <u>0.00</u>
<b>B. Subordinated debts</b>	1329 _____	329 <u>0.00</u>	330 <u>0.00</u>
a) becoming due and payable within one year	1425 _____	425 <u>0.00</u>	426 <u>0.00</u>
b) becoming due and payable after more than one year	1427 _____	427 <u>0.00</u>	428 <u>0.00</u>
<b>C. Provisions</b>	1331 _____	331 <u>29,909.00</u>	332 <u>5,909.00</u>
<b>D. Non subordinated debts</b>	1339 _____	339 <u>16,666,915.51</u>	340 <u>44,768,792.74</u>
a) becoming due and payable within one year	1407 _____	407 <u>16,666,915.51</u>	408 <u>44,768,792.74</u>
b) becoming due and payable after more than one year	1409 _____	409 <u>0.00</u>	410 <u>0.00</u>
<b>E. Deferred income</b>	1403 _____	403 <u>0.00</u>	404 <u>0.00</u>
<b>TOTAL (LIABILITIES)</b>		405 <u>159,253,194.68</u>	406 <u>138,889,476.18</u>

The notes in the annex form an integral part of the annual accounts



RCSL Nr. : B145006

Matricule : 2009,2202,802

**ABRIDGED PROFIT AND LOSS ACCOUNT**Financial year from <sup>01</sup> 01/01/2014 to <sup>02</sup> 31/12/2014 (in <sup>03</sup> EUR )**VELCAN****11 Avenue Guillaume****L-1651 Luxembourg****A. CHARGES**

	Reference(s)	Current year	Previous year
<b>1. to 2. Gross loss (less B.1 to B.3 and B.5)</b>	1643 _____	643 <b>159,802.39</b>	644 <b>140,417.11</b>
<b>3. Staff costs</b>	1605 _____	605 <b>0.00</b>	606 <b>0.00</b>
a) Salaries and wages	1607 _____	607 <b>0.00</b>	608 <b>0.00</b>
b) Social security on salaries and wages	1609 _____	609 <b>0.00</b>	610 <b>0.00</b>
c) Supplementary pension costs	1611 _____	611 <b>0.00</b>	612 <b>0.00</b>
d) Other social costs	1613 _____	613 <b>0.00</b>	614 <b>0.00</b>
<b>4. Value adjustments</b>	1615 _____	615 <b>131,658.26</b>	616 <b>0.00</b>
a) on formation expenses and on tangible and intangible fixed assets	1617 _____	617 <b>32,442.34</b>	618 <b>0.00</b>
b) on current assets	1619 _____	619 <b>99,215.92</b>	620 <b>0.00</b>
<b>5. Other operating charges</b>	1621 _____	621 <b>6,016.03</b>	622 <b>0.00</b>
<b>6. Value adjustments and fair value adjustments on financial fixed assets</b>	1623 <b>3</b> _____	623 <b>5,171,152.17</b>	624 <b>2,613,130.36</b>
<b>7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities</b>	1625 _____	625 <b>0.00</b>	626 <b>504,345.18</b>
<b>8. Interest and other financial charges</b>	1627 _____	627 <b>118,496.59</b>	628 <b>5,057,258.83</b>
a) concerning affiliated undertakings	1629 _____	629 <b>15,040.28</b>	630 <b>409,786.50</b>
b) other interest and similar financial charges	1631 _____	631 <b>103,456.31</b>	632 <b>4,647,472.33</b>
<b>9. Share of losses of undertakings accounted for under the equity method</b>	1649 _____	649 <b>0.00</b>	650 <b>0.00</b>

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B145006

Matricule : 2009,2202,802

	Reference(s)	Current year	Previous year
<b>10. Extraordinary charges</b>	1633 _____	633 <u>0.00</u>	634 <u>0.00</u>
<b>11. Income tax</b>	1635 _____	635 <u>3,224.40</u>	636 <u>3,210.00</u>
<b>12. Other taxes not included in the previous caption</b>	1637 _____	637 <u>1,657.54</u>	638 <u>62.00</u>
<b>13. Profit for the financial year</b>	1639 _____	639 <u>1,278,612.42</u>	640 <u>0.00</u>
<b>TOTAL CHARGES</b>		641 <u>6,870,619.80</u>	642 <u>8,318,423.48</u>

The notes in the annex form an integral part of the annual accounts

**B. INCOME**

	Reference(s)	Current year	Previous year
<b>1. to 3. and 5. Gross profit (less A.1 and A.2)</b>	1739 _____	739 <u>0.00</u>	740 <u>0.00</u>
<b>4. Reversal of value adjustments</b>	1707 _____	707 <u>0.00</u>	708 <u>542,122.96</u>
a) on formation expenses and on tangible and intangible fixed assets	1709 _____	709 <u>0.00</u>	710 <u>0.00</u>
b) on current assets	1711 _____	711 <u>0.00</u>	712 <u>542,122.96</u>
<b>6. Income from financial fixed assets</b>	1715 _____	715 <u>4,501,609.78</u>	716 <u>0.00</u>
a) derived from affiliated undertakings	1717 _____	717 <u>4,501,609.78</u>	718 <u>0.00</u>
b) other income from participating interests	1719 _____	719 <u>0.00</u>	720 <u>0.00</u>
<b>7. Income from financial current assets</b>	1721 _____	721 <u>0.00</u>	722 <u>73.78</u>
a) derived from affiliated undertakings	1723 _____	723 <u>0.00</u>	724 <u>0.00</u>
b) other income from financial current assets	1725 _____	725 <u>0.00</u>	726 <u>73.78</u>
<b>8. Other interest and other financial income</b>	1727 _____	727 <u>2,368,297.44</u>	728 <u>252,836.18</u>
a) derived from affiliated undertakings	1729 _____	729 <u>0.00</u>	730 <u>0.00</u>
b) other interest and similar financial income	1731 _____	731 <u>2,368,297.44</u>	732 <u>252,836.18</u>
<b>9. Share of profits of undertakings accounted for under the equity method</b>	1745 _____	745 <u>0.00</u>	746 <u>0.00</u>
<b>10. Extraordinary income</b>	1733 _____	733 <u>712.58</u>	734 <u>0.00</u>
<b>13. Loss for the financial year</b>	1735 _____	735 <u>0.00</u>	736 <u>7,523,390.56</u>
<b>TOTAL INCOME</b>		737 <u>6,870,619.80</u>	738 <u>8,318,423.48</u>

NOTES TO THE ANNUAL ACCOUNTS  
FOR THE FINANCIAL YEAR 2014

**1. ACTIVITY AND OBJECTS**

The Company can engage in all commercial activities relating directly or indirectly to the acquisition of participations in any form whatsoever, in any enterprise either with a legal status of corporation by shares or with a legal status of partnership, as well as the administration, management, control and development of these participations.

It may use its funds for the setting-up, management, development and liquidation of a portfolio consisting of any kind of securities, to participate in the founding, development and control of any enterprise, to acquire by way of capital contribution, subscription, underwriting or purchase option or any other way, any securities, to sale, transfer, exchange those securities, to grant support, loans, advances or guarantees to any company in which it has a direct or indirect interest.

It may also proceed with the acquisition, management, operation, sale or lease of any property, furnished or unfurnished and generally engage in any and all real estate operations with the exception of those of property dealers and investment and cash management in the Grand Duchy of Luxembourg or abroad.

In general, the Company may carry out any property, movable, immovable, commercial, industrial or financial operations, as well as all transactions and operations to promote and facilitate directly or indirectly the achievement of its objects or its extensions.

VELCAN is the parent company of a group developing, financing, building and operating hydro power concessions in Brazil, India, Laos and Indonesia. Its shares are listed on the Paris stock exchange (Euronext - Alternext).

VELCAN is preparing consolidated financial statements. The consolidation scope of VELCAN is the smallest and largest body of undertakings of which VELCAN is part and which is preparing consolidated financial statements. These consolidated financial statements are available at:

VELCAN  
11, Avenue Guillaume  
L-1651 Luxembourg

NOTES TO THE ANNUAL ACCOUNTS  
FOR THE FINANCIAL YEAR 2014

**2. ACCOUNTING PRINCIPLES**

**2.1. General Principles**

The annual accounts are prepared in accordance with Luxembourg legal and regulatory requirements and generally accepted accounting practices (GAAP).

**2.2. Merger between Velcan Energy Luxembourg S.A. and Velcan Energy S.A.**

In 2014, Velcan Energy S.A., a French company previously domiciled at 75, boulevard Haussmann in Paris, has merged into Velcan Energy Luxembourg S.A. - in the same time, the name of the Company has been changed into VELCAN. In accordance with the merger agreement, the merger has been effective from an accounting perspective as of 1 January 2014.

The following balance sheet is comparing VELCAN's accounts as of 31 December 2014 with VELCAN's accounts as of 1 January 2014 (at the accounting date of the merger with Velcan Energy SA) to offer a restated comprehensive comparative view of the financial statements. Intercompany entries between both entities have been eliminated. This balance sheet is presented using the valuation methods as disclosed in these annual accounts.

NOTES TO THE ANNUAL ACCOUNTS  
FOR THE FINANCIAL YEAR 2014

**BALANCE SHEET (in Euros)**

<b>ASSETS</b>	<b>December 31, 2014</b>	<b>January 1, 2014</b>
<b>Fixed assets</b>	<b>149,337,139.68</b>	<b>138,303,279.07</b>
Intangible fixed assets	603.04	603.04
Tangible fixed assets	31,963.09	64,405.43
Financial fixed assets	149,304,573.55	138,238,270.60
<b>Current assets</b>	<b>9,883,495.68</b>	<b>19,032,860.73</b>
Inventories	0.00	162,188.24
Debtors	397,571.76	7,571,915.46
a) becoming due and payable after less than one year	397,571.76	7,571,915.46
Transferable securities and other financial instruments	7,980,892.63	5,362,424.23
Cash at bank and in hand	1,505,031.29	5,936,332.80
<b>Prepayments</b>	<b>32,559.32</b>	<b>18,848.17</b>
<b>Total (Assets)</b>	<b>159,253,194.68</b>	<b>157,354,987.97</b>
<b>LIABILITIES</b>	<b>December 31, 2014</b>	<b>January 1, 2014</b>
<b>Capital and reserves</b>	<b>145,611,649.39</b>	<b>141,203,324.82</b>
<b>Subordinated debts</b>	<b>0</b>	<b>200,000.00</b>
a) becoming due and payable after less than one year	0	200,000.00
<b>Provisions</b>	<b>29,909.00</b>	<b>30,909.00</b>
<b>Non subordinated debts</b>	<b>16,666,915.51</b>	<b>15,920,754.15</b>
a) becoming due and payable after less than one year	16,666,915.51	15,920,754.15
<b>Total (Liabilities)</b>	<b>159,253,194.68</b>	<b>157,354,987.97</b>

NOTES TO THE ANNUAL ACCOUNTS (continue)  
**FOR THE FINANCIAL YEAR 2014**

**2.3. Foreign Currency Translation**

The Company maintains its accounting in Euro (EUR) and the balance sheet and the profit and loss are expressed in that currency.

On the balance sheet date, non-monetary items denominated in a currency other than the reporting currency are translated at historical exchange rates.

Under the principle of prudence, only translation differences related to losses are recognized in profit and loss; unrealized gains are deferred. Monetary balance sheet items denominated in a currency other than the reporting currency are valued based on the exchange rate in effect at the date of the balance sheet.

**2.4. Financial Assets**

The financial assets mainly consist of shares in affiliated undertakings, as well as of loans granted to affiliated undertakings and deposits.

The shares in affiliated undertakings are recorded at cost. At the closing date of the year, the Board of Directors estimates the fair value of such shares and books a value adjustment if the impairment value is deemed permanent.

Loans in financial assets are booked at their nominal value. A value adjustment is booked if the Board of Directors estimates that the repayment at maturity is fully or partly uncertain or compromised.

Deposits are recorded at their nominal value.

**2.5. Receivables**

Receivables are recorded at their nominal value. A value adjustment is booked if the Board of Directors estimates that the repayment at maturity is fully or partly uncertain or compromised.

**2.6. Cash**

Cash at bank, cash in postal cheque accounts, cheques and cash in hand are recorded at their nominal value.

**2.7. Debts**

Debts are recorded at their nominal value.

**2.8. Transferable securities**

Transferable securities are recorded at their acquisition value. At the financial year closing date, a value adjustment is recorded when the fair value is lower than the acquisition price. Unrealized gains are not recognized.

**NOTES TO THE ANNUAL ACCOUNTS (continue)**  
**FOR THE FINANCIAL YEAR 2014**

**3. FINANCIAL ASSETS**

	Shares in affiliated undertakings	Shares in undertakings with which the undertaking is linked by virtue of participating interests	Amounts owed by affiliated undertakings	Loans to undertakings with which the undertaking is linked by virtue of participating interests	Other: loans and claims held as fixed assets	Total
Nominal value / historical cost as at January 1, 2014	112,552,071.23	4,337,001.04	0.00	17,482,194.51	0.00	134,371,266.78
Addition through merger	9,860,216.61	0.00	3,094,932.14	0.00	19,745.31	12,974,894.06
Current year additions	18,712,026.81	0.00	808,839.44	0.00	0.00	19,520,866.25
Current year disposals / reimbursements	0.00	0.00	-4,146,766.87	0.00	-355.21	-4,147,122.08
Foreign currency impacts	0.00	0.00	95,485.63	0.00	0.00	95,485.63
Transfer	4,337,001.04	-4,337,001.04	17,482,194.51	-17,482,194.51	0.00	0.00
Nominal value / historical cost as at December 31, 2014	145,461,315.69	0.00	17,334,684.85	0.00	19,390.10	162,815,390.64
Value adjustments						
Accumulated depreciation as at January 1, 2014	-3,581,859.55	0.00	0.00	-5,341,628.68	0.00	-8,923,488.23
Addition through merger	-6,015.74	0.00	-3,094,932.14	0.00	0.00	-3,100,947.88
Current year allowance	-5,171,152.17	0.00	0.00	0.00	0.00	-5,171,152.17
Current year reversal	2,021,262.89	0.00	1,663,508.30	0.00	0.00	3,684,771.19
Transfer	0.00	0.00	-5,341,628.68	5,341,628.68	0.00	0.00
Accumulated depreciation as at December 31, 2014	-6,737,764.57	0.00	-6,773,052.52	0.00	0.00	-13,510,817.09
Net book value as of January 1, 2014	108,970,211.68	4,337,001.04	0.00	12,140,565.83	0.00	125,447,778.55
Net book value as of December 31, 2014	138,723,551.12	0.00	10,561,632.33	0.00	19,390.10	149,304,573.55

Directors :



**NOTES TO THE ANNUAL ACCOUNTS (continue)**  
**FOR THE FINANCIAL YEAR 2014**

**Detail of Shares in companies above 20% of participating interests (in EUR)**

<u>Company Name</u>	<u>Country/ Functional Currency</u>	<u>Percentage of holding as of 31 December 2014</u>	<u>Financial Year Closing Date</u>	<u>Share in profit/loss EUR (IFRS net income share in consolidated accounts)</u>	<u>Share in net shareholder's equity 31 December 2014 EUR (*)</u>	<u>Net book value in VELCAN books in 31 December 2014</u>
Velcan Energy Mauritius Limited	Mauritius/ EUR	100%	31 December 2014	2,379,445.93	116,691,669.08	114,807,245.98
Velcan Energy Singapore	Singapore/ SGD	100%	31 December 2014	212,774.89 ***	14,896,253.01 ***	14,896,253.40
Rodeio Bonito Hidrelétrica	Brazil/ BRL	99,99%	31 December 2014	754,000.10 ***	6,223,975.38 ***	9,020,049.74
Velcan Desenvolvimento Energetico Do Brasil	Brazil/ BRL	99,99%	31 December 2014	(292,017.17) ** ***	(2,000,518.33) ** ***	1.00
Quebra Dedo Hidreletrica	Brazil/ BRL	99%	31 December 2014	0 ** ***	(806,390.32) ** ***	1.00
Pirapetinga Hidreletrica	Brazil/ BRL	99%	31 December 2014	0 ** ***	(1,029,766.73) ** ***	0.00
Ibituruna Hidreletrica	Brazil/ BRL	99%	31 December 2014	0 ** ***	(1,018,621.71) ** ***	0.00
Velcan Energy Holdings (Dubai) Ltd	UAE/ AED	100%	31 December 2014	(91,607.73),* **	(1,481,948.53)	0.00

\* The net income of 2014 Financial Year is included in the net shareholder's equity

\*\* Non audited

\*\*\*FX rates used for the translation of the result are the average rates as presented in VELCAN's consolidated accounts as of 31 December 2014 / Foreign Exchange rates used for the translation of the net shareholder's equity are the closing rates as presented in VELCAN's consolidated accounts as of 31 December 2014

**NOTES TO THE ANNUAL ACCOUNTS (continue)**  
**FOR THE FINANCIAL YEAR 2014**

**4. SUBSCRIBED CAPITAL**

		Number of shares	Unit price (Euro)	Subscribed capital (Euro)
1 January 2014	Opening subscribed capital	993,577	100	99,357,700
<i>converted into (for the purpose of the merger):</i>				
	Opening subscribed capital	99,357,700	1	99,357,700
11 March 2014	Equity warrant (BSA 2009 N° 1) exercised	10,000	1	10,000
28 May 2014	Capital increase (merger)	7,780,942	1	7,780,942
28 May 2014	Cancellation of shares (merger)	(99,357,700)	1	(99,357,700)
31 December 2014	Closing subscribed capital	7,790,942	1	7,790,942

As at 31 December 2014, the subscribed capital amounts to EUR 7,790,942 represented by 7,790,942 fully issued and subscribed shares with a nominal value of EUR 1 each.

The authorized share capital amounts to EUR 30,000,000 represented by 30,000,000 shares with a nominal value of EUR 1 each.

**5. BENEFICIARY SHARES AND VOTING RIGHTS**

Following the merger, Beneficiary Shares have been issued by the Company, in accordance with Article 37, paragraphs 1 and 2 of the Luxembourg Law of 10 August 1915 on commercial companies, to replace shares with double voting rights previously owned by shareholders of Velcan Energy SA, the absorbed company, in accordance with Article 31.3 of its Article of Association.

The purpose of the issuance of those Beneficiary Shares was to preserve existing double voting rights. Those Beneficiary Shares are different from ordinary shares as they do not give access to the Company's share capital. As provided for in article 7.7 of VELCAN's Article of Association, one Beneficiary Share gives one voting right to its owner in the Company's General Meetings. Beneficiary shares are allocated to holders of shares for whom a nominal inscription in the shareholder's register has been existing for at least 4 years.

As at 31 December 2014, the number of issued beneficiary shares amounts to EUR 2,039,503.

**NOTES TO THE ANNUAL ACCOUNTS (continue)**  
**FOR THE FINANCIAL YEAR 2014**

**6. STOCK OPTIONS AND EQUITY WARRANTS**

The Company has put in place a stock option and warrant plan under which equity warrants and stock options are allocated to employees, management of contractors of the Company.

**Equity warrants**

<b>Date of Board of Director's meeting</b>	<b>26.10.2005</b>	<b>20.02.2009</b>	<b>20.10.2009</b>	<b>09.12.2009</b>	<b>09.04.2010</b>	<b>03.01.2011</b>	<b>21.03.2012</b>	<b>23.04.2013</b>	<b>23.04.2013</b>
Total number of equity warrants allocated	10 000	28 000	40 000	390 000	4 500	6 000	11 500	434 600	8 000
Number of equity warrants existing on 31/12/2014	6 000	4 000	40 000	390 000	2 000	6 000	9 000	434 600	8 000
Number of equity warrants exercisable on 31/12/2014	6 000	4 000	40 000	390 000	2 000	6 000	2 250	18 650	7 000
Number of equity warrants exercised on 31/12/2014	4 000	13 500	-	-	-	-	-	-	-
Allocation date	26/10/2005	20/02/2009	20/10/2009	09/12/2009	09/04/2010	03/01/2011	21/03/2012	23/04/2013	23/04/2013
Expiry date	26/10/2015	31/12/2015	31/12/2017	31/12/2017	09/04/2020	03/01/2021	21/03/2022	23/04/2023	23/04/2023
Subscription price in euros	12,46 €	7,50 €	8,00 €	8,25 €	8,70 €	12,00 €	10,50 €	10,00 €	21,40 €

One equity warrant gives right to apply for one share.

NOTES TO THE ANNUAL ACCOUNTS (continue)  
FOR THE FINANCIAL YEAR 2014

**Stock option plans**

Date of Board of Directors Meeting	12.04.2007	29.05.2007	27.02.2008	20.02.2009	09.04.2010	03.01.2011	21.03.2012	22.04.2013	22.04.2013
Total number of options allocated	9 000	6 000	74 500	77 500	22 000	21 000	12 000	35 800	8 000
Number of options existing as at 31/12/2014	5 000	6 000	1 000	5 000	2 500	10 000	8 000	29 800	8 000
Number of options exercisable as at 31/12/2014	5 000	6 000	1 000	5 000	2 500	2 500	2 000	10 200	7 000
Number of options exercised as at 31/12/2014	-	-	-	12 000	200	-	-	-	-
Allocation date	12/04/2007	29/05/2007	27/02/2008	20/02/2009	09/04/2010	03/01/2011	21/03/2012	22/04/2013	22/04/2013
Expiry date	10/04/2017	29/05/2017	27/02/2018	20/02/2019	09/04/2020	03/01/2021	21/03/2022	22/04/2023	22/04/2023
Subscription price in Euros	20,03 €	22,16 €	27,70 €	7,50 €	8,70 €	12,00 €	10,50 €	10,00 €	21,40 €

One stock option gives right to apply for one share.

NOTES TO THE ANNUAL ACCOUNTS (continue)  
FOR THE FINANCIAL YEAR 2014

**7. LEGAL RESERVE**

As required by law in Luxembourg, 5% of the Company's net result for the year (less accumulated losses brought forward if any) shall be allocated to a legal reserve whenever it is a net profit.

This allocation ceases to be mandatory when the reserve reaches 10% of paid up capital. The legal reserve is not available for dividend distribution.

**8. TAX RATE**

The Company is fully taxable at a maximum rate of 29.22% on its net income. The Company is also liable to the Luxembourg Wealth Tax at the rate of 0.5%, calculated on the basis of its net equity at the beginning of the following financial year.

**9. OFF BALANCE SHEET COMMITMENT**

The Company has pledged a bank deposit for a total amount of USD 1,660,000 (converted as at 31 December 2014: EUR 1,365,320.84) to guarantee for commitments of a Board member towards the bank (amounting to EUR 1,125,000).

**10. RELATED PARTY TRANSACTIONS**

In the context of the pledge mentioned in Note 9, the Company has also granted to this Board member a loan facility for a total amount of EUR 1,125,000; drawings bear interest of 5% per annum. As at 31 December 2014, the facility remained unused.

Furthermore, the Company has paid management fees to Luxembourg Hydro Power S.A., a company related to several Board members, for a total amount of EUR 468,333.

**11. SUBSEQUENT EVENTS**

The Board of Directors has no knowledge of significant subsequent event which could have a significant impact on the Company's financial statements or which could affect the continuity of operations.