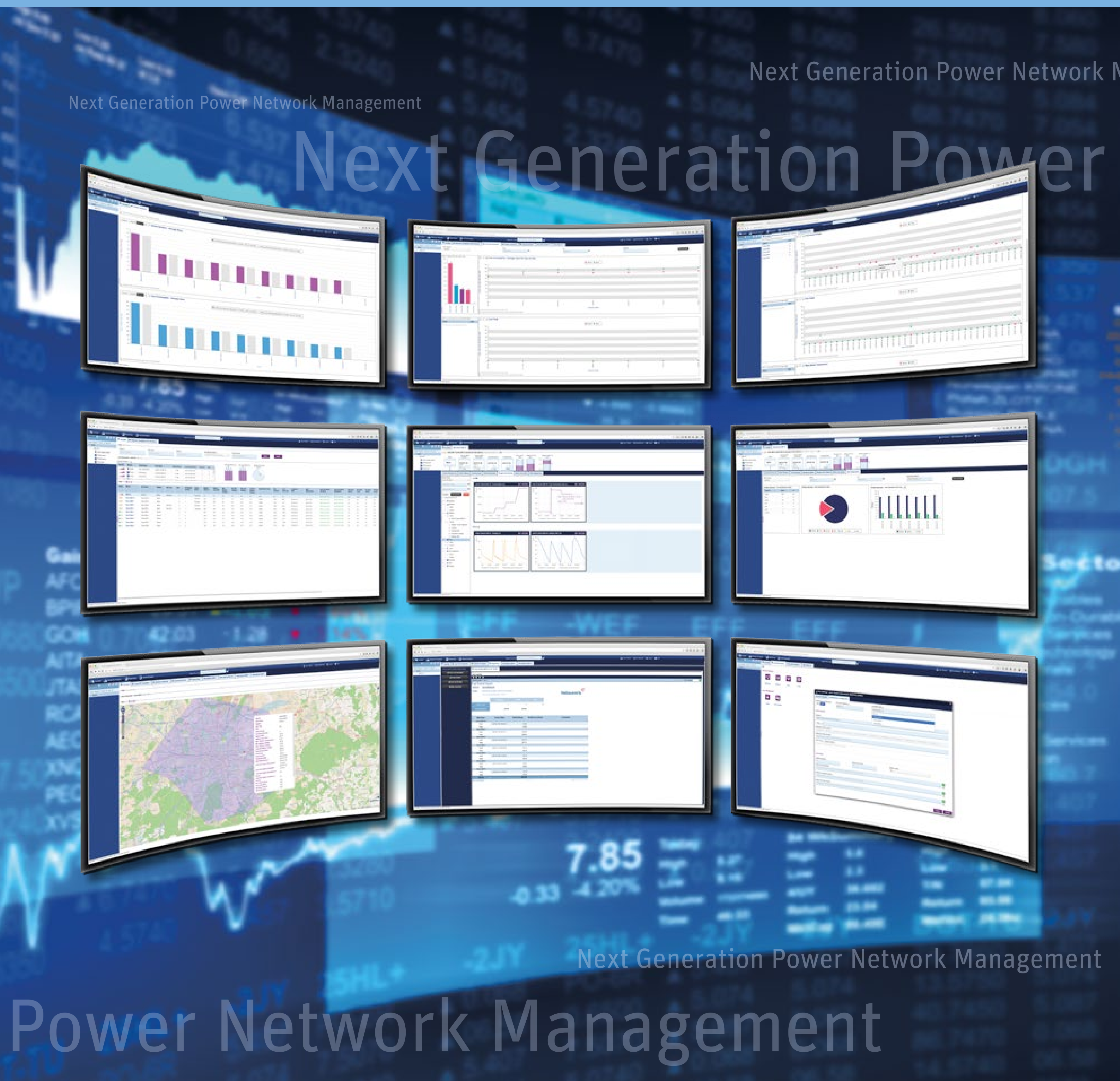
Heliocentris

Annual report 2014

Heliocentris Energy Solutions AG



Key Group Figures

	2014	2013
Sales kEUR	18,925	4,927
EBITDA kEUR	-9,473	-10,614
EBIT kEUR	-10,505	-11,126
Total assets kEUR	32,804	14,815
Equity kEUR	11,692	10,757
Number of employees year-end	187	139

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Letter to the shareholders

Dear shareholders, business partners and employees,

Heliocentris Energy Solutions AG has good reasons to look back on 2014 with satisfaction. Our sales pattern showed a marked upward trend over the entire course of the year. With sales of EUR 18.9 million, we generated considerable growth of 284.1% or EUR 14.0 million compared to the previous year (2013: EUR 4.9 million). The sales increase was largely due to the sale of solutions and services for fitting out new telecommunictaion base stations in Myanmar. The Heliocentris Group generated sales of EUR 8.9 million in Myanmar in 2014. Further substantial revenues of EUR 2.1 million were generated from a strategic supply agreement with Cummins. The takeover of FutureE contributed around EUR 2.9 million to the Group's sales in 2014, so we achieved total sales of EUR 3.8 million with fuel cell solutions.

The Industry segment's share in total sales grew to 88.0 % in the 2014 financial year (2013: 49.6% of total sales). In the Academia segment, sales amounted to EUR 2.3 million in 2014 (2013: EUR 2.5 million) and constituted 12.0 % of total sales.

One of the highlights of 2014 was without doubt our success in Myanmar. Myanmar is a significant growth market. According to studies by GSMA, the second largest number of telecommunication base stations in the world in regions without ("off-grid") or with only an insufficient power grid ("bad-grid") is to be constructed here in the next few years. Estimates come to approximately 10,000 telecommunications masts. In addition to the government operator MPT, the two international mobile network companies Telenor and Ooredoo were granted licences for the expansion. In the course of the second half of 2014, we delivered, installed and handed over 378 turnkey energy systems for Telenor's grid upgrade. This success massively increased our name recognition far beyond the borders of Myanmar and put us in an excellent position for follow-on business in the years to come from all three mobile network companies in Myanmar.

"du", a leading mobile network company from the United Arab Emirates, reinforced the long-term partnership and verified the reliability and quality of Heliocentris solutions with repeated follow-on orders. Alongside hybrid energy solutions, Heliocentris deployed the first free cooling systems in its mobile network in the reporting year. These systems allow energy-guzzling air conditioning systems to be turned off throughout large parts of the year, thus making further cost savings and reducing CO_2 emissions.

The strategic supply agreement with Cummins, one of the world's largest manufacturers of diesel generators, bore its first fruits in the 2014 financial year after being concluded in September 2013. After the intensive qualification and training of Cummins global sales' organisation, Cummins obtained the first orders for its hybrid diesel generators in the second half of 2014, which resulted in Heliocentris' first substantial sales with Cummins.

We also gained a first commercial order in our domestic market of Germany in 2014, which had a value of around EUR 1 million in the Industry segment. This includes the fitting and refitting of 25 base stations in the Brandenburg police radio network with emergency power supply systems based on fuel cells. This was the first significant order for Heliocentris in the on-grid solutions market. The solution developed for this purpose in cooperation with FutureE augmented Heliocentris' existing offering, which was previously focused on supplying primary power for off-grid base stations, with solutions for on-grid systems. The successful partnership with FutureE laid the foundation for the acquisition of FutureE in summer 2014 and its subsequent integration into

Heliocentris. This acquisition established us as one of the market leading providers for fuel-cell-based emergency power supply systems for public authority radio networks in Germany. In the second half of 2014, this resulted in sales of approximately EUR 2.9 million with fuel cell solutions.

Acquisition of FutureE Fuel Cell Solutions GmbH

A significant milestone in 2014 was the acquisition of FutureE Fuel Cell Solutions GmbH, a specialist in stationary fuel-cell-based energy supply solutions based in Wendlingen, Baden-Wuerttemberg. This acquisition not only makes Heliocentris one of the market leading companies in Germany for fuel-cell-based energy solutions for stationary industrial applications with output ranges up to 40 kW; Heliocentris also plans to use it to expand its market presence in other European countries with this offer. This acquisition also represents an important step in the on-grid market, where the focus is more on uninterrupted power supply in emergencies than on compensating for an unreliable or non-existent power grid. Beyond the potential in Germany and Europe, FutureE gives Heliocentris interesting prospects in China, where renowned customers have already installed initial test setups. Our primary motive for acquiring FutureE, however, was Heliocentris' conviction that in the near future fuel cells will also become a crucial element in the current core business, energy supply for mobile network base stations with insufficient grid connection.

Crucial innovations in our range of products and solutions

Research and development plays a crucial role for the Heliocentris Group. In the reporting year, we worked consistently on the enhancement of our portfolio of solutions. For example, we successfully launched a more compact and simple-to-implement energy-management system and started work on the next generation of remote management server, including much improved visualisation and reporting functions. In the field of hybrid energy solutions, we have successfully developed various different genset efficiency solutions (diesel hybrid solutions) and successfully implemented them in Myanmar.

In addition, we have developed an innovative emergency power supply solution on the basis of FutureE fuel cell systems and the energy management system, which has already been installed around a hundred times in German public authority radio networks. We were granted funding of around EUR 1.5 million to develop a novel fuel cell emergency power supply system, which generates its hydrogen locally with an electrolyser and with which we plan to replace diesel generators in future, especially in remote locations with insufficient power grids ("bad-grid").

Capital measures

Investments in technology and the realisation of our growth targets require capital. In the past financial year, we laid a major foundation for the company's financing with the capital measures that were implemented. An important step in this direction was the issue of a convertible bond with a nominal volume of approximately EUR 10 million. The bond has a coupon of 4%, a conversion price of EUR 8.00 per share and was issued with a term of 3 years at 90%, which equates to an effective yield of around 8% p.a. Equivalent financing at similar conditions via a traditional bank loan was not possible for the Company in the past financial year, so this bond was a good opportunity to raise the capital needed to continue financing the Company and its growth without having to issue more shares in 2014. The bond was placed with strategic investors with interest in the Company, who thus unmistakably demonstrated their support once again.

In the final quarter of 2014, we successfully concluded a capital increase totalling approximately EUR 4.2 million. This comprised a private placement of 683,300 shares at a price of EUR 5.00 and a mandatory convertible bond of EUR 800,000, which was converted into share capital of EUR 160,000

Considerable growth prospects

Let us take a look forward. Our market, the telecommunications industry, promises very dynamic growth overall. According to a study by GSMA, future growth in mobile network customers will be concentrated on developing countries in Africa and Asia, among populations that are not currently connected to mobile networks. These populations mostly live in rural areas where access to electricity is limited or at best unreliable. Therefore, the number of new off-grid and bad-grid telecommunications masts is expected to rise by roughly 16% from 2014 to 2020 – surely an interesting growth driver for our industrial business. In our view, even greater growth potential for Heliocentris comes from the modernisation (retrofitting) of existing telecommunications base stations with hybrid energy solutions. Firstly, the flexibility of our solutions is an ever greater advantage in this area, and secondly, there are more than 1 million telecommunications masts in off-grid and bad-grid regions that are currently still being operated without energy management systems and merely on the basis of diesel generators.

With this potential clearly in sight, we are systematically following our growth strategy:

» *Further expanding our business with existing mobile network customers and those obtained in 2014.*

» *Qualifying our solutions for further leading mobile network operators in our target regions on the basis of our success and reputation in Myanmar.*

» *Expanding our offering and the supporting business models, especially in the area of server solutions and services for the maintenance and operation of energy systems, with the goal of increasing added value as well as the proportion of stable, recurring sales.*

» *Obtaining additional projects for the emergency power supplies of local stationary facilities on the basis of our fuel cell systems.*

» *Gaining further OEM customers like Cummins to diversify and accelerate our growth.*

Ayad Abul-Ella,
Chief Executive Officer (CEO)

Dr. Henrik Colell,
Chief Technology Officer (CTO)

To underpin our growth strategy, we have initiated a move into the Prime Standard. We will combine this step with a capital increase in order to further open up to the international capital market and to generate new funds that will allow us to invest in further growth.

All this was and remains possible only because of the great commitment of our employees, the collaboration with our business partners and not least the sustained trust of our shareholders. We would like to thank you all most sincerely for this.

Berlin, April 2015

Kind regards,

Ayad Abul-Ella,
Chief Executive Officer

Dr. Henrik Colell,
Chief Technology Officer

Supervisory board report

Dear Shareholders,

The following report by the Supervisory Board contains information about the latter's activities in the 2014 financial year and the findings of the audit of the annual and consolidated financial statements for 2014.

Management supervision

The past financial year 2014 was strongly affected by the strong organic growth of the Industry segment, the continuing financing of the Company and the acquisition of FutureE Fuel Cell Solutions GmbH. The Supervisory Board participated actively in this process through consulting and discussion with the Management Board. In the past financial year, the Supervisory Board fully carried out all the controlling and advisory tasks incumbent upon it in accordance with the law, articles of association and rules of procedure. In addition, the Supervisory Board followed the Management Board's work closely, advised the Management Board regularly on the management of the Company and carefully monitored the management on the basis of written and oral Management Board reports and joint meetings. Furthermore, the Supervisory Board satisfied itself of the legality, propriety, usefulness and efficiency of the Company's management. We did not exercise the option to examine the Company's books and records (section 111 (2) of the German Stock Corporation Act (AktG)) in the reporting year. There was no need to do so because of the regular, intensive and satisfactory reporting from the Management Board, the audit by and talks with the auditors and the additional supervisory measures described below. The Supervisory Board was always included promptly and to an appropriate degree in all decisions of fundamental and strategic importance.

Cooperation between the Supervisory and Management Boards

The Management Board comprehensively fulfilled its obligation to report to the Supervisory Board both orally and in writing. It involved us in all significant transactions and decisions of fundamental importance for the Company.

At the meetings, we discussed the information presented to us in detail together with the Management Board. The cooperation with the Management Board was characterised by responsible and purposeful action in every respect.

Outside meetings, we regularly conferred within the Supervisory Board and the Management Board informed us promptly of important events at Heliocentris.
Between meetings, I conducted regular talks with the Chairman of the Management Board Ayad Abul-Ella. As well as the present business situation, topics of discussion included strategic alignment, the risk position, risk management and compliance.
The Management Board presented all transactions requiring approval to the Supervisory Board in due time. After comprehensive consulting and examination, we granted our approval where appropriate.

Supervisory Board meetings and main topics of discussion

In the 2014 financial year, the Supervisory Board – in observation of section 110 (1) sentence 1 AktG – held a total of four ordinary meetings and one extraordinary meeting. All Supervisory Board meetings were always attended by at least four Supervisory Board members; Thomas Philippiak took part in two Supervisory Board meetings in 2014.

At the Supervisory Board meetings, the Management Board informed us on a regular basis of the current situation of the Company, the status of the portfolio companies and strategic considerations. We also dealt with issues of the risk position, risk management, compliance, accounting and Management Board personnel matters in meetings. In addition, we discussed the following topics in the individual meetings in the 2014 financial year:

Ordinary meeting on 11 April 2014
The meeting focused on reporting and discussing the 2013 annual financial statements. The auditor attended the meeting for this agenda item. In addition, the entire Management Board of the Company was present and provided additional and explanatory information. We also dealt with the agenda for the 2014 Annual General Meeting including the administration's proposed resolutions. Furthermore, the agenda included necessary financing measures and a potential company acquisition.

Extraordinary meeting on 13 May 2014
The meeting focused exclusively on the planned takeover of FutureE Fuel Cells Solution GmbH and the financing of this transaction.

Ordinary meeting on 26 June 2014
The meeting took place directly after the 2014 Annual General Meeting. At the Supervisory Board meeting, the Management Board gave a comprehensive overview of the strategy for the Academia segment and of the planned carve-out of Home Power Solutions. In addition, the Management Board reported on the current status of the since completed takeover of FutureE Fuel Cell Solutions GmbH.

Ordinary meeting on 26 September 2014
The meeting focused on the short-term and long-term capitalisation of the Company. The Management Board reported in detail on the various options. In this context, we discussed in particular the option of moving into the Prime Standard segment with a major capital increase in 2015. In addition, the Management Board reported on the progress of the integration project for FutureE Fuel Cell Solutions GmbH and the preparatory considerations and structures for the carve-out of Home Power Solutions.

Ordinary meeting on 8 December 2014
In December, we came together for our fourth ordinary meeting of the financial year. At this meeting, the Management Board presented the budget for the 2015 financial year in detail. In addition, the carve-out of Home Power Solutions was discussed and approved. The Management Board also informed us about the Group's current liquidity situation, about the measures initiated to prepare a change of segment on the stock exchange and about a potential company acquisition. Moreover, we revised the contract with CEO Ayad Abul-Ella, which was to expire on 31 December 2014, and extended it by a further three years.

Committees
No committees were formed in the 2014 financial year.

At the Supervisory Board meeting held recently on 25 March 2015, it was resolved to establish an Audit Committee with immediate effect.

The Audit Committee will be concerned in particular with monitoring the accounting process, compliance, and the efficacy of the internal control system and risk management system. The Chairman of the Audit Committee, Michael Stammler, has expertise in the fields of accounting and auditing (section 107 (4), section 100 (5) AktG) and special knowledge and experience in the application of internal control procedures as an independent Supervisory Board member. The other members are Oliver Borrmann and Oliver Krautscheid.

Changes on the Management Board
As of 31 January 2014, the former Chief Financial Officer (CFO) Dr András Gosztonyi left the Company's Management Board, to which he had belonged since 2006. We thank Dr Gosztonyi for his long-standing commitment, with which he helped shape the development of Heliocentris over many years.

Thomas Strobl was appointed as the new CFO on 17 March 2014. Strobl resigned his Management Board post for personal reasons on 9 September 2014. After the departure of Strobl, the CEO Mr Ayad Abul-Ella also took on the role of CFO.

Auditing and annual financial statements

RSM Verhülsdonk GmbH, Berlin, was elected as the auditor for the 2014 financial year by the Company's Annual General Meeting and commissioned by the Supervisory Board. The Supervisory Board negotiated the audit agreement, specified points to be covered by the audit and awarded the contract.

The auditor examined the annual financial statements of Heliocentris Energy Solutions AG prepared by the Management Board according to the regulations of the German Commercial Code (HGB) as of 31 December 2014 and the management report including accounting records and issued them with [unqualified] auditor's opinions. The Company's consolidated financial statements were prepared in accordance with section 315a HGB on the basis of international accounting standards (IFRS) as applicable in the European Union. The auditor also granted these consolidated financial statements and the Group management report an [unqualified] auditor's opinion.

The Supervisory Board's accounts meeting was held on 25 March 2015. In the run up to this meeting, the annual and consolidated financial statement documents, audit reports and all other submittals and meeting reports were provided in due time to the Supervisory Board members, who studied them carefully. These documents were discussed in detail in the Supervisory Board's accounts meeting. As the annual financial statements for the financial year ending 31 December 2014 did not report any net retained profit, the Management Board did not have to submit a proposal for the appropriation of profit. The auditor attended the meeting, reported on the course of the audit and the audit findings and was available to answer questions, give additional information and discuss the documents.

With knowledge and in consideration of the auditor's audit reports, and in discussion with the auditor, the Supervisory Board examined the annual and consolidated financial statements and the respective management reports and agreed with the auditor's findings. On the basis of its own examination of the annual and consolidated financial statements and the respective management reports, it then ascertained that no objections were to be raised. At this Supervisory Board accounts meeting on 25 March 2015, it approved the annual and consolidated financial statements for the 2014 financial year with the respective management reports. The annual financial statements have thus been adopted (section 172 sentence 1 AktG).

The Supervisory Board thanks the Management Board members and all employees of the Company for their great commitment, their dynamic efforts in the interests of the Company and for the special successes achieved in the 2014 financial year. Out thanks go in equal measure to the shareholders for their support and sustained confidence in Heliocentris Energy Solutions AG.

Berlin, April 2015

Oliver Borrmann
Chairman of the Supervisory Board

Our view of corporate governance

Heliocentris has been traded on the Open Market and permitted to the Entry Standard since 2006. Due to the Company's growth in the 2014 financial year and the intention to address a larger and international group of investors, the Company announced on 4 February 2015 that it is to change to the Regulated Market and the Prime Standard segment in the current financial year.

German Corporate Governance Code

Corporate Governance has already played an important role at Heliocentris in the past, and will become an even greater priority for Heliocentris' governing bodies with the planned move into the Prime Standard.

Since 2013, Heliocentris has had a compliance code of conduct, which applies worldwide for the Management Board, Supervisory Board and all employees and obliges them to conduct themselves in a responsible and lawful manner. This code covers the following issues, among others: responsibility to and respect for people and the environment, consideration for legal conditions, lawful and ethical conduct of each individual employee, loyalty to the Company, fair and respectful dealings with employees, rejection of every form of discrimination, dealing responsibly with Company risks, environmental awareness, safety in all areas of work, working professionally, reliability and fairness in all business relationships, complying with guidelines regarding granting/accepting advantages, handling insider information, treatment of Company property.

Heliocentris is committed to the principles of transparent and responsible corporate governance aimed at sustainable value creation. Through appropriate management and supervision of the Company, we – Management Board and Supervisory Board – want to fortify the trust that our shareholders, the financial markets, our customers, business partners, employees and the public place in us. We are certain that good corporate governance is a major foundation for the success of our Company.

Heliocentris will follow the recommendations of the German Corporate Governance Code (DCGK) in its currently applicable form as of 24 June 2014 as far as possible and explain all isolated deviations in the annual declaration of compliance in accordance with section 161 AktG.

To prepare for the change of segment, the Management Board and Supervisory Board have already taken or initiated various measures; for example, the current 2014 annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) for the first time. In addition, the Supervisory Board resolved at its meeting on 25 March 2015 to establish an Audit Committee, which commenced its work immediately.

Operation of the Management Board and Supervisory Board and composition and operation of the committees

Heliocentris Energy Solutions AG is a German stock corporation subject to German stock corporation law. The Company has a dual management and control structure consisting of the Management Board and Supervisory Board.

The Management Board conducts the Company's business under its own responsibility and informs the Supervisory Board regularly, promptly and comprehensively about all issues of strategy, planning, business performance, risk position, risk management and compliance that are relevant to the Company.

The Supervisory Board appoints the Management Board members and supervises and advises the Management Board as it manages. The Management Board requires the Supervisory Board's approval to implement certain transactions and measures, which are defined in the articles of association or the Management Board's rules of procedure. The Supervisory Board must be informed about the conclusion, amendment or termination of major contracts that do not require approval according to the articles of association or the Management Board's rules of procedure. The Management Board is also obliged to inform the Supervisory Board of all significant events.

As in the previous years, the Management Board and Supervisory Board again cooperated closely in the interests of the Company in 2014.

Management Board

According to section 7 of the articles of association of Heliocentris Energy Solutions AG, the Management Board comprises two or more people. The precise number of Management Board members is determined by the Supervisory Board. The latter also decides whether there is to be a Chairman, and whether deputy members or a Deputy Chairman are to be appointed.
Since the departure of the former CFO Thomas Strobl on 9 September 2014, the Management Board of Heliocentris Energy Solutions AG comprises two people:

Name	*Function*	*Start*
Ayad Abul-Ella	CEO	01.09.2011
Dr. Henrik Colell	CTO	01.06.2006

Without prejudice to the legal overall responsibility of the Management Board and its commitment to close, trusting cooperation with the staff, the current allocation of responsibilities to individual Management Board members is as follows:

The Chairman of the Management Board (Chief Executive Officer) coordinates the work of the Management Board and is also responsible for corporate strategy, sales & marketing, operations, business development and talent management. The Chief Technology Officer has responsibility for product & solutions development, the technology roadmap, technology partnerships and IP management in the Group. The allocation of responsibility also gives the Chief Financial Officer responsibility for finance (company capitalisation, accounting, controlling), public & investor relations, M&A, risk & quality management, IT, HR and legal. As there is no CFO at present, the CEO is temporarily responsible for these departments.

The Management Board's rules of procedure and the articles of association both include a list of major transactions and measures that also need prior approval from the Supervisory Board. The transactions and measures needing approval according to the rules for procedure include, for example, decisions on the establishment or disposal of branch offices, the acquisition or sale of land or the granting or raising of loans of a certain amount.
In accordance with the rules of procedure, Management Board meetings take place at least twice a month and when required for the good of the Company. Management Board meetings are convened and led by the Chairman. Every Management Board member can arrange an additional meeting on a specific issue at any time. If the Chairman is unable to attend, the meeting is led by the Management Board member who called it. The Management Board is quorate when all members are invited and more than half are present when the resolution is made, whereby members joining by telephone or video conference can be considered present. In the event of a two-member Management Board, the Management Board is quorate only if both members participate in the resolution. Unless the law, the articles of association or the rules of procedure state otherwise, the Management Board makes decisions with a simple majority of the votes cast. A resolution is not passed if votes are tied. If there are two Management Board members, unanimity must be reached.

Every member of the Management Board will disclose conflicts of interest to the Supervisory Board immediately and inform the other members of the Management Board. Management Board members may take on ancillary activities, especially Supervisory Board posts outside the Company, only with the permission of the Supervisory Board.

Supervisory Board

According to section 10 of the articles of association of Heliocentris Energy Solutions AG, the Supervisory Board comprises six members. The term of office of Supervisory Board members usually runs until the end of the Annual General Meeting that grants discharge for the fourth financial year following the beginning of the term.

The Supervisory Board elects a Chairman and a Deputy from among its members. The Supervisory Board Chairman, or his Deputy if the former is unable, convenes and leads the meetings of the Supervisory Board.

As of the end of the 2014 financial year, the Supervisory Board of Heliocentris comprised the following six people:

Name	*Funktion*	*Mitglied seit*	*Bestellt bis*
Oliver Borrmann	*Chairman of the Supervisory Board*	2006	2016
Michael Stammler	*Vice Chairman of the Supervisory Board*	2008	2017
John Butt		2009	2019
Oliver Krautscheid		2011	2016
Thomas Philippiak		2008	2017
Jean-Marie Solvay		2009	2019

The Supervisory Board should include a (by its own estimation) sufficient number of independent members. In accordance with number 5.4.2 of the GCGC, a Supervisory Board member is in particular not to be considered independent if they have a professional or personal relationship with the Company, its bodies, a controlling shareholder or an associated entity, which could constitute a material and not merely temporary conflict of interests. All members of the Supervisory Board – which exclusively comprises elected shareholder representatives – are considered independent as defined by the GCGC.

The Supervisory Board has given itself rules of procedure. It governs the tasks, rights and obligations of the Supervisory Board, the organisation of meetings and resolutions and the formation of committees.

The Supervisory Board routinely holds four ordinary meetings per calendar year. The recently installed Audit Committee is also to hold at least four ordinary meetings per calendar year and in its constituent meeting will draft a proposal on the rules of procedure, which will then be submitted to the Supervisory Board for approval.

At the Supervisory Board Chairman's request, the Management Board attends all ordinary meetings (usually four a year) of the Supervisory Board, reports in writing and orally on individual agenda items and proposed resolutions, and answers questions from individual Supervisory Board members. Between meetings, all Supervisory Board members receive detailed quarterly reports on the Company's situation from the Management Board. In addition, the Supervisory Board Chairman is informed by the Management Board in numerous discussions by telephone and in person about major developments and important upcoming decisions.

The Supervisory Board and the Audit Committee generally pass resolutions at meetings. In reasonable exceptional cases, Supervisory Board members can also attend a Supervisory Board or committee meeting or by telephone or video conference. The Supervisory Board and its committees are quorate if at least three of their members participate in the resolutions (outside meetings by way of written, fax, telephone or e-mail vote or by a combination of these means of communication, if no Supervisory Board member objects to this procedure). Resolutions require a simple majority of the votes cast. In the event of a tie, the Chairman of the meeting has the casting vote.

The Heliocentris share

The stock markets were very volatile in the past financial year. After a bullish first half of the year, there was a sharp correction on the stock markets due to fears of recession in the eurozone, the upcoming end to quantitative easing by the US Federal Reserve and the first diagnosis of Ebola in the USA in October. At the end of the year, however, the surprising reduction of key interest rates by the Bank of China, the further expansion of quantitative easing by the Bank of Japan and robust US economic data resulted in a strong recovery. The German leading index, DAX, posted moderate growth of around 2.6% and closed the trading year at 9,806 points. The MDAX achieved a good performance of nearly 2.5% in 2014 and closed at 16,935 points. The SDAX showed stronger performance with a gain of nearly 5.2% to 7,186 points. The TecDAX posted the best performance with growth of 17.6% to 1,371 points.

The Heliocentris share started the 2014 financial year at a price of EUR 5.95, which was simultaneously its annual high. The share marked its low on 14 October 2014 at EUR 4.48. On 30 December 2014, the Heliocentris stopped trading at a closing price of EUR 5.05. Therefore, the share posted a decline of 15.1% over the entire year. As of 31 December 2014, the market capitalisation of Heliocentris Energy Solutions AG with 10,600,424 shares and a closing price of EUR 5.05 was EUR 53.5 million (previous year: EUR 51.5 million) (all information on the basis of Xetra prices). The average daily trading volume of Heliocentris shares amounted to 3,658 shares in the reporting period (previous year: 5,007 shares).

Capital measures

In the reporting year, the Company executed several capital measures.

In January and April 2015, convertible bonds were issued to strategic investors with a total nominal value of EUR 10.2 million; the issue in January had a nominal value of EUR 3.9 million, in April of EUR 6.3 million. The convertible bond will mature in January 2017. The issue price was set at 90%, the convertible bond bears interest of 4% p.a., payable semi-annually, and the conversion price was set at EUR 8.00, so it had a premium of roughly 35% of the share price at the time. In the third quarter, the share capital increased by EUR 1,106,906 from EUR 8,650,218 to EUR 9,757,124 through the issue of new shares in the context of the acquisition of FutureE Fuel Cell Solutions GmbH.

The share capital also increased in the fourth quarter due to the conversion of a mandatory convertible bond (EUR 160,000) and a cash capital increase (EUR 683,300) to EUR 10,600,424. The 160,000 shares from the conversion of the mandatory convertible bond were the result of a mandatory convertible bond worth EUR 800,000 issued at short notice in August 2014 to secure liquidity. The 683,300 shares from the cash capital increase were issued at a price of EUR 5.00 in a private placement, generating gross issue proceeds of around EUR 3.4 million.

Investor relations

Continual and open communication with all capital market participants is part of the corporate strategy aimed at long-term value growth. In line with statutory and stock market law obligations, the Company promptly informed institutional investors, financial analysts and shareholders about current business performance and relevant events in the reporting year.

The share of Heliocentris Energy Solutions AG belongs to the Entry Standard of the Frankfurt Stock Exchange. Lang & Schwarz AG acts as Designated Sponsor. In the 2014 reporting year and the first quarter of 2015, Close Brothers Seydler Bank (now Oddo Seydler Bank), Montega, Berenberg Bank and Baader Bank published research studies about the Company. In the latest studies of the first quarter of 2015, the Heliocentris share is recommended as a buy with target prices of EUR 10.00 to EUR 10.40. Some research studies are available for download on the Heliocentris Energy Solutions AG homepage at www.heliocentris.com/investors/share/research-coverage.

In a press release dated 4 February 2015, Heliocentris Energy Solutions AG announced its move from the Entry Standard segment into the Prime Standard segment in the regulated market of the Frankfurt Stock Exchange in the current financial year. The change of segment is intended to increase the attractiveness of the Heliocentris share on the capital market and to strengthen its position for institutional and international investors and analysts by meeting the strictest requirements for transparency and public disclosure.

Shareholder Structure (March 2015)

Ruffer	14.46%
Michael Stammler	9.69%
Dr. Rainer Laux *Trustee for the former shareholders of FutureE Fuel Cell Solutions GmbH*	9.20%
Alcazar	7.24%
Conduit	6.83%
EnerTech	5.07%
Noris Multi Invest-MD	4.52%
Entrepreneurs Fund	3.83%
Peter Ackermann	3.27%
bmp media investors	3.04%
Management	0.89%
free float	31.96%

Group management report for the 2014 annual financial statements

1. BUSINESS AND OPERATIONAL ENVIRONMENT

1.1 Overview

In the 2014 financial year, as a result of a new customer in Myanmar, the expansion of its business relationship with Cummins, follow-on orders from Dubai and the first projects in industrial fuel cell applications for back-up power supply solutions, Heliocentris almost quadrupled its sales from € 4.9 million in 2013 to € 19 million.

The rise in sales is essentially based on the delivery and installation of diesel battery hybrid power supply systems for mobile telecommunications base stations in Myanmar. The market in Myanmar is currently the fastest growing market for mobile telecommunications base stations in the world as, thanks to a government initiative, mobile coverage there is set to be increased from 10% in 2014 to around 70% in 2017 . The contracts for this expansion were awarded to two international mobile service providers. These providers are now moving ahead with the installation of roughly 10,000 mobile phone base stations. Heliocentris is in intensive talks with a series of companies all along the value chain and has already secured and implemented orders to equip 600 mobile phone base stations. As it has done in other regions in the past, Heliocentris is here relying on the training of local service partners who will carry out installation and maintenance of the systems under contract for Heliocentris.

A further sales driver in 2014 was the OEM partnership with Cummins, one of the market leaders for diesel generators in the field of mobile telecommunications. This partnership is now seeing its first major orders. The significant progress in the training of Cummins' own sales network and the technical integration of the Heliocentris energy management solution in 2013 accounted for a significant portion of Heliocentris' sales in 2014.

Satisfied existing customers, such as the mobile service provider "du" (Emirates Integrated Telecommunications Company) from the United Arab Emirates, also placed follow-on orders in 2014 for the optimisation of the power supply for further mobile telecommunications base stations, which meant additional sales for Heliocentris in its service area as well.

In August 2014 Heliocentris acquired 100% of the shares in FutureE Fuel Cell Solutions GmbH by issuing shares of its own, thereby integrating the pre-existing fuel cell-based back-up power supply system partnership into the Heliocentris Group. With a contribution of € 2.9 million to Heliocentris Group's sales, this created the basis for Heliocentris' zero-emission roadmap, not just technologically but financially as well. The foundation for sales growth in 2015 was laid in the late summer of 2014, when a master agreement was signed with a distributor of energy solutions for the Chinese banking industry.

The Academia segment, with its Education, Training & Research (ETR) product lines, was able to stabilise its sales despite the difficult environment. The sales decline from 2012 to 2013 was slowed with € 2.3 million in 2014 after € 2.5 million in 2013. In the fourth quarter, following intensive market analysis, a growth strategy was devised and its implementation begun. The Academia segment's focus was adjusted to hybrid energy systems for professional and intercorporate training. The existing product portfolio will be revised in line with this new approach. Heliocentris is also tapping a further market segment with the automotive trainer HyDrive. The modified direction of the area as a whole is rounded out by focusing marketing and sales activities on countries and partners with a commitment to achieving and investing in capacity and expertise in the field of hybrid energy systems. Parallel to this, opportunities for cooperation with existing partners and market participants are being sounded out to investigate the formation of a "Heliocentris

1 Source: GSMA: „Green Power for Mobile Market Analysis – Myanmar, 2014"
2 Source: GSMA: „Green Power for Mobile Market Analysis – Myanmar, 2014"

Academy", building the training area's expertise in the sphere of hybrid systems based on renewable energies. The measures described and those already being implemented, flanked by firm cost control, define the goal of a positive contribution by the division in 2015.

1.2 Economic environment

2014 started with a divergent global economic development. While emerging countries showed a mixed picture with growth slowing down in the BRIC countries (Brasil, Russia, India, China), early economic indicators in many industrial economies (U.S., U.K., Japan, countries of the Euro zone) signaled improvements. In the Euro zone, years of economic stagnation and recession seemed set to come to an end. Given the importance of these "heavy weights" for the world economy, expectations for fiscal 2014 were quite positive. However, these promising prospects did not materialize in 2014 for several unforeseeable reasons. Accordingly, global GDP grew only by 2.6% and not by 2.8% as originally expected by the World Bank.

1.3 Market development

In 2014, the addressed market of Heliocentris' Industry segment, developed positive year-over-year. According to GSMA mobile broad band reach was expanding globally and is forecasted to continue to do so in the upcoming years. GSMA reports that while the reach of 3G networks was extended from 65% in 2013 to 70% in 2014, 4G networks coverage grew from below 20% to 25% of the global population in 2014. Even though most governments do have plans to expand their national electricity grid over the next years, the rate of grid expansion is expected to be outpaced by the projected growth in mobile network coverage. As a result, mobile networks operators' or tower companies' demand for non-grid electricity is expected to grow. Today, almost 95% of off-grid and bad-grid telecommunication tower sites use diesel-generators to assure electricity. In diesel-generator based off-grid and bad-grid tower sites, the primary component of plant-level energy operation costs is expenditure on diesel fuel, accounting for almost 70-80% of the total cost. Other important cost items include maintenance, repairs and replacements, e.g. engine replacements for the diesel generator, etc. The operators of telecommunications towers therefore have an economic interest to seek long-term opportunities for energy efficiency, energy cost reduction and cost predictability

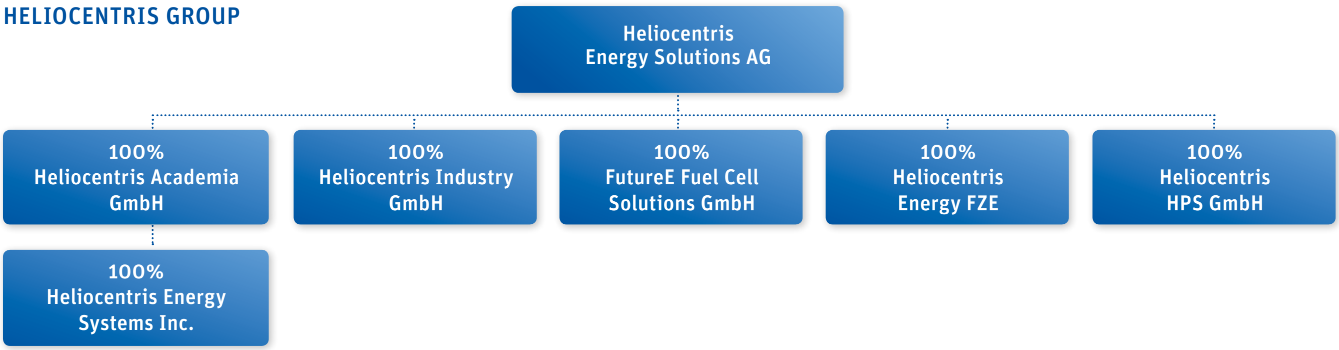
1.4 Foreign currencies

Heliocentris realized major shares of its revenues in 2014 in foreign currencies, especially in USD. The exchange rate between USD and EUR has significant impact on the company's margin structure. Therefore Heliocentris is mitigating its exposure on foreign currencies by purchasing goods and services in USD and related currencies like UAE-Dirham (AED) or Myanmar Kyat (MMK). In 2014, the exchange rate of USD to EUR started on January 1st 2014 at 1.37 USD/EUR, after a peak at 1.39 USD/EUR in middle of March 2014, the exchange rate reached its lowest level at 1.21 USD/EUR by the end of December 2014. Due to a surplus on payments in against payments out in USD, this fluctuation of the EUR against the USD had positive effects on the margin of Heliocentris.

1.5 Group structure

Heliocentris develops, supplies and operates energy management systems, hybrid power solutions for stationary industrial applications and fuel cell based back-up solutions for customers from industry, science and education around the world. The company was founded in 1995 and has its head office in Berlin together with offices in Munich, Wendlingen, Dubai, Yangon, Vancouver and Johannesburg. Its vision is to make existing stationary power stations more efficient by substantially reducing their running costs and to ultimately replace diesel generators with economically viable "zero-emission power solutions". Heliocentris' business is divided into the "Industry" and "Academia" segments.

HELIOCENTRIS GROUP



The Industry segment specialises in energy management, hybrid power solutions and monitoring and management solutions for distributed stationary power units. Heliocentris currently focuses on one vertical, mobile telecommunication. Within this vertical, Heliocentris offers its products and services to operators of base station networks. All offerings center around Heliocentris' Energy Management System (EMS product line), a powerful, fully flexible power management software. In addition to selling the EMS to OEM suppliers such as Cummins, Heliocentris also develops and installs turnkey hybrid energy solutions for the mobile network operators and tower companies (product line Hybrid Power Solutions). In the long term, it is working towards zero-emission solutions that will replace diesel generators as an electricity source in autonomous energy supply systems. When used in mobile telecommunications base stations, the energy efficiency solution "Genset Efficiency" can achieve reductions in the diesel consumption of generators of up to 50% and in the costs to run these systems of up to 60%. These solutions are undergoing commercial rollout in Asia, Africa and the Middle East. The core competence of this area lies in the efficient hybridisation of energy generators such as diesel generators and, in the long term, photovoltaic and wind generators with energy storage such as batteries, followed in the future by storage solutions based on hydrogen and fuel cell technology, on the basis of our scalable energy management solutions. Network operators also gain significantly greater transparency with regard to the technical situation in the base stations, which means that maintenance and servicing requirements can be reduced considerably in addition to significantly boosting network availability. The standing of the Fuel Cell Solutions (FCS) product line received a considerable boost with the acquisition of FutureE Fuel Cell Solutions GmbH, based in Wendlingen near Stuttgart, and it has now been fully integrated into the Industry segment. FutureE is focusing on the development, production and sale of fuel cell-based back-up power supply systems with an output range of 2 to 40 kW. The solutions are today predominantly used in professional mobile radio networks such as TETRA, where their use already makes good business sense given the special emergency power requirements of such systems. Moving ahead, the systems will likely also be used around the world in bank branches and traffic control systems. Both technologically and in terms of the regional distribution of sales activities, the takeover of FutureE Fuel Cell Solutions GmbH is one of the key components for the success of Heliocentris. Last, but not least, FutureE's fuel cell solutions are a key technology in Heliocentris' zero-emissions roadmap.

For more than 15 years, the Academia segment, with its Education, Training and Research (ETR) product groups, has offered a range of training and research systems for fuel cell and solar-hydrogen technology as well as other renewable energy technologies. Its customers are training facilities, research institutes and industry. This business is currently being repositioned from being a manufacturer of education systems with a specific focus on fuel cell technology to becoming a specialist in hybrid renewable energy supply solutions specifically geared towards the needs of universities and research institutions. This firstly reflects the content expansion of the products and solutions that has occurred over recent years and, secondly, opens up a growth opportunity for Heliocentris, as this extends its offering from a niche market to the main market for renewable energy training and research.

The Home Power Systems (HPS) business started in 2013, which focuses on providing zero-emission power to homes and apartment buildings, is to be sold in 2015 as part of a carve-out, allowing Heliocentris to focus on its core segments Industry and Academia. A first investor was already won in December 2014 for the carve-out of HPS. Heliocentris is planning to continue to participate in HPS' future as part of a technology partnership and with a minority stake.

The Heliocentris Group consists of Heliocentris Energy Solutions AG, Heliocentris Academia GmbH headquartered in Berlin, Heliocentris Industry GmbH in Berlin, Munich and Wendlingen, FutureE Fuel Cell Solutions GmbH in Wendlingen, Heliocentris Energy FZE in Dubai and Heliocentris Energy Systems Inc. in Vancouver, Canada. Heliocentris HPS GmbH was established in December 2014 in preparation for the carve-out of the Home Power Systems (HPS) area.

As the holding company, Heliocentris Energy Solutions AG primarily performs administrative functions and is responsible for strategic management, M&A activities and capital market transactions of the Group.

The subsidiaries handle product management, product development, sales, system integration and production activities.

1.6 PRESENTATION OF DEVELOPMENT OF BUSINESS

1.6.1 Sales and orders

With a sales increase from € 4,927 thousand in 2013 to € 18,925 thousand in 2014 (+284%), Heliocentris demonstrated the need for Industry segment solutions. In the Industry segment, primarily as a result of a new customer in Myanmar, the expansion of existing business relationships and the acquisition of FutureE, sales almost septupled from € 2,443 thousand in 2013 to € 16,647 thousand in 2014. The share of sales accounted for by FutureE in 2014 was € 2,895 thousand.

Heliocentris stabilised its sales in the Academia segment as well, posting only a minor decline from € 2,484 thousand in 2013 to € 2,278 thousand in 2014.

Incoming orders, the most important indicator of future sales performance, rose sharply compared to incoming orders from 2013, with the result that Heliocentris began the new year with an order backlog of € 3,001 thousand (previous year: € 2,778 thousand). Incoming orders in the Group amounted to € 19,148 thousand in 2014 as against € 5,758 thousand in 2013, € 17,213 thousand (2013: € 2,307 thousand) of which was attributable to the Industry segment and € 1,935 thousand (2013: € 3,451 thousand) to the Academia segment.

All amounts have been individually rounded in accordance with standard commercial practice.

At 77%, the international share of sales was, due to the significant sales of fuel cell systems to the German government, lower than the previous year (92%).

Sales by region	Industry		Academia	
	2014	2013	**2014**	2013
	kEUR	kEUR	**kEUR**	kEUR
Germany, Austria, Switzerland	**3,859**	116	**537**	449
Rest of Europe	**24**	0	**457**	514
America	**94**	138	**709**	699
Middle East and North Africa	**1,765**	2,028	**254**	293
Rest of Africa	**0**	155	**1**	16
Asia and Australia	**10,904**	6	**321**	513
Total	**16,647**	2,443	**2,278**	2,484

All amounts have been individually rounded in accordance with standard commercial practice.

1.6.2 Research and development

The Industry segment focused on further development and updating existing energy solutions for mobile telecommunications locations in addition to developing new product generations. Development activities in the fuel cell area were also expanded significantly with the acquisition of FutureE in August 2014.

In the area of energy management systems and remote management servers, two projects were driven forward with high priority:

Development of the next generation energy manager platform (version 2.0), which offers significantly lower production costs and compact dimensions, is easier to implement and can also be used directly outdoors. This project was successfully concluded in May 2014. Reliability of more than 1 million hours MTBF[3] has already been demonstrated. Several hundred systems are now being used in the field.

The next generation remote management server (version 2.0) project was launched in 2013. The first customer installation has been completed; all data have been successfully migrated to the new database system. The system went live in January 2015. The new management software and database have been optimised in line with current usability criteria and offer significantly better visualisation and reporting functions and increased security, and allow thousands of mobile telecommunications locations to be monitored at once via a server.

Development work in hybrid energy solutions concentrated on two areas:

Ongoing development of diesel hybrid solutions ("GenSet Efficiency"): Six different configurations of GenSet Efficiency solutions were developed for Myanmar and have been successfully installed there. More than 400 systems were delivered and installed to the customer between July and the end of the year.

The project to integrate photovoltaics in order to reduce the diesel consumption of our hybrid systems even further was successfully concluded in December. We are anticipating the first installations on a larger scale in 2015.

Progress was made in the following development activities in the area of fuel cell systems.

The development of a new generation of emergency power solutions based on FutureE fuel cell systems and Heliocentris energy management was successfully concluded and around 100 systems have already been installed for public authority networks in Germany to protect these locations in the event of power failures. Work was begun on the development of the next generation with the aim of being able to offer significantly more cost-effective emergency power systems by the middle of 2015, in order to then place a competitive offering on selected international markets as well – not just for telecommunications and public authority networks, but in other industrial segments such as IT, banks, utilities and railway applications too.

3 MTBF = Mean Time Between Failures

Furthermore, Heliocentris has received an allocation decision for subsidies of € 1.5 million for the development of a new kind of emergency power supply solution, development on which began in 2014. The new solution works with an integrated, highly cost-effective hydrogen generator (electrolyser) that produces hydrogen from electricity and water and then stores it in a tank. In the event of a blackout, the fuel cell uses this hydrogen to generate electricity – with zero-emissions – for the uninterruptible operation of the stationary facility. In future these facilities will then be able to operate without hydrogen cylinder logistics, and can therefore also be made available in countries without a hydrogen bottle infrastructure.

In the Academia segment activities targeting the development of new products and product generations were also ramped up further. In addition to product updates to make the main revenue drivers more attractive for sales, the main focus was on three product development projects:

Development of the next generation of our successful New Energy Lab, a zero-emissions, autonomous hybrid system using photovoltaics, wind and a hybrid energy storage system comprising batteries and fuel cells. The new system will feature significantly improved software and advanced experimentation options. The development was largely completed in 2014 and installation of the first system for a customer in Latin America has already begun.

Further development of the cost-effective laboratory electrolyser in collaboration with Acta, through which we intend to offer our education sector customers a more reasonably priced and secure hydrogen source in the future. Completion has slightly delayed and is planned for Q1 2015.

Further development of the publicly funded ETUDE project to develop two electromobility products for the education sector:

» an entry-level product developed with the vocational training sector in mind and launched at the Worlddidac trade fair in 2014 will be delivered to customers from Q2 2015 onwards.
» a more complex hybrid powertrain system intended for universities, both for engineering training and for application-based research projects, is scheduled for completion in 2016.

1.6.3 Investment

The net investment volume of Heliocentris strongly increased in 2014 (€ 11,508 thousand) against the investment volume in 2013 with € 3,212 thousand. The main driver with € 8,494 thousand is the takeover of the tangible and intangible assets of the FutureE Fuel Cell Solutions GmbH. €6,142 thousand out of the € 8,494 thousand results from purchase price allocation to received technical knowhow and €1,848 thousand out of the € 8,494 thousand results from goodwill of the acquisition. The value of transferred tangible and intangible assets was € 505 thousand.

Heliocentris (w/o FutureE) has invested € 2,718 thousand in capitalised product development projects (2013: € 2,600 thousand), € 69 thousand in Software (2013: € 166 thousand) and € 298 thousand in technical equipment, machinery, other operating and office equipment (2013: € 395 thousand).

1.6.4 Financing projects and measures

Heliocentris Energy Solutions AG carried out two capital increases and issued convertible bonds in the 2014 financial year.

Convertible bonds with a nominal value of € 10,231 thousand were issued in January 2014 and April 2014. The bond, which matures in January 2017 and has a conversion price of € 8.00, was placed at a price of 90% and bears interest at 4% p.a.

In the summer of 2014 Heliocentris acquired all shares in FutureE Fuel Cell Solutions GmbH and took on a shareholder loan of € 1,500 thousand by issuing 856,904 shares. The acquisition was supported by a cash capital increase of 250,002 shares, which were issued at a price of € 6.00 per share. The acquisition of FutureE was signed subject to the price performance of Heliocentris shares and the attainment of financial and technical milestones, as a result of which 391,520 more shares were issued to the original shareholders of FutureE in 2015.

A further convertible bond was issued in August 2014 at a nominal value of € 800 thousand. The bond, which matured in October 2014 and had a conversion price of € 5.00, was placed at a price of 100% and bore interest at 10% p.a. The bond was converted in October 2014 against the issue of 160,000 shares.

A total of 683,300 shares were issued at a price of € 5.00 in a private placement in November 2014, generating gross issue proceeds of € 3,417 thousand.
The share capital of Heliocentris Energy Solutions AG as at 31 December 2014 amounted to € 10,600,424.

The operating business of Heliocentris Academia GmbH was financed over several stages through capital injections by Heliocentris Energy Solutions AG into the capital reserves of Heliocentris Academia GmbH in the amount of € 1,050 thousand.

The net loss for the year and the investments of Heliocentris Industry GmbH were financed by way of contributions by Heliocentris Energy Solutions AG to the capital reserves of Heliocentris Industry GmbH in the amount of € 8,750 thousand.

The net loss for the year and the investments of FutureE Fuel Cell Solutions GmbH were financed by way of contributions by Heliocentris Energy Solutions AG to the capital reserves of FutureE Fuel Cell Solutions GmbH in the amount of € 600 thousand in addition to loans by Heliocentris Energy Solutions AG of € 900 thousand and by Heliocentris Industry GmbH of € 700 thousand.

The net loss for the financial year and the investments by Heliocentris Energy FZE were financed by way of several contributions by Heliocentris Energy Solutions AG to the capital reserves of Heliocentris Energy FZE in the amount of € 578 thousand.

1.6.5 Staff and social matters

As at 31 December 2014, the Heliocentris Group employed 187 permanent staff (31 December 2013: 139). In addition to the two members of the Managing Board, Heliocentris Energy Solutions AG employed 32 staff. As at 31 December 2014, 27 staff were employed on a permanent basis by Heliocentris Academia GmbH and 78 staff by Heliocentris Industry GmbH. Two people are employed on a permanent basis at Heliocentris Energy Systems Inc. and nine at Heliocentris Energy FZE. The significant increase in headcount as at 31 December 2014 is due to the acquisition of FutureE Fuel Cell Solutions GmbH, which had 37 permanent employees as at 31 December 2014.

Heliocentris contracts out part of the production of components for Heliocentris school products to workshops for disabled people, to actively integrate people with physical or mental disabilities into working life and to help them develop their abilities as much as possible.

Heliocentris also offers entry-level job opportunities to students, interns and trainees. As at 31 December 2014, Heliocentris employed one trainee and 36 interns and students.

1.6.6 Environmental protection

In 2013 the Heliocentris Group introduced an environmental management system, which was re-certified according to ISO14001 by TÜV Rheinland in November 2014.

The energy management systems and fuel cell solutions developed and distributed by Heliocentris make an important and relevant contribution to protecting the environment. They are used in off-grid mobile telecommunications base stations, at locations that are connected to an unreliable power grid or as an emergency power supply. Diesel generators are today the main source of electrical energy supply for stations such as these. Worldwide, Heliocentris has installed more than a thousand energy management systems and more than a hundred fuel cell systems, which contribute substantially towards saving diesel and thereby preventing CO2 emissions.

The company has used largely environmentally neutral materials in its production processes for a number of years now. The production procedures developed within the company are environmentally neutral and primarily use solvent-free adhesives, for example.

In the opinion of the company's management, there are no environmental risks arising from its products or production processes. The Heliocentris Group complies with its statutory requirements and regulations concerning the separation of waste and recyclable materials.
In consideration of the environment, Heliocentris uti-

lises mostly recycled paper and recycles all materials and modules that can be recycled.

In its day-to-day business, Heliocentris also ensures that it uses resources thoughtfully and responsibly and obtains electricity from renewable energy sources as far as possible.

1.6.7 Key events during the financial year

In January 2014 Heliocentris issued the first tranche of a convertible bond with a nominal value of € 3,929 thousand. The bond, which matures in January 2017 and has a conversion price of € 8.00, was placed at a price of 90% and bears interest at 4% p.a.

Dr András Gosztonyi, the long-serving CFO of the Heliocentris Group, resigned on January 31, 2014 from the company and resigned from all his positions in this context.

In March 2014 Heliocentris was awarded a first contract for the installation of 100 free cooling units by the mobile service provider “du”. This technology enables further energy-saving potential in the power supply for mobile telecommunications base stations. At the same time, Heliocentris was awarded a follow-on order for the roll-out of a further 30 hybrid power supply systems in the “du” network.

Thomas Strobl was appointed as the CFO of the Heliocentris Group as at 14 March with effective date as of 17 March.

At the end of March Heliocentris secured the contract to equip 25 mobile phone masts for digital public authority networks in Brandenburg with a fuel cell-based emergency power supply.

In April 2014 Heliocentris announced the largest single order in its history. The order to deliver and install initially 150 turnkey hybrid power systems to create the new mobile network in Myanmar led to further follow-up orders over the year, resulting in a total of approximately 500 systems with a total volume of € 8,9 million in 2014.

In April 2014 Heliocentris issued the second tranche of the convertible bond with a nominal value of € 6,302 thousand. The bond, which matures in January 2017 and has a conversion price of € 8.00, was placed at a price of 90% and bears interest at 4% p.a.

In June 2014 Heliocentris announced its acquisition of FutureE Fuel Cell Solutions GmbH, which was entered in the commercial register in August 2014. The acquisition was accompanied by a cash capital increase with gross proceeds of € 1,500 thousand to finance the merger.

In August 2014 a significant master distribution contract for FutureE Fuel Cell Solutions GmbH systems was signed with a with a distributor of energy solutions for the Chinese banking industry. The agreement provides for the sale of at least 300 such systems in 2015.

Heliocentris announced the resignation of its CFO, Thomas Strobl, as at 5 September.

In October 2014 Heliocentris was notified of the decision to receive subsidies of € 1.5 million for the development of a new type of emergency power supply solution that uses fuel cells to produce and store hydrogen locally.

In October Heliocentris received € 3,417 thousand from strategic investors as part of a cash capital increase. In this context, a convertible bond issued in August for € 800 thousand was converted into 160,000 shares.

In December 2014 FutureE Fuel Cell Solutions GmbH was awarded the Baden-Württemberg Innovation Prize for its innovative fuel cell solution “Jupiter”.

2. RESULTS OF OPERATIONS

In 2014 the Heliocentris Group for the first time presents its financial statements in accordance with IFRS and discloses the expenses in the statement of profit or loss by function. The date of transition to IFRS is 1 January 2013. The 2013 financial year was therefore also converted to IFRS to enable improved comparability. Comparisons with financial years ending before 1 January 2013 are therefore limited.

Since the beginning of the financial year 2014 the Group presents segment information in accordance with IFRS 8.

The segment reporting reflects essentially the management structure of its organization. The segment reporting also reflects the Group's internal reporting and the predominant sources of risks and returns in its business. The Group's internal segment reporting has been performed on the basis of local GAAP so far and is currently being transitioned to IFRS. For this reason certain financial figures contain adjustments which are being explained whenever they were necessary to reconcile to the Group's IFRS figures.

The Group consists of two operating segments, Industry and Academia. The Industry segment consists of the product lines Energy Management Systems, hybrid power solutions, Remote Management and Services and Fuel Cell Solutions. The Academia segment offers products and solution for education, training and applied research mainly in the field of hybrid and renewable power solutions, electro-mobility and fuel cells

2.1 Sales

In 2014 the Heliocentris Group almost quadrupled its sales. Sales of € 18,925 thousand were generated in 2014 after € 4,927 thousand in 2013 with sale of goods (€ 17,619 thousand) and rendering of services (€ 1,306 thousand). Key factors behind the strong rise in sales were business with new customers and further major orders with existing customers in the Industry segment, in addition to the acquisition of FutureE Fuel Cell Solutions GmbH, whose share of sales of € 2,895 thousand can be assigned to the Heliocentris Group from 20 August 2014.

2.2 Cost of sales

Cost of Sales includes costs of labour, subcontractors, materials and consumables, travel and other miscellaneous expenses that are directly attributable to sales earning products, projects and services. Projects typically last for a period of up to one year and therefore costs can fluctuate year-on-year depending on the complexity and number of projects being undertaken.

Cost of sales increased from € 6,632 thousand in the financial year 2013 by 172.9% or € 11,467 thousand to € 18,100 thousand for the financial year 2014. Cost of sales as a proportion of revenue decreased from 134.6% in the financial year ended December 31, 2013 to 95.6% in the financial year ended December 31, 2014.

Cost of sales for the Industry segment grew from € 4,644 thousand in 2013 to € 15,746 thousand in 2014, an increase of 239.1 %. The labour part of the cost of sales includes a capital reserve for the Group's equity settled share option plan of € 49 thousand and € 13 thousand in the financial year ended December 31, 2014 resp. 2013. This significant increase is attributable to the segment's sales growth due to the new projects in Myanmar and the United Arab Emirates.

Cost of sales for the Academia segment grew from € 1,969 thousand in the financial year ended December 31, 2013 by € 331 thousand or 16.8%.to € 2,300 thousand in the financial year ended December 31, 2014. These figures also include a capital reserve for the Group's equity settled share option plan of € 5 thousand and € 6 thousand in the financial year ended December 31, 2014 resp. 2013.

2.3 Gross profit

The Group's gross profit improved from a negative gross profit of € 1,705 thousand in the financial year ended December 31, 2013 by € 2,530 thousand to a gross profit of € 825 thou-sand in the financial year ended December 31, 2014. Gross profit as a percentage of revenue improved to 4.4% in the financial year ended December 31, 2014 as compared to -34.6% in the financial year ended December 31, 2013.

Gross profit in the Industry segment improved from -€ 2,200 thousand in the financial year ended December 31, 2013 to € 901 thousand in the financial year ended December 31, 2014. In the Academia segment gross profit declined from € 514 thousand in the financial year ended December 31, 2013 to -€ 22 thousand in the financial year ended December 31, 2014.

2.4 General and administrative costs

The Group's G&A expenses include management and administration salaries, legal and professional costs, travel expenses, premises costs and general overheads.

G&A expenses increased from € 3,903 thousand in the financial year ended December 31, 2013 by € 300 thousand or 7.7% to € 4,203 thousand in the financial year ended December 31, 2014. The increase in G&A expenses is predominantly the result of € 309 thousand from the pro rata integration of G&A expenditures at FutureE.

2.5 Sales and marketing expenses

Sales and marketing expenses primarily consist of wages, salaries and commissions for the Group's sales and marketing personnel; consulting expenses, primarily consisting of sales consulting services; travel expenses; independent sales representatives' commissions; office rental; market promotion and other expenses.

Sales and marketing expenses increased from € 4,464 thousand in the financial year ended December 31, 2013 by € 732 thousand or16.4% to € 5,196 thousand in the financial year ended December 31, 2014.

Sales and marketing expenses for the Industry segment increased from € 3,351 thousand in the financial year ended December 31, 2013 by € 636 thousand or 19.0% to € 3,987 thousand for the financial year 2014. The sales and marketing expenses include a capital reserve for the Group's equity settled share option plan of € 72 thousand and € 35 thousand in the financial year ended December 31, 2014 resp. 2013. The major part of the increase are write offs of accounts receivables in the amount of € 501 thousand, as result of the avoidance of a contract with a customer in Mozambique. The effects of the write off were offset by a release of provisions for warranty claims (€ 326 thousand) and return of goods in the value of € 175 thousand.
Sales and marketing expenses for the Academia segment increased from € 1,066 thousand in the financial year ended December 31, 2013 by € 47 thousand or 4.4% to € 1,113 thousand for the financial year 2014. The sales and marketing expenses include a capital reserve for the Group's equity settled share option plan of € 24 thousand and € 12 thousand in the financial year ended December 31, 2014 resp. 2013.

2.6 Research and development expenses

R&D expenses principally relate to technology and product development activities undertaken to develop the Group's platform based technologies. R&D expenses consist of wages and salaries, third party services, R&D materials for testing and evaluation as well as travel costs.

R&D expenses increased from € 1,218 thousand in the financial year ended December 31, 2013 by € 698 thousand or 57.3% to € 1,916 thousand in the financial year ended December 31, 2014.

Research and development expenses for the Industry segment increased from € 817 thousand in 2013 to € 1,636 thousand in 2014, an increase of 100,2 %. In the financial year ended December 31, 2014, the research and development expenses of the Industry segment amount to € 2,266 thousand according to local GAAP. This value needs to be reduced by € 708 thousand to account for activated overhead costs and a capital reserve for the Group's equity settled share option plan of € 78 thousand needs to be added to reconcile the research and development expenses to the IFRS value of € 1,646 thousand.

In the financial year ended December 31, 2013, the research and development expenses of the Industry segment amount to € 1,517 thousand according to local GAAP. This value needs to be reduced by € 733 thousand to account for activated overhead costs and a capital reserve for the Group's equity settled share option plan of € 33 thousand needs to be added to reconcile the research and development expenses the IFRS value of € 817 thousand.

A strong focus was on developing the next generation of both the energy manager platform and the remote management server to secure and strengthen Heliocentris' competitive position in the ICT sector of the Industry segment. Along those lines, the Group also developed six different configurations of diesel hybrid solutions ("GenSet Efficiency") for the Myanmar market and worked on the development of more cost effective fuel cell solutions. Heliocentris received an approval decision for subsidies of € 1,477 thousand for the development of a new kind of emergency power supply solution, which is based on an integrated, highly cost-effective hydrogen generator (electrolyser) that autonomously produces hydrogen from electricity and water.

Academia's research and development expenses declined by 37.0 % from € 400 thousand in 2013 to € 280 thousand in 2014.

In the financial year ended December 31, 2014, the research and development expenses of the Academia segment amount to € 515 thousand according to local GAAP. This value needs to be reduced by € 241 thousand to account for activated overhead costs and a capital reserve for the Group's equity settled share option plan of € 6 thousand needs to be added to reconcile the research and development expenses to the IFRS value of € 280 thousand.

In the financial year ended December 31, 2013, the research and development expenses of the Academia segment amount to € 539 thousand according to local GAAP. This value needs to be reduced by € 140 thousand to account for activated overhead costs and a capital reserve for the Group's equity settled share option plan of € 1 thousand needs to be added to reconcile the research and development expenses the IFRS value of € 400 thousand.

Academy's R&D activities and projects focused on the development of the next generation of the "New Energy Lab", a cost-effective laboratory electrolyser and the publicly funded ETUDE project to develop two electromobility products for the education sector.

2.7 Other operating income

The Group's other operating income includes income from the sale of securities, release of provisions, foreign exchange gains and purchase price adjustments. The total other operating income increased by € 341 thousand or 50.4 % from € 676 thousand in 2013 to € 1,017 thousand in 2014.

After showing € 313 thousand as income from sale of ACTA's shares in 2013 the main driver for the increase of this position in2014 is the release of provisions with an amount of € 448 thousand after € 93 thousand in 2013. Thereof € 326 thousand are adjustments of warranty provisions due to the avoidance of a contract with a customer in Mozambique. The release came along with the write off of trade receivables (€ 501 thousand in 2014 and € 389 thousand in 2013) and the redemption of material (€ 175 thousand in 2014).

As part of the purchase agreement with the previous owner of FutureE, a contingent consideration has been agreed. The Earn-Out amount was to be paid out in Heliocentris shares to the sellers. Within an amendment agreement the parties agreed to adjust the number of shares payable, which results into other operating income of € 225 thousand.

	2014 EUR	**2013** EUR
Income from government grants	42,151.00	121,290.00
Income from the sale of securities	0,00	312,815.22
Income from release of provisions	448,163.18	92,555.82
Income from release of liabilitiesdue to limitation of claim	0,00	106,197.34
Exchange gains and losses (net)	-57,437.37	25,755.49
Historical purchase price adjustment for acquisition of subsidiary	97,885.91	0.00
Adjustment of contingent consideration for purchase of subsidiary	224,741.68	0.00
Redemption of materials	174,956.24	0.00
Miscellaneous	86,371.42	68,841.38
Total other operating income	**1.016.832,06**	**675.944,27**

All amounts have been individually rounded in accordance with standard commercial practice.

2.8 Amortisation, depreciation and write-downs of intangible and tangible assets

Amortisation, depreciation and write-downs of intangible and tangible assets amounted to € 1,033 thousand in the financial year 2014, an increase of € 520 thousand or 101.6% as com-pared to € 512 thousand in the financial year 2013. € 450 thousand of the increase are due to the amortization for the purchase price allocation to received technical knowhow within the acquisition of FutureE.

In the financial year of 2014 this position contains € 702 thousand (2013: € 266 thousand) of amortisation for intangible assets and € 331 thousand (2013: € 246 thousand) for depreciation of tangible assets.

2.9 Other interest and similar income

Other interest and similar income amounted to € 17 thousand in the financial year 2014, an increase of € 14 thousand or 522.2% as compared to € 3 thousand in the financial year 2013.

2.10 Finance costs and similar expenses

Finance cost and similar expenses amounted to € 945 thousand in the financial year 2014, an increase of € 927 thousand or 5,110.0 % compared to € 18 thousand in the financial year 2013. The increase is a consequence of the 4% unsecured convertible bond issued in January and April 2014 and the 10% mandatory unsecured convertible bond issued in July 2014 which was converted in shares in December 2014.

2.11 Profit (loss) before tax

With € 11,434 thousand, the loss before tax for the financial year 2014 is approximately on the same level than in 2013 (€ 11,141 thousand). Due to the still low gross profit of 4.36%, even the quadruplicating of the revenues doesn’t cover the additional costs for sales and marketing (+€ 732 thousand), R&D (+€ 698 thousand) and Financing (+€ 927 thousand).

2.12 Income tax

After € 113 thousand in 2013, the company shows € 1,651 thousand income from deferred taxes in 2014. As a result of the acquisition of FutureE and the deferred tax liabilities recognized with that acquisition, the Company was able to recognise a previously unrecognised tax asset of its unused tax losses in 2014. The recognition of the asset is accounted for as income, and not as part of the accounting for the business combination.

2.13 Profit (loss) for the year

After approximately similarity of the loss before tax between 2013 and 2014, the main aspects of allayed losses after tax are deferred taxes of plus € 1,764 thousand. The loss after taxes was reduced from € 11,254 thousand in 2013 to € 9,782 thousand.

2.14 Total comprehensive loss for the year

After allocating € 14 thousand from exchange differences of foreign operations to the comprehensive statement of profit or loss, the company shows a comprehensive loss of € 9,796 thousand after € 11,357 thousand in 2013.

3. FINANCIAL POSITION

Due to the convertible bond, placed in January and April 2014 the equity ratio has changed strongly. With equity of € 11,692 thousand, debt of € 21,112 thousand, and therefore an equity ratio of 35.6 % (2013: 72.6 %), the financing of the Heliocentris Group has changed to stronger debt finance.

The consolidated equity of the company slightly increased year-on-year, from € 10,757 thousand in the previous year to € 11,692 thousand as at 31 December 2014. Heliocentris Energy Solutions AG carried out several capital increases in the 2014 financial year with gross proceeds totalling € 10,001 thousand less transactions costs of € 126 thousand, whereby the company received funds in the amount of € 4,917 thousand (before costs). € 4,285 thousand were allocated to the takeover of the FutureE Fuel Cell Solutions GmbH and a shareholder loan. Together with the equity portion of the convertible bond (€ 522 thousand), an increase in the equity reserve for cash-settled share based payments of € 334 thousand and change in the foreign currency translation reserve (€ 14 thousand) the net loss for the financial year of € 9,782 thousand, leading to the above equity of the company.

In January and April 2014 Heliocentris issued two tranches of a convertible bond with a nominal value of € 10.231 thousand at a 10% discount. The fair value of the compound instrument was separated into its equity and liability component. Transaction costs have been allocated to the components according to the proportion of the fair values of each component. As at 31 December 2014 finance cost of € 862 thousand have been in recognised in the statement of profit or loss and other comprehensive income.

Provisions increases from € 2,510 thousand in 2013 to € 2,978 thousand as at 31 December 2014as a result of higher provisions for holiday and overtime compensation (+ € 407 thousand), due to the takeover of FutureE (€ 82 thousand) and the strong increase of the business. Provisions for the audit of the financial statement under IFRS and the integration of FutureE results in+ € 53 thousand. The avoidance of a contract with a customer in Mozambique, which came along with the write off of trade receivables and releases of provisions for warranties in the same amount (€ 326 thousand) reduced the provisions for warranty claims.

A major impact on working capital financing was provided by vendors for the Industry Segment. Therefor trade and other payables increased strongly from € 630 thousand per 31 December 2013 to € 5.812 thousand as per 31 December 2014.

The total of other liabilities, prepaid expenses, obligation under finance lease and deferred income from government grants increased from € 843 thousand in the previous year to € 3,000 thousand. This item mainly comprises € 1,974 thousand in liabilities from a contingent consideration and a purchase price adjustment for the takeover of the FutureE Fuel Cell Solutions GmbH, € 477 thousand VAT receivables and € 42 thousand for wages and salaries, social security contributions and wage taxes.

4. NET ASSETS

With € 32,804 thousand as per 31 December 2014, the total assets of the Group increased strongly against the previous year's figure of € 14,816 thousand, where the takeover of FutureE has the major impact.

The sharp increase in non-current assets from € 9,387 thousand to € 19,869 thousand seen this year is mainly attributable to the recognition of the technologies developed by FutureE (€ 6,142 thousand), the goodwill of the takeover (€ 1,848 thousand) and capitalisation of development projects (internally generated intangible assets) in the amount of € 2,718 thousand.

Inventories, including advance payments on inventories, rose from € 1,655 thousand in the previous year to € 2,585 thousand as at 31 December 2014. The increase results with € 759 thousand from FutureE's inventories.

Trade and other receivables strongly increased from € 2,141 thousand in the previous year to € 7,876 thousand as at 31 December 2014 due to rose business, especially in the industry segment with plus € 5,453 thousand (FutureE's portion € 1,513 thousand). Trade receivables in the Academia segment kept constant with a slight increase from € 327 thousand to € 329 thousand as at 31 December 2014.

As at 31 December 2014 the company had € 2,258 thousand in cash and cash equivalents (31 December 2013: € 1,429 thousand).

5. SUPPLEMENTARY REPORT

At the time of preparation of the financial statement for the financial year 2014, the company is negotiating a debt finance of around € 2.5 million from strategic investors. The receipt of payment is planned for first week of March 2015.

The company plans for March 2015, a capital increase for contribution of 391,520 new shares to the former shareholders of FutureE to execute their earn-out and other claims from the share purchase agreement to Heliocentris. With this capital increase, all outstanding purchase components in the context of the take-over of FutureE will be settled. The total amount of Heliocentris shares issued for the shares in FutureE and loans granted to it is 1,248,424.

No other significant events with a material impact on the Group's business performance occurred after the end of the financial year.

6. RISK REPORT

6.1 Significant risks to the Group as a going concern

The most significant risk to Heliocentris' future development remains its ability to achieve its sales targets and its gross profit margin.

Heliocentris will also need to obtain additional liquidity in the second quarter of 2015. The Managing Board and the Supervisory Board are striving to achieve a significant capital increase by changing segment to the Prime Standard. The Managing Board is conducting intensive talks and is optimistic that the new shares being issued in particular will be placed with new or existing shareholders. If additional capital is not acquired in the second quarter of 2015, the continued existence of the Heliocentris Group is not assured.

The Heliocentris Group's operating business is primarily conducted by Heliocentris Industry GmbH, Heliocentris Academia GmbH, FutureE Fuel Cell Solutions GmbH, Heliocentris Energy Systems Inc. and Heliocentris Energy FZE. As the subsidiaries are still expected to be unable to cover their product development and sales expansion costs from their own cash flows, Heliocentris Energy Solutions AG is required to provide the necessary financing for this period.

6.2 Other risks to net assets and the result of operations

One of the main risks is market entry and the expansion of business with hybrid power systems and emergency power systems, which are expected to contribute to sales in future according business planning. As these sales are expected to be from countries in the Middle East, Africa and Southeast Asia, there is an elevated risk of non-payment and delayed payment.

As the current industrial activities of Heliocentris are focused on optimising energy supply solutions for telecommunications, Heliocentris is faced with strong competition in the equipment sector. This and the much tougher general conditions for the sourcing of contracts compared with those relating to training facilities represent a risk for Heliocentris in terms of the generation of sales and product liability. Claims/penalties may also arise, as a result of project delays for example, which could mean additional expenses for Heliocentris. Risks also exist in the implementation of large projects, during which unexpected costs may arise, which can significantly influence and jeopardise the profitability of projects.

As a provider of educational and research products, Heliocentris is dependent to a large extent on public sector budgets. This means that budget reductions or freezes are fundamentally negative for the company's sales. However, the global distribution of sales means that its reliance on the public finances of any given country is low.

The Group's relatively high level of dependence on individual suppliers for various key components will also remain a critical risk in future. This applies equally to suppliers for fuel cell production and suppliers of conventional electronics components.

A further risk is presented by the master agreements entered into by the company, which contain obligations to take delivery of components from suppliers.

Heliocentris is subject to sovereign risks in the Industry segment in particular as many of the customers and consumers of products and services in this segment are located in developing and emerging countries.

The high level of USD-denominated sales means that the company's earnings situation is exposed to fluctuations in the USD/EUR exchange rate. This risk is offset to a large extent by purchasing in USD. As a result of growing business activities in the United Arab Emirates, there is an emerging need for liquidity in AED. Fluctuations in the exchange rate for this currency may have a negative impact on the results of operations.

Heliocentris' systems contain batteries or are powered by hydrogen. These substances are hazardous materials that could result in accidents if handled incorrectly in the course of operations or transportation.

There is a risk that the Heliocentris Group may be required to repay subsidies it has been granted if it fails to adhere to the conditions attached. However, there is currently no evidence to suggest that this may be the case.

As the Heliocentris Group offers its products and services in a large number of countries including the United States it is subject to a fundamental product and prospectus liability risk at all times.

6.3 Opportunities of future business development

By expanding its business activities in the Industry segment, Heliocentris has freed itself from the risks involved with a company focused solely on fuel cell activities, without losing sight of its aim to replace fossil fuels with zero-emissions solutions in the future. This vision is coming ever closer with the acquisition of FutureE. The fuel cell systems from FutureE are already competitive emergency power systems for critical infrastructures, which are first set to be used above all in Europe and Asia.

The company sees significant opportunities to substantially increase sales given the business relationships forged with new major customers in the Industry segment in 2014.The company is also very confident the measures it has introduced and the rising demand for fuel cell-based energy systems in the automotive and domestic sectors, results in an increased demand for educational and training systems relating to fuel cell technology.

Current discussion surrounding intelligent power grids and rapid growth in emerging countries means that decentralised energy supply solutions are becoming more attractive to industrial customers and end consumers. These developments may serve to open up additional opportunities for energy management systems and hybrid energy solutions, both in the telecommunications market and the training market, as well as in the household energy sector in the long term, which could have further positive effects on the medium-term results of operations of Heliocentris, and also indicate how Heliocentris can return to generating strong sales including in the German domestic market going forward.

7. OUTLOOK

Based on Heliocentris' products and services in the Industry segment and the general trend towards decentralised and hybrid energy solutions in the Academia business area, the Managing Board expects to see strong sales growth in both segments in 2015 as well. By focusing the business areas on their respective market segments and the needs of their customers, coupled with the optimisation of lines of communication and decision-making channels, this is expected to make a substantial contribution to meeting sales and earnings targets.

From as early as 2015, the systems delivered and installed in the Industry segment in 2014 should account for a significant increase in the service share of sales and thereby lead to an improvement in gross profit.

Expectations for Heliocentris Group results are based on careful consideration of opportunities and risks present within our market environment. Actual results may differ considerably from estimates and projections, such as in the event that expanding distribution and the introduction of new products, or growing competitive pressure, do not result in increased sales or an improved earnings situation.

Berlin, dated February 27th 2015

Ayad Abul-Ella,
Chief Executive Officer (CEO)

Dr. Henrik Colell,
Chief Technology Officer (CTO)

Statement of profit or loss for the year ended 31 December

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014	note	2014 EUR	2013 EUR
Sale of goods		17,619,174.28	4,399,484.36
Rendering of services		1,305,724.80	527,855.15
Total revenue		**18,924,899.08**	**4,927,339.51**
Cost of sales		-18,099,779.92	-6,632,282.53
Gross profit		**825,119.16**	**-1,704,943.02**
General and administrative		-4,203,230.74	-3,903,381.03
Sales and marketing		-5,195,594.67	-4,463,700.71
Research and development		-1,915,898.87	-1,217,725.63
Other operating income	(10)	1,016,832.06	675,944.27
Amortisation, depreciation and write-downs of intangible and tangible assets		-1,032,732.91	-512,252.15
Other interest and similar income		16,811.46	2,701.89
Finance cost and similar expense	(12)	-944,803.58	-18,134.52
Profit (loss) before tax		**-11,433,498.09**	**-11,141,490.90**
Income tax	(13)	1,651,002.70	-112,888.80
Profit (loss) for the year		**-9,782,495.39**	**-11,254,379.70**
Other comprehensive income			
Items which may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		-13,939.60	-22,795.23
Reclassification adjustment			
Net (loss)/gain on available-for-sale financial assets		0.00	-114,790.19
Income tax effect		0.00	34,637.94
		0.00	-80,152.25
Other comprehensive income for the year, net of tax		**-13,939.60**	**-102,947.48**
Total comprehensive income for the year, net of tax		**-9,796,434.99**	**-11,357,327.18**
Profit (loss) attributable to:			
Equity holders of the parent		-9,782,495.39	-11,254,379.70
Non-controlling interests			
Total comprehensive income attributable to:			
Equity holders of the parent		-9,796,434.99	-11,357,327.18
Non-controlling interest			
Earnings per share			
Basic, profit (loss) for the year attibutable to equity holders of the parent		-1.07	-1.23

The weighted average number of ordinary shares outstanding is 9,171,427. The weighted average number of shares outstanding used in the calculation of basic earnings per share for 2013 is adjusted due to the capital increases in 2014, as discussed in note 23.

Statement of financial position as at 31 December

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER	note	2014 EUR	2013 EUR	As at 1 January 2013 EUR
ASSETS				
Non-current assets				
Property, plant and equipment	(14) + (15)	1,161,480.21	772,845.66	666,129.47
Intangible assets	(16)	14,686,874.51	6,440,693.00	3,940,523.77
Goodwill	(16)	3,970,231.58	2,122,675.55	2,122,675.55
Investments		50,337.70	50,337.70	0.00
Current assets				
Inventories	(17)	2,585,071.36	1,655,126.33	1,521,853.17
Trade and other receivables	(18)	7,875,629.19	2,140,505.29	2,674,198.52
Available-for-sale securities		0.00	0.00	365,807.41
Prepaid expenses		216,778.65	204,738.72	102,429.75
Cash and cash equivalents	(19)	2,257,615.16	1,428,913.06	2,074,332.52
Total assets		**32,804,018.36**	**14,815,835.31**	**13,467,950.16**
Liabilities and net assets attributable to parent				
Non-current liabilities				
Convertible bonds	(20)	9,239,637.31	0.00	0.00
Provisions	(21)	83,013,33	76,383.26	70,282.72
Obligations under finance lease		24,108.56	1,674.60	3,334.30
Deferred income from government grants		12,890.55	24,159.30	45,318.08
Other liabilities		64,501.45	136,194.64	69,876.05
Current liabilities				
Provisions	(21)	2,977,971.37	2,509,787.85	1,413,396.93
Trade and other payables	(22)	5,811,640.63	630,154.76	1,027,384.66
Obligations under finance lease		14,090.88	1,659.71	1,501.49
Deferred income from government grants		27,206.40	27,955.13	44,624.02
Prepaid expenses		146,372.33	117,174.29	0.00
Other liabilities		2,710,537.90	533,795.10	820,655.90
Total liabilities		**21,111,970.71**	**4,058,938.64**	**3,496,374.15**
Equity				
Share capital	(23)	10,600,424.00	8,650,218.00	6,625,061.00
Capital reserve	(23)	43,715,486.20	35,784,760.97	25,840,048.60
Other capital reserve	(23)	503,029.37	-347,625.37	-520,403.84
Available-for-sale reserve	(23)	0.00	0.00	80,152.25
Foreign currency translation reserve	(23)	-36,734.83	-22,795.23	0.00
Accumulated deficit		-33,307,661.70	-22,053,282.00	-22,053,282.00
Current period result		-9,782,495.39	-11,254,379.70	0.00
Total equity attributable to parent		**11,692,047.65**	**10,756,896.67**	**9,971,576.01**
Total liabilities and equity attributable to parent		**32,804,018.36**	**14,815,835.31**	**13,467,950.16**

Statement of changes in equity for the year ended 31 December

	ATTRIBUTABLE TO THE OWNERS OF THE PARENT						
	Share capital	**Capital reserve**	**Other capital reserve**	**Available-for-sale reserve**	**Foreign currency translation reserve**	**Accumulated deficit**	**Total equity**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
As at 1 January 2012	**6,625,061.00**	**25,840,048.60**	**-520,403.84**	**80,152.25**	**0.00**	**-22,053,282.00**	**9,971,576.01**
Loss for the period						-11,254,379.70	-11,254,379.70
Other comprehensive income				-80,152.25	-22,795.23		-102,947.48
Total comprehensive income				-80,152.25	-22,795.23	-11,254,379.70	-11,357,327.18
Issued share capital	2,025,157.00	10,125,785.00					12,150,942.00
Share based payment transactions			172,778.47				172,778.47
Transaction costs, net of tax		-181,072.63					-181,072.63
As at 31 December 2013	**8,650,218.00**	**35,784,760.97**	**-347,625.37**	**0.00**	**-22,795.23**	**-33,307,661.70**	**10,756,896.67**
Loss for the period						-9,782,495.39	-9,782,495.39
Other comprehensive					-13,939.60		-13,939.60
Total comprehensive income				0,00	-13,939.60	-9,782,495.39	-9,796,434.99
Issued share capital	933,302.00	3,983,210.00					4,916,512.00
Issued share capital for purchase of FutureE	856,904.00	3,427,616.00					4,284,520.00
Issued convertible bond			522,505.42				522,505.42
Exercise of options	160,000.00	640,000.00					800,000.00
Share based payment transactions			334,335.98				334,335.98
Transaction costs, net of tax		-120,100.77	-6,186.66				-126,287.43
As at 31 December 2014	**10,600,424.00**	**43,715,486.20**	**503,029.37**	**0.00**	**-36,734.83**	**-43,090,157.09**	**11,692,047.65**

Statement of cash flows for the year ended 31 December

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER	2014 EUR	2013 EUR
Operating activities		
Profit (loss) for the year	-9,782,495.39	-11,254,379.70
Income tax expense	-1,651,002.70	112,888.80
Net profit (loss) before tax	-11,433,498.09	-11,141,490.90
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation and impairment of property, plant and equipment	331,608.46	246,466.84
Amortization and impairment of intangible assets	702,048.43	265,785.31
Loss (income) from disposal of property, plant and equipment	4.00	1,242.59
Finance income	-16,811.46	-2,701.89
Finance expense	935,838.36	11,615.46
Gain on sale of available-for-sale securities	0.00	-312,657.72
Share based payment expense	331,014.37	209,142.37
Movement in provisions	-69,329.08	1,102,491.46
Working capital adjustments:		
In-/decrease in trade and other receivables and prepayments	-3,423,236.81	353,133.40
In-/decrease in inventories	539,916.20	-133,273.16
In-/decrease in trade and other payables	1,447,142.70	-536,961.72
Interest paid	-222,949.12	-11,615.46
Net cash flows used in operating activities	**-10,878,252.04**	**-9,948,823.42**
Investing activities		
Purchase of property, plant and equipment	-297,678.55	-402,679.79
Government grants received	21,250.20	9,061.80
Proceeds from sale of property, plant and equipment	0.00	1,364.70
Interest received	16,811.46	2,701.89
Purchase of intangible assets	-2,757,158.25	-2,765,954.54
Proceeds from sale of financial instruments	0.00	563,674.94
Purchase of investment	0.00	-50,337.70
Purchase of subsidiary net of cash	7,517.51	0.00
Net cash flows used in investing activities	**-3,009,257.63**	**-2,642,168.70**
Financing activities		
Proceeds from issued capital	4,796,411.23	11,969,869.37
Increase (decrease) of finance lease liabilities	34,865.13	-1,501.48
Issue of convertible bond	9,898,875.01	0,00
Net cash flows from financing activities	**14,730,151.37**	**11,968,367.89**
Net decrease in cash and cash equivalents	842,641.70	-622,624.23
Net foreign exchange difference	-13,939.60	-22,795.23
Cash and cash equivalents at 1 January	1,428,913.06	2,074,332.52
Cash and cash equivalents at 31 December	**2,257,615.16**	**1,428,913.06**

Notes to the consolidated financial statements

1. COMPANY INFORMATION

Heliocentris Energy Solutions AG is the holding company of the Group (hereinafter Company or HES). Its shares are listed on the Entry Standard/Open Market of the Frankfurt Stock Exchange.

The Parent's registered office is located at Rudower Chaussee 29, 12489 Berlin, Germany. The company is registered at the registration court Berlin Charlottenburg and its registration number is HRB 99290 B.

Heliocentris Energy Solutions AG is a technology leader in energy efficiency services and distributed power solutions for customers around the globe in the field of Information & Communication Technologies as well as Training and Research. A more detailed description of the Company's business activities is included in the segment report in Note 9.

2. BASIS OF PRESENTATION

The consolidated financial statements of HES and its subsidiaries (collectively, the Group) for the year ended 31 December 2014 were authorised for issue by the Managing Board on 27 February 2015.

2.1 Compliance with IFRS

For all periods up to and including the year ended 31 December 2013, the Company prepared its consolidated financial statements in accordance with local generally accepted accounting principles (Local GAAP), which is the German Civil Code 'Handelsgesetzbuch' for Heliocentris Energy Solutions AG. These consolidated financial statements for the year ended 31 December 2014 are the first the Company has prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) as endorsed by the European Union. Refer to Note 5 for information on how the Company adopted IFRS.

The consolidated financial statements have been prepared on a historical cost basis and are presented in Euros and Cents, except when otherwise indicated. The terms "financial statements", "statement of profit or loss", "statement of financial position", "statement of changes in equity" and "statement of cash flows" in these consolidated financial statements refer to the consolidated versions, except when otherwise indicated.

2.2 Presentation of the statement of profit or loss

The Company has elected to present a single statement of profit or loss, disclosing the expenses by function.

2.3 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realised within twelve months after the reporting period, or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. CHANGES IN ACCOUNTING POLICY, ACCOUNTING STANDARDS AND INTERPRETATIONS

In accordance with European Commission regulation 1606/2002 dated July 19, 2002 on the application of international financial reporting standards, the Company's financial statements for the year ended December 31, 2014, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of that date. They include comparative 2013 annual financial information, prepared in accordance with the same standards, except as stated in Note 3.1

3.1 Application of new standards

The following new standards and amendments to existing standards adopted by the European Union were applicable from 1 January 2014. The nature and the impact of each new standard or amendment are described below:

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. IFRS 10 does not change how to consolidate an entity. Rather, IFRS 10 changes whether an entity is consolidated by revising the definition of control.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. The application of IFRS 10 has not had a material impact on the Company's financial statements.

IFRS 11 Joint Arrangements

IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. The amendment did not have a material impact on the Company's financial statements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The application of IFRS 10 has not had a material impact on the financial statements. IFRS 12 disclosures are provided in Notes 7.

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendment)

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Group.

Amendment to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

These amendments clarify the disclosure of information about the determination of the recoverable amount of impaired assets, particularly if that amount is based on fair value less costs of disposal. These amendments had no material impact on the Company's financial statements.

Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"

Diese Änderungen sehen eine Ausnahme von der Forderung der Einstellung der Bilanzierung von SicherThese amendments provide an exception to the requirement for the discontinuation of hedge accounting in IAS 39 and IFRS 9 in circumstances when a hedging instrument is required to be novated to a central counterparty as a result of laws or regulations. These amendments have no impact on the Group.

Transition guidance of IFRS 10, 11, 12 (Amendments)

The amendments provide additional transition relief in IFRS 10, IFRS 11 and IFRS 12, by "limiting the requirement to provide adjusted comparative information to only the preceding comparative period". Also, amendments were made to IFRS 11 and IFRS 12 to eliminate the requirement to provide comparative information for periods prior to the immediately preceding period. These amendments had no material impact on the Company's financial statements.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The Amendment provides an exemption from the requirement to consolidate subsidiaries for eligible investment entities (such as mutual funds, unit trusts, and similar entities), instead requiring the use of the fair value to measure those investments. As the Company does not hold investment entities, this amendment has no impact on the Company's financial statements.

3.2 Assessment of potential impact of future standards, amendments to existing standards and interpretations

The Company did not early adopt the following standards, amendments and interpretations adopted or in the process of being adopted by the European Union at December 31, 2014 and applicable after that date:

Standard or interpretation	Application Date (period beginning on or after)	Measurement of the possible impact on the Company's financial statements in the period of initial application
IFRS 9 "Financial Instruments:	1. Januar 2018*	*These standards are currently not expected to have a material impact on the financial statements.*
IFRIC 21 "Levies"	1 January 2014 (postponed until 17 June 2014 due to EU endorsement on 14 June 2014)	
IFRS 14 „Regulatory Deferral Accounts“	1 January 2016*	
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016*	
Amendments to IAS 1: Disclosure Initiative	1 January 2016*	
Annual improvements 2010-2012 Cycle	1 July 2014*	
Annual improvements 2011-2013 Cycle	1 July 2014 (postponed until 1 January 2015 due to EU endorsement on 19 December 2014)	
Annual Improvements 2012 - 2014 Cycle	1 January 2016*	
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	1 July 2014*	*These standards are currently not relevant for the Company's financial statements.*
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016*	
Amendments to IAS 16 and IAS 41: Bearer Plants	1 January 2016*	
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016*	
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016*	
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016*	

* Standard, amendment or interpretation not yet adopted for use in the European Union

IFRS 15 Revenue from Contracts with Customers IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

4 SUMMARY OF ACCOUNTING POLICIES APPLIED BY THE COMPANY FOR THE ANNUAL REPORTING PERIOD ENDING 31 DECEMBER 2014:

The following are the significant accounting policies applied by the Company in preparing its financial statements:

4.1 Basis of consolidation

The consolidated financial statements comprise the separate financial statements of the Group and its subsidiaries as at 31 December 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

» Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
» Exposure, or rights, to variable returns from its involvement with the investee, and
» The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

» The contractual arrangement with the other vote holders of the investee
» Rights arising from other contractual arrangements
» The Group's voting rights and potential voting rights

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.
Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group 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 separate financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

» De-recognises the assets (including goodwill) and liabilities of the subsidiary
» De-recognises the carrying amount of any non-controlling interests
» De-recognises the cumulative translation differences recorded in equity
» Recognises the fair value of the consideration received
» Recognises the fair value of any investment retained
» Recognises any surplus or deficit in profit or loss Reclassifies the parent’s share of components previously recognised in OCI to profit or loss or accumulated deficit, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

4.2 Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Recognition and Measurement:

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4.3 Goodwill

Goodwill is not amortized, but instead tested for impairment annually, as well as whenever there are events or changes in circumstances (triggering events) which suggest that the carrying amount may not be recoverable. Goodwill is carried at cost less accumulated impairment losses.

The goodwill impairment test is performed at the level of a cash-generating unit or a group of cash-generating units represented by a Division or equivalent, which is the lowest level at which goodwill is monitored for internal management purposes.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the cash-generating unit or the group of cash-generating units that is expected to benefit from the synergies of the business combination. If the carrying amount of the cash-generating unit or the group of cash-generating units, to which the goodwill is allocated, exceeds its recoverable amount, an impairment loss on goodwill allocated to this cash-generating unit or this group of cash-generating units is recognized. The recoverable amount is the higher of the cash-generating unit's or the group of cash-generating units' fair value less costs to sell and its value in use.

If either of these amounts exceeds the carrying amount, it is not always necessary to determine both amounts. These values are generally determined based on discounted cash flow calculations. Impairment losses on goodwill are not reversed in future periods if the recoverable amount exceeds the carrying amount of the cash-generating unit or the group of cash-generating units to which the goodwill is allocated.

4.4 Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate. The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The separate financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Upon loss of significant influence, any difference between the carrying amount of the associate and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4.5 Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding VAT, rebates, and trade discounts.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale from construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use. When the outcome of a construction contract can be estimated reliably, revenues from construction-type projects are recognized under the percentage-of-completion method, based on the percentage of costs to date compared to the total estimated contract costs. An expected loss on the construction contract is recognized as an expense immediately. When the outcome of a construction contract cannot be estimated reliably (1) revenue is recognized only to the extent contract costs incurred are probable of being recoverable, and (2) contract costs are recognized as an expense in the period in which they are incurred.

During project execution, variation orders by the customer for a change in the scope of the work to be performed under the contract may be received leading to an increase or a decrease in contract revenue. Examples of such variations are changes in the specifications or design of the asset and changes in the duration of the contract. As the scope of work to be performed changes also in case of contract terminations, such terminations are considered to be a subset of variations. Therefore the requirements of IAS 11 relating to variations are applied to contract terminations, irrespective of whether the contract is terminated by the customer, HES or both. In accordance with the requirements of IAS 11 relating to changes in estimates, the estimates of the total contract revenue and the total contract costs are adjusted reflecting the reduced scope of work to be performed, typically leading to a reversal of revenue recognized. This methodology is also applied to contracts for which it is management’s best estimate that a termination is the most likely scenario, but which have not yet been terminated.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Rendering of services

Revenues from service transactions are recognized as services are performed. For long-term service contracts, revenues are recognized on a straight-line basis over the term of the contract or, if the performance pattern is other than straight-line, as the services are provided, i.e. under the percentage-of-completion method as described above.

Sales from multiple element arrangements

Sales of goods and services as well as software arrangements sometimes involve the provision of multiple elements. In these cases, the Company determines whether the contract or arrangement contains more than one unit of accounting. If certain criteria are met foremost if the delivered element(s) has (have) value to the customer on a stand-alone basis, the arrangement is separated and the appropriate revenue recognition convention is then applied to each separate unit of accounting. Generally, the total arrangement consideration is allocated to the separate units of accounting based on their relative fair values. However, if in rare cases fair value evidence is available for the undelivered but not for one or more of the delivered elements, the amount allocated to the delivered element(s) equals the total arrangement consideration less the aggregate fair value of the undelivered element(s) (residual method). If the criteria for the separation of units of accounting are not met, revenue is deferred until such criteria are met or until the period in which the last undelivered element is delivered.

Government grants

Government grants are recognized when there is reasonable assurance that the conditions attached to the grants are complied with and the grants will be received. Grants awarded for the purchase or the production of fixed assets (grants related to assets) are recorded as deferred income and recognized as income over the depreciation period of the underlying fixed asset. The income is recognized in the same line item in Consolidated Statement of Income as the corresponding expense.

Grants awarded for other than non-current assets (grants related to income) are reported in the same line item in Consolidated Statements of Income as the corresponding expenses. They are recognized as income over the periods necessary to match them on a systematic basis to the costs that are intended to be compensated. Government grants for future expenses are recorded as deferred income.

Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of profit or loss.

Dividend income

Dividends are recognized when the right to receive payment is established.

4.6 Foreign currency translation

The Group's consolidated financial statements are presented in Euros, which is also the Parent's functional currency. For each entity the Group determines the functional currency and items included in the separate financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation. The direct method involves the separate financial statements of foreign operations being translated directly into the presentation currency.

i) Transactions and balances

Transactions that are denominated in a currency other than the functional currency of an entity are recorded at that functional currency applying the spot exchange rate at the date when the underlying transactions are initially recognized. At the end of the reporting period, foreign currency-denominated monetary assets and liabilities are revalued to functional currency applying the spot exchange rate prevailing at that date. Gains and losses arising from these foreign currency revaluations are recognized in net income. Those foreign currency-denominated transactions which are classified as non-monetary are remeasured using the historical spot exchange rate.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date

ii) Foreign currency translation

The assets, including good will, and liabilities of foreign subsidiaries, where the functional currency is other than the euro, are translated using the spot exchange rate at the end of the reporting period, while the Consolidated Statements of Income are translated using average exchange rates during the period. Differences arising from such translations are recognized within equity and re classified to net income when the gain or loss on disposal of the foreign subsidiary is recognized. The Consolidated Statements of Cash Flow are translated at average exchange rates during the period, whereas cash and cash equivalents are translated at the spot exchange rate at the end of the reporting period.

The exchange rate HES used in the preparation of the Consolidated Financial Statements are as follows:

Currency	Year-end exchange ra for €1	Annual average rate for €1
CAD 2013	1,46710 CAD/EUR	1,36680 CAD/EUR
CAD 2014	1,40630 CAD/EUR	1,46590 CAD/EUR
AED 2013	5,05490 CAD/EUR	4,88670 CAD/EUR
AED 2014	4,46364 CAD/EUR	4,88040 CAD/EUR

4.7 Research and development costs

Costs of research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred.

Costs for development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if:

(1) development costs can be measured reliably,
(2) the product or process is technically and commercially feasible,
(3) future economic benefits are probable, and
(4) HES intends and has sufficient resources, to complete development and to use or sell the asset.

The costs capitalized include the cost of materials, direct labour and other directly attributable expenditure that serves to prepare the asset for use. Such capitalized costs are included in line item Other intangible assets as other internally generated intangible assets. Other development costs are expensed as incurred. Capitalized development costs are stated at cost less accumulated amortization and impairment losses with an amortization period of generally five to ten years.

Government grants for research and development activities are offset against research and development costs. They are recognized as income over the periods in which the research and development costs incur that are to be compensated. Government grants for future research and development costs are recorded as deferred income.

4.8 Earnings per share

Basic earnings per share are computed by dividing income from continuing operations, income from discontinued operations and net income, all attributable to ordinary shareholders of HES by the weighted average number of shares outstanding during the year.

Diluted earnings per share are calculated by assuming conversion or exercise of all potentially dilutive securities and share-based payment plans.

4.9 Income taxes

Current income tax

The Company applies IAS 12, Income taxes. Current taxes are calculated based on the profit (loss) of the fiscal year and in accordance with local tax rules of the tax jurisdiction respectively. Expected and executed additional tax payments respectively tax refunds for prior years are also taken into account. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax

Under the liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

4.10 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in the profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is de-recognised.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:
Technical equipment and machinery: 3 till 10 years
Other equipment, operating and office equipment: 3 till 10 years

4.11 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2013, i.e. the transition date to IFRS, the Company classified leases as operating or finance leases under IAS 17 based on the circumstances existing at the inception of the lease.

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

The Company does not act as a lessor.

4.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs incurred on or after the date of transition (1 January 2013) for all eligible qualifying assets are capitalised. The Company has not restated the borrowing costs under Local GAAP on qualifying assets to the date of transition to IFRS. The Company did not have any qualifying assets under construction as at the date of transition to IFRS. Moreover, the Company did not incur any interest expense for the reporting periods.

4.13 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category “Amortisation, depreciation and write-downs of intangible and tangible assets”.

The Company does not have intangible assets with indefinite useful lives.

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- » Software licenses 3 till 5 years
- » Development costs 5 till 10 years

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de-recognised.

4.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the Company mainly include cash and cash equivalents and trade receivables.

Financial liabilities of the Company mainly comprise bonds, loans from banks, trade payables, and obligations under finance leases.

Initial recognition and measurement

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus transaction costs. HES does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option).

Based on their nature, financial instruments are classified as financial assets and financial liabilities measured at cost or amortized cost and financial assets and financial liabilities measured at fair value.

Financial instruments are recognized on the Consolidated Statements of Financial Position when HES becomes a party to the contractual obligations of the instrument. Regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

Initially, financial instruments are recognized at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only included in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss.

Subsequent measurement

Subsequently, financial assets and liabilities are measured according to the category – cash and cash equivalents, loans and receivables, financial liabilities measured at amortized cost or financial assets and liabilities classified as held for trading – to which they are assigned.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

1. The rights to receive cash flows from the asset have expired
2. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
    a) the Company has transferred substantially all the risks and rewards of the asset, or
    b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

In such case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4.15 Cash and cash equivalents
Cash and cash equivalents are measured at nominal amounts. Cash balances in foreign currency are translated at the exchange rate at balance sheet date. Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand as well as highly liquid investments with less than three months maturity from the date of acquisition.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts, if any.

IFRS allows entities to report cash flows from operating activities using either the direct method or the indirect method. The Company presents its cash flows using the indirect method.

4.16 Available-for-sale financial assets

Investments in equity instruments, debt instruments and fund shares are all classified as available-for-sale financial assets and are measured at fair value, if reliably measurable. Unrealized gains and losses, net of applicable deferred income tax expenses, are recognized in line item Other comprehensive income, net of income taxes. Provided that fair value cannot be reliably determined, HES measures available-for-sale financial instruments at cost.

This applies to equity instruments that do not have a quoted market price in an active market, and decisive parameters cannot be reliably estimated to be used in valuation models for the determination of fair value. When available-for-sale financial assets incur a decline in fair value below acquisition cost and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized in equity is removed from equity and recognized in the Consolidated Statements of Income. The Company considers all available evidence such as market conditions and prices, investee-specific factors and the duration as well as the extent to which fair value is less than acquisition cost in evaluating potential impairment of its available-for-sale financial assets. The Company considers a decline in fair value as objective evidence of impairment, if the decline exceeds 20% of costs or continues for more than six months.

An impairment loss for debt instruments is reversed in subsequent periods, if the reasons for the impairment no longer exist.

4.17 Loans and receivables

Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method less any impairment losses. Impairment losses on trade and other receivables are recognized using separate allowance accounts. Loans and receivables bearing no or lower interest rates compared to market rates with a maturity of more than one year are discounted.

4.18 Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

4.19 Financial liabilities

HES measures financial liabilities, except for derivative financial instruments, at amortized cost using the effective interest method (EIR)

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the statement of profit or loss.

4.20 Convertible bonds

Convertible bonds are separated into liability and equity components based on the terms of the contract. On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not remeasured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

4.21 Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

4.22 Derivative financial instruments

Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts, are measured at fair value. Derivative financial instruments are classified as held for trading unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognized periodically either in net income or, in the case of a cash flow hedge, in line item Other comprehensive income, net of income taxes (applicable deferred income tax). Certain derivative instruments embedded in host contracts are also accounted for separately as derivatives.

Fair value hedges

The carrying amount of the hedged item is adjusted by the gain or loss attributable to the hedged risk. Where an unrecognized firm commitment is designated as hedged item, the subsequent cumulative change in its fair value is recognized as a separate financial asset or liability with corresponding gain or loss recognized in net income.
For hedged items carried at amortized cost, the adjustment is amortized until maturity of the hedged item. For hedged firm commitments the initial carrying amount of the assets or liabilities that result from meeting the firm commitments are adjusted to include the cumulative changes in the fair value that were previously recognized as separate financial assets or liabilities.

Cash flow hedges

The effective portion of changes in the fair value of derivative instruments designated as cash flow hedges are recognized in line item Other comprehensive income, net of income taxes (applicable deferred income tax), and any ineffective portion is recognized immediately in net income. Amounts accumulated in equity are reclassified into net income in the same periods in which the hedged item affects net income.

4.23 Fair value measurement

The Group measures financial instruments, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 26.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- » In the principal market for the asset or liability, or
- » In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

» Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
» Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
» Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4.24 Share based payments

IFRS 2, Share-based payment, distinguishes between cash-settled and equity-settled share based payment transactions. For both types, the fair value is measured at grant date and compensation expense is recognized over the vesting period during which the employees become unconditionally entitled to the awards granted. Cash-settled awards are re-measured at fair value at the end of each reporting period and upon settlement and are recognized in employee benefits expense.

4.25 Inventories

Inventories are valued at the lower of acquisition or production costs and net realizable value, costs being generally determined on the basis of an average or first-in, first-out method. Production costs comprise direct material and labour and applicable manufacturing overheads, including depreciation charges. Net realizable value is the estimated sell.

4.26 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. Impairment tests are performed individually for each asset except when an asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In that case, an asset or group of assets are included in a cash-generating unit (CGU) and impairment tests are performed at the level of the CGU.

If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are 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.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets which are prepared separately for the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of one year. A long-term growth rate is calculated and applied to project future cash flows after the first year.
Impairment losses of continuing operations, are recognised in the statement of profit or loss within the line item "Impairment of non-current assets".

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset or CGU does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss within the line item "Impairment of non-current assets".

4.27 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

5. FIRST-TIME ADOPTION OF IFRS

These consolidated financial statements, for the year ended 31 December 2014, are the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2013, the Company prepared its consolidated financial statements in accordance with local generally accepted accounting principle (Local GAAP) which is the German Civil Code 'Handelsgesetzbuch' for Heliocentris Energy Solutions AG.

Accordingly, the Company has prepared consolidated financial statements which comply with IFRS as endorsed by the European Union applicable for periods ending on or after 31 December 2014, together with the comparative period data as at and for the year ended 31 December 2013, as described in the summary of significant accounting policies.

In preparing these financial statements, the Company's opening statement of financial position was prepared as at 1 January 2013, the Company's date of transition to IFRS. This note explains the principal adjustments made by the Company in restating its Local GAAP consolidated financial statements, including the statement of financial position as at 1 January 2013 and the financial statements as at and for the year ended 31 December 2013.

5.1 Exemptions for first time adopters

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS:

Business Combinations

IFRS 3 Business Combinations has not been applied to acquisitions of subsidiaries, which are considered businesses for IFRS that occurred before 1 January 2013. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise or exclude any previously recognised amounts as a result of IFRS recognition requirements. IFRS 1 also requires that the local GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. No goodwill impairment was deemed necessary at 1 January 2013.

Foreign exchange on fair value adjustments and goodwill

IFRS 1 provides an exemption from having to apply IAS 21 retrospectively to fair value adjustments and goodwill arising in business combinations that occurred before the date of transition to IFRS.

The Group has not applied IAS 21 retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

Cumulative translation differences

A first-time adopter need not comply with the requirements in IAS 21 to recognise cumulative translation differences on foreign operations (i.e., cumulative translation differences that existed at the date of transition to IFRS). If a first-time adopter uses this exemption:

(a) The cumulative translation differences for all foreign operations are deemed to be zero at the date of transition to IFRS; and
(b) The gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to IFRS and shall include later translation differences.

As such, the Company has deemed the cumulative currency translation differences for all foreign operations to be zero as at 1 January 2013.

Share-based payment transactions exemption
IFRS 2 Share-based Payment has not been applied to equity instruments in share-based payment transactions that were granted and vested before 1 January 2013. For cash-settled share-based payment transactions, the Group has not applied IFRS 2 to liabilities that were settled before 1 January 2013.

Leases
The Company has applied the transitional provision in IFRIC 4 Determining whether an Arrangement Contains a Lease and has assessed all arrangements based upon the conditions in place as at the date of transition.

Borrowing costs
Under IFRS 1, an entity can elect to apply the requirements of IAS 23 from the date of transition or at an earlier date. The Group has elected to capitalise borrowing costs relating to all qualifying assets after the date of transition.

Designation of previously recognised financial instruments
IFRS 1 provides an exemption that permits a first-time adopter to designate financial assets and liabilities as at fair value through profit or loss or as available-for-sale at the date of transition to IFRS. The Group designated unquoted equity instruments held at 1 January 2013 as available-for-sale investments.

Decommissioning liabilities included in the cost of property, plant and equipment
Under IAS 16, the cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

IFRS 1 provides an exemption for changes that occurred before the date of transition to IFRS. A decommissioning liability is measured in accordance with IAS 37 at the date of transition to IFRS, and an estimate of the amount to include in the cost of the asset when the liability first arose is made at the date of transition to IFRS.

5.2 Estimates
The estimates are consistent with those made for and reflect conditions as at 1 January 2013 and at 31 December, 2013 in accordance with local GAAP (after adjustments to reflect any differences in accounting policies).

5.3 Reconciliation of equity as at 1 January 2013 (date of transition to IFRS):

	Note	Local GAAP as at 1 January 2013 EUR	Anpassung an IFRS EUR	IFRS as at 1 January 2013 EUR
ASSETS				
Non-current assets				
Property, plant and equipment	D, K	608,794.71	57,334.76	666,129.47
Intangible assets	A	2,580,772.09	1,359,751.68	3,940,523.77
Goodwill	B,C	2,122,675.55	0.00	2,122,675.55
Current assets				
Inventories		1,521,853.17	0.00	1,521,853.17
Trade and other receivables		2,674,198.52	0.00	2,674,198.52
Available-for-sale securities	F	251,017.22	114,790.19	365,807.41
Prepaid expenses		102,429.75	0.00	102,429.75
Cash and cash equivalents		2,074,332.52	0.00	2,074,332.52
Total assets		**11,936,073.53**	**1,531,876.63**	**13,467,950.16**
Liabilities and net assets attributable to parent				
Non-current liabilities				
Provisions	K	0.00	70,282.72	70,282.72
Obligations under finance leases	D	0.00	3,334.30	3,334.30
Deferred income from government grants	I	0.00	45,318.08	45,318.08
Other liabilities	G	0.00	69,876.05	69,876.05
Current liabilities				
Provisions		1,413,396.93	0.00	1,413,396.93
Trade and other payables		1,027,384.66	0.00	1,027,384.66
Obligations under finance leases	D	0.00	1,501.49	1,501.49
Deferred income from government grants	I	0.00	44,624.02	44,624.02
Other liabilities		820,655.90	0.00	820,655.90
Total liabilities		**3,261,437.49**	**234,936.66**	**3,496,374.15**
Equity				
Share capital		6,625,061.00	0.00	6,625,061.00
Capital reserve		25,840,048.60	0.00	25,840,048.60
Other capital reserve	H	-749,993.81	229,589.97	-520,403.84
Available-for-sale reserve	F,E	0.00	80,152.25	80,152.25
Foreign currency translation reserve	J	-43,926.04	43,926.04	0.00
Accumulated deficit	A,B,C,D,E,G,H,I,J,K	-22,996,553.71	943,271.71	-22,053,282.00
Total equity attributable to parent		8,674,636.04	1,296,939.97	9,971,576.01
Total liabilities and equity attributable to parent		**11,936,073.53**	**1,531,876.63**	**13,467,950.16**

5.4 Reconciliation of equity as at 31 December 2013:

	Note	Local GAAP as at 1 January 2013 EUR	Anpassung an IFRS EUR	IFRS as at 1 January 2013 EUR
ASSETS				
Non-current assets				
Property, plant and equipment	D, K	728,785.58	44,060.08	772,845.66
Intangible assets	A	4,265,892.22	2,174,800.78	6,440,693.00
Goodwill	B,C	1,885,051.40	237,624.15	2,122,675.55
Investments		50,337.70	0.00	50,337.70
Current assets				
Inventories		1,655,126.33	0.00	1,655,126.33
Trade and other receivables		2,140,505.29	0.00	2,140,505.29
Prepaid expenses	L	129,768.72	74,970.00	204,738.72
Cash and cash equivalents		1,428,913.06	0.00	1,428,913.06
Total assets		**12,284,380.30**	**2,531,455.01**	**14,815,835.31**
Liabilities and net assets attributable to parent				
Non-current liabilities				
Provisions	K	0.00	76,383.26	76,383.26
Obligations under finance leases	D	0.00	1,674.60	1,674.60
Deferred income from government grants	I	0.00	24,159.30	24,159.30
Other liabilities	G	29,954.69	106,239.95	136,194.64
Current liabilities				
Provisions		2,509,787.85	0.00	2,509,787.85
Trade and other payables		630,154.76	0.00	630,154.76
Obligations under finance leases	D	0.00	1,659.71	1,659.71
Deferred income from government grants	I	0.00	27,955.13	27,955.13
Prepaid expenses		117,174.29	0.00	117,174.29
Other liabilities		533,795.10	0.00	533,795.10
Total liabilities		**3,820,866.69**	**238,071.95**	**4,058,938.64**
Equity				
Share capital		8,650,218.00	0.00	8,650,218.00
Capital reserve	L	35,965,833.60	-181,072.63	35,784,760.97
Other capital reserve	H	-749,993.81	402,368.44	-347,625.37
Available-for-sale reserve		0.00	0.00	0.00
Foreign currency translation reserve	J	-66,721.27	43,926.04	-22,795.23
Accumulated deficit	A,B,C,D,E,G,H,I,J,K	-22,996,553.71	943,271.71	-22,053,282.00
Current period result	A,B,C,D,E,G,H,I,K,L	-12,339,269.20	1,084,889.50	-11,254,379.70
Total equity attributable to parent		8,463,513.61	2,293,383.06	10,756,896.67
Total liabilities and equity attributable to parent		**12,284,380.30**	**2,531,455.01**	**14,815,835.31**

5.5 Reconciliation of statement of profit or loss for the year ended 31 December 2013:

		Local GAAP for the year ended 31 December 2013	IFRS Adjustment	IFRS für das for the year ended 31 December 2013
		EUR	EUR	EUR
Sale of goods		4,399,484.36	0.00	4,399,484.36
Rendering of services		527,855.15	0.00	527,855.15
Net sales		**4,927,339.51**	**0.00**	**4,927,339.51**
Cost of sales	H	-6,612,834.56	-19,447.97	-6,632,282.53
Gross profit		**-1,685,495.05**	**-19,447.97**	**-1,704,943.02**
General and administrative	D, G, H, L	-4,130,978.80	227,597.77	-3,903,381.03
Sales and marketing	H	-4,416,890.48	-46,810.23	-4,463,700.71
Research and development	A, H	-2,056,556.98	838,831.35	-1,217,725.63
Other operating income	I	685,006.07	-9,061.80	675,944.27
Amortisation, depreciation and write-downs of intangible and tangible assets	A, B, C, D, I, K	-725,440.39	213,188.24	-512,252.15
Other interest and similar income		2,701.89	0.00	2,701.89
Finance cost and similar expense	D	-11,615.46	-6,519.06	-18,134.52
Profit (loss) before tax		**-12,339,269.20**	**1,197,778.30**	**-11,141,490.90**
Income tax	E	0.00	-112,888.80	-112,888.80
Profit (loss) for the year		**-12,339,269.20**	**1,084,889.50**	**-11,254,379.70**
Other comprehensive income				
Items which may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign operations	J	-66,721.27	43,926.04	-22,795.23
Reclassification adjustment				
Net (loss)/gain on available-for-sale financial assets	F	0.00	-114,790.19	-114,790.19
Income tax effect	E	0.00	34,637.94	34,637.94
			-80,152.25	-80,152.25
Other comprehensive income for the year, net of tax		**-66,721.27**	**-36,226.21**	**-102,947.48**
Total comprehensive income for the year, net of tax		**-12,405,990.47**	**1,048,663.29**	**-11,357,327.18**
Profit (loss) attributable to:				
Equity holders of the parent		-12,339,269.20	1,084,889.50	-11,254,379,70
Total comprehensive income attributable to:				
Equity holders of the parent		-12,405,990.47	1,048,663.29	-11,357,327.18
Earnings per share				
Basic, profit (loss) for the year attibutable to equity holders of the parent				-1.23

5.6 Notes to the reconciliation of equity as at 1 January 2013 and 31 December 2012 and total comprehensive net income for the year ended 31 December 2012

A. Internally generated intangible assets

Under Local GAAP the Company did not capitalize overhead expenditure that can be directly attributed to internally generated development costs. In accordance with IAS 38.67 the Company capitalized those overhead expenditure that can be directly attributed to preparing the assets for use. Selling, administrative and other general overhead expenditure were not capitalized.

B. Goodwill

The Company applied the exemption to Business Combinations as described in Note 5.1. On transition the local GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). From the date of transition any amortization of Goodwill ceases and Goodwill must be tested for impairment at the date of transition to IFRS. Under local GAAP, the Company had recognized € 237,624.15 amortization expense for Goodwill for the period ended 31 December 2013. This amortization was reversed under IFRS.

C. Impairment of cash generating unit

Under Local GAAP, long-lived assets were reviewed for impairment when events or changes in circumstances indicated that their carrying value may exceed the sum of the undiscounted future cash flows expected from use and eventual disposal. For the purposes of assessing impairment, assets were measured at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets.

If the estimated undiscounted cash flows for the asset were less than the asset's carrying amount, the impairment loss was measured as the excess of the carrying value over fair value. Under IFRS, impairment of assets that do not generate cash inflows that are largely independent of those from other assets or group of assets, is assessed at the CGU level based on the CGU's recoverable amount.

The recoverable amount of the Company is based on the detailed forecast period, which covers the years 2015 through 2018. A terminal value was applied to the year 2018, assuming a sustainable business and cash flow level.

Generally there are no difference in cash flows between local GAAP and IFRS.

Discount rates – Discount rates represent the current market assessment of the risks specific to each cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital (WACC).

The WACC calculation is based on capital market data, retrieved from financial data as of valuation dates as seen below. According to the value in use concept a market participant`s view was considered as a basis for the WACC calculation. WACC was based on the following parameters:

WACC PARAMETER	**2014**	**2013**	**As at 1 January 2013**
Risk free rate	1.75%	2.75%	2.25%
Market risk premium	6.25%	6.25%	6.25%
Beta factor	1.23	1.13	1.15
WACC post-tax	9.18%	9.50%	8.96%
WACC post-tax adjusted	8,18%	8.50%	7.96%
WACC pre-tax	12.47%	13.06%	12.41%
WACC pre-tax adjusted	11.47%	12.06%	11.41%

The WAAC applied to the third year was reduced by 1% to account for the growth rate and is stated Adjusted WACC in the above table.

The impairment test performed showed a sufficient head-room to indicate, that an impairment does not exist. Head-room describes the difference between the carrying amount of an asset or cash generating unit being tested for impairment and its recoverable amount.

No reasonable changes in the various valuation parameters, such as growth rates in the terminal year, free cash flows, and after tax discount rates, would lead to an impairment.

D. Leased assets

Under Local GAAP, the criteria to capitalize leases are different from those under IFRS, generally leading to a designation as an operating lease under local GAAP. Under IFRS, leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

At date of transition, the Company capitalised leases that have terms of three and five years. The lease term represents the major part of the economic life of the assets. Moreover, the minimum lease payments amount to substantially all of the fair value of the leased asset.

At 1 January 2013, the leased assets and liabilities are recognised in such a way as if the Company had applied IFRS prior to the date of transition, but not before the commencement of the lease.

The leased assets have been recognised in property, plant and equipment and are depreciated over three and five years. The liabilities are classified as non-current and current. Accumulated finance charges and depreciation incurred prior to the date of transition have been recognised in accumulated deficit. The finance charges, depreciation and the reversal of rent expense for the year ended 31 December 2013, are recognised in the statement of profit or loss for the year under IFRS.

E. Deferred tax
The various transitional adjustments lead to different temporary differences. According to the accounting policies in Note 4.9, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in accumulated deficit or a separate component of equity. Please see Note 13 for a development of deferred taxes.

F. Available-for-sale securities
Under Local GAAP, the Group accounted investments in equity securities as financial instruments measured at cost. Under IFRS, the Group has designated such investments as available-for-sale investments. IFRS requires available-for-sale investments to be measured at fair value. At the date of transition to IFRS, the fair value of these assets was € 365,807.41 and their previous Local GAAP carrying amount was € 251,017.22. The difference between the instruments fair value and Local GAAP carrying amount has been recognised as a separate component of equity, in the available-for-sale reserve.

G. Share based payments – cash settled plans
For cash-settled share-based payment transactions, the Group has not applied IFRS 2 to liabilities that were settled before 1 January 2013.

Under Local GAAP, the Group did not recognise the cost for the virtual stock option plan. IFRS requires the fair value of the share options to be determined using an appropriate pricing model and recognising the liability for the cash settlement at balance sheet date. The liability is remeasured to fair value at each reporting date with changes in fair value recognised in employee benefits expense.

H. Share based payments – equity settled plans

IFRS 2 Share-based Payment has not been applied to share-based payment transactions that were granted and vested before 1 January 2013. Under IFRS, the cost of equity-settled transactions is recognised together with a corresponding increase in other capital reserves in equity over the period in which the performance and/or service conditions are fulfilled.
Share options totalling € 229,589.97, which were granted before and which were unvested at 1 December 2013, have been recognised as a separate component of equity against accumulated deficit at 1 January 2013. Refer to Note 25 for further details of these plans.

I. Investment grants

Under local GAAP, the group recognises government grants as income where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Under IFRS the income from government grants that relate to property, plant and equipment are recognised as income in equal amounts over the expected useful life of the related asset.

Investment grants and government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

J. Foreign currency translation

Under Local GAAP, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2013. The resulting adjustment was recognised against accumulated deficit.

K. Asset retirement obligation

The cost of an item of property, plant and equipment should include the estimated cost of dismantling and removing the asset and restoring it to its original state. In accordance with IFRS, the company recognized a provision for all legal obligations associated with the retirement of property, plant and equipment and capitalised an equal amount as a cost of the asset.

The asset is depreciated over the estimated remaining useful life of the asset. The provision is increased each period to reflect the passage of time (i.e., accretion expense) as well as changes in the estimated future cash flows underlying the initial measurement.

L. Costs of issuing equity instruments

Costs of issuing or reacquiring equity instruments are recognized in profit or loss under local GAAP. Under IFRS, costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a deduction from equity, net of any related income tax benefit.

M. Reclassification of current and non-current items

Under local GAAP, classification of current and non-current items is presented in the notes of the local GAAP financial statements. IFRS requires a presentation by liquidity or maturity within the statement of financial position. Items with maturities of more than 12 months were therefore classified as non-current within the statement of financial position. For transition purposes these reclassifications were already reflected in the underlying local GAAP financial statements and as such are not included in the IFRS Adjustment column.

6 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

6.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Identification of Cash Generating Units

Impairment tests are performed individually for each asset except when an asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In that case, an asset or group of assets are included in a cash-generating unit (CGU) and impairment tests are performed at the level of the CGU.

6.2 Estimates

Determination of recoverable amount for impairment testing of non-current assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use.

IFRS 13 provides guidance on how to measure fair value, but does not change when fair value is required or permitted under IFRS. The IFRS must be applied in annual periods beginning on or after 1 January 2013. IFRS 13 does not limit the types of valuation techniques an entity might use to measure fair value but instead focuses on the types of inputs that will be used. The standard requires the entity to use the valuation technique that maximise the use of relevant observable inputs and minimise the use of the unobservable inputs. The Company's value in use is based on a valuation performed by FGS Flick Gocke Schaumburg GmbH Wirtschaftsprüfungsgesellschaft and dated February 12, 2014. We refer to Note 5.6.c. with respect to the observable inputs used in the valuation.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

As of 31 December 2014 and 2013, the Company has € 48,510,766.11 and € 36,170,250.44 respectively (1 January 2013: € 23,849,746.44) of tax losses carried forward. These tax losses may be doubted in parts during an audit of the fiscal authorities. This is caused by the increases of capital and the dealing of the shares at the stock exchange market leading to shareholder structure which is not always transparent to the Company. The losses incurred by German entities do not expire and may not be used to offset taxable income elsewhere. Losses incurred in Canada, expire after 20 years. Due to the history of recent losses the Company has only recognized deferred tax assets on temporary differences and deferred tax assets arising from unused tax losses only to the extent that it has sufficient taxable temporary differences.

Further details on taxes are disclosed in Note 13.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

7. BUSINESS COMBINATIONS

Acquisition of FutureE

On 20 August 2014, the Group acquired 100% of the voting shares of FutureE Fuel Cell Solutions GmbH, Wendlingen, an unlisted company based in Germany and specialising in the manufacture of fuel cell technology.

The combination of FutureE and Heliocentris will create a new market leader in Germany for fuel cell based power solutions in stationary applications from 1kW to 20kW. The integration of Heliocentris' energy management system into the fuel cell technology of FutureE will enable high performance solutions for uninterrupted power supply, which at comparable acquisition cost will allow for significantly lower operating expenditure as conventional solutions based on diesel generators. Moreover, these solutions will be free of CO_2-emissions, thus environmentally friendly.

The consideration paid for FutureE at the acquisition date was:

CONSIDERATION AT 20 AUGUST 2014	EUR
Equity instruments (916.409 ordinary shares)	4,582,045.00
Contingent consideration	1,812,407.75
Total consideration	**6,394,452.75**
Identifiable net assets acquired	4,546,896.72
Goodwill	**1,847,556.03**

The Group issued 630.714 ordinary shares as consideration for the 100% interest in FutureE and 226.190 for shareholder loans in the value of € 1,500,000, which was contingent and closely related to the acquisition. Further 59,505 shares (thereof 10,989 for the acquired shareholder loan) will be issued due to an adjustment claim on the original consideration. The claim became payable as the arithmetic average closing price of the buyer´s shares during a reference period ending 31 July 2014 was lower than € 6.50. The fair value of the shares is the published price of the shares of the Group at the acquisition date, which was € 5.00 each. The aggregate fair value of the consideration given is therefore 916.409 ordinary shares or € 4,582,045.00. The shares will be subject to usual lock-up conditions.

Costs of € 113,660.16 attributable to the issuance of the equity instruments have been charged directly to equity as negative share premium.

The fair values of the identifiable assets and liabilities of FutureE as at the date of acquisition were:

RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	EUR
Cash and cash equivalents	7,517.51
Property, plant and equipment	455,836.14
Intangible assets	48,945.59
Intangible assets recognised during PPA	6,142,126.10
Inventories	1,469,861.23
shareholder loans	1,500,000.00
Trade and other receivables	931,636.96
Trade and other payables	-3,761,979.68
Borrowings	0.00
Provisions	-544,142.67
Deferred tax liabilities	-1,702,904.46
Total identifiable net assets acquired	**4,546,896.72**

The technologies developed by FutureE have been recognised as separate intangible assets. The fair value of these technologies was estimated by applying the cost approach. The fair value estimate is based on the historical costs for labor and material as an approximation for the current replacement costs of the technologies. This is a level 3 fair value measurement. A deferred tax liability of € 1,702,904.46 was recognised relating to the recognition of the technologies.

The goodwill of € 1,847,556.03 comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to Industry Segment. The goodwill recognized is expected to be deductible for income tax purposes.

As part of the purchase agreement with the previous owner of FutureE, an amount of contingent consideration has been agreed for two technical earn-outs and two financial earn-outs. The Earn-Out amount has to be paid out in Heliocentris shares to the Sellers. The Company has determined that it has a contractual obligation to deliver a variable number of shares to the seller and therefore it has assessed the earn-outs to be a financial liability.

Assumed probability-adjusted amounts for the different criteria in the earn-out valuation were:

CRITERIA IN THE EARN-OUT VALUATION	EUR
Technical criteria 1:	630,000.00
Technical criteria 2:	1,260,000.00
Financial criteria 1:	104,533.00
Financial criteria 2:	78,400.00
Discount rate:	8.69%
Anticipated date of payment:	31 March 2016

As at the acquisition date, the fair value of the contingent consideration was estimated to be € 1,812,407.75. The fair value is determined using probability-adjusted amounts and discounting these amounts.

As at the reporting date, the contingent liability was replaced by a new liability from the same parties on substantially different terms. With this replacement, all claims of the Sellers for payment of any Earn-Out under the purchase agreement are satisfied. As such, this exchange is treated as the derecognition of the original liability and the recognition of a new liability. As at the reporting date the new contractual liability amounts is € 1,680,000.00 payable in 332,015 shares no later than 30 June, 2015. The value as at the balance sheet date based on the share price of € 4.95 as at 31 December 2014 is € 1,643,474.25. Finance costs of € 55,808.13 have been recognized due to the accretion of the old liability as at 31 December 2014. The difference between the original liability and the new liability of € 224,741.68 is recognized in other operating income in the statement of profit or loss.

From the date of acquisition, FutureE has contributed € 2,895,276.44 of revenue and € -959,024.83 to the profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue of the group from continuing operations would have been € 19,441,569.22 and the result from continuing operations for the Group would have been € -11,898,000.20.
Analysis of cash flows on acquisition:

CASH FLOWS ON ACQUISITION:	EUR
Movement in provisions	-544,142.67
Working capital adjustments:	
In-/decrease in trade and other receivables and prepayments	2,431,636.96
In-/decrease in inventories	1,469,861.23
In-/decrease in trade and other payables	-3,761,979.68
Deferred tax	-1,702,904.46
Net cash flows from / used in operating activities	**-2,107,528.62**
Purchase of property, plant and equipment	455,836.14
Purchase of intangible assets	8,038,627.72
Purchase of subsidiary net of cash	7,517.51
Net cash flows from / used in investing activities	**8,501,981.37**
Proceeds from issued capital	-6,394,452.75
Net cash flows from / used in financing activities	**-6,394,452.75**
Net in-/decrease in cash and cash equivalents	**0.00**

8. INFORMATION ABOUT SUBSIDIARIES

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% Equity interest	
			2014	**2013**
Heliocentris Academia GmbH	Energy solutions and training for Education and Research segment	Germany	100	100
Heliocentris Industries GmbH	Energy solutions for Industry and Communication segment	Germany	100	100
Heliocentris Energy Systems Inc.	Distribution for Education and Research segment	Cananda	100	100
Heliocentris Energy FZE	Sales and project ma-nagement - Middle east	Dubai	100	100
FutureE Fuel Cell Solutions GmbH	Development and manufacture of scalable fuel cell systems	Germany	100	100
Heliocentris HPS GmbH	Shell company	Germany	100	0

The holding company
The next senior and the ultimate company of the Group is Heliocentris Energy Solutions AG which is based and listed in Germany. Heliocentris Energy Solutions AG performs typical central holding activities for the Heliocentris Group as well as maintaining communications with the capital markets.

No investor has significant influence over the Group.

The Company does not hold any material partly owned subsidiaries, interest in joint ventures or investments in associate companies.

9. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable segments as follows:

Information & Communication Technologies (Industry): The Industry segment specialises in energy efficiency, monitoring and management solutions for mobile telecommunications base station networks. Turnkey energy efficiency solutions for the telecommunications industry are also developed and installed in this business area. In the long term, it is working towards zero-emission solutions that will replace diesel generators as an electricity source in autonomous energy supply systems. When used in mobile telecommunications base stations, the energy efficiency solution “Genset Efficiency” can achieve a reduction in the diesel consumption of the generators by up to 50% and in the costs to run these systems by up to 70%. These solutions are undergoing commercial rollout in Asia, Africa and the Middle East. The core expertise of this area lies in the efficient hybridisation of energy generators such as solar and wind generators or diesel generators with energy storage such as batteries, as well as proprietary storage solutions based on hydrogen and fuel cell technology, on the basis of our scalable energy management solutions. Network operators also gain significantly greater transparency with regard to the technical situation in the base stations, which means that maintenance and servicing requirements can be reduced considerably, as well as significantly boosting the availability of the networks.

During the period the company acquired FutureE Fuel Cell Solutions GmbH in Wendlingen, Germany. The acquisition creates a new market leader in Germany for fuel cell based power solutions in stationary applications from 2kW to 40kW. The integration of Heliocentris’ energy management system into the fuel cell technology of FutureE will enable high performance solutions for uninterrupted power supply, which at comparable acquisition cost will allow for significantly lower operating expenditure as conventional solutions based on diesel generators. Moreover, these solutions will be free of CO2-emissions, thus environmentally friendly. The company does not monitor the activities of FutureE separately and has integrated its activities in the Industry segment.

Education, Training and Research (Academia): The Academia segment has offered a range of education and training systems for fuel cell and solar hydrogen technology as well as other renewable energy technologies. Its customers are training facilities, research institutes and industry. This area is currently being repositioned from a manufacturer of education systems with a specific focus on fuel cell technology to become a specialist in hybrid renewable energy supply solutions specifically geared towards the needs of universities and research institutions. This reflects the expansion of the content of the products and solutions that has taken place over the past few years and opens up a major growth opportunity for Heliocentris, as this extends the services offered from a niche market to the main market for renewable energy training and research.
The Executive Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment profit contribution and on a local GAAP basis.

Activities that are not assigned to a reportable segment and Group head office are reported under Other.

FOR THE YEAR ENDED 2014:	Industry	Academia	Other	Total Segment	Adjustments and eliminations	Group (local GAAP)
	EUR	EUR	EUR	EUR	EUR	EUR
External revenue	16,646,665.13	2,278,233.95	0.00	18,924,899.08		18,924,899.08
Third party cost of sales	-13,024,366.49	-1,313,168.92		-14,337,535.41		-14,337,535.41
Contribution Margin	3,622,298.64	965,065.03	0.00	4,587,363.67	0.00	4,587,363.67
Labour Cost of Sales	-2,721,469.49	-986,859.11	0.00	-3,708,328.60		-3,708,328.60
Gross Profit	900,829.15	-21,794.08	0.00	879,035.07	0.00	879,035.07
Research & Development	-2,266,492.50	-514,744.92		-2,781,237.42		-2,781,237.42
Sales & Marketing	-3,987,221.53	-1,112,808.21		-5,100,029.74		-5,100,029.74
BU Profit Contribution	**-5,352,884.88**	**-1,649,347.21**	**0.00**	**-7,002,232.09**	**0.00**	**-7,002,232.09**

Adjustments and eliminations

Executive management reviews revenue on a consolidated basis and as such intersegment revenue is not separately disclosed.

General and administrative costs, depreciation and amortization, other operating income and finance income and costs are not allocated to individual segments as the underlying items are managed on a group basis.

Segment assets and liabilities are also not allocated to segments as they are managed on a group basis.

All other adjustments and eliminations are part of detailed reconciliations presented further below.

FOR THE YEAR ENDED 2013:	Industry	Academia	Other	Total Segment	Adjustments and eliminations	Group (local GAAP)
	EUR	EUR	EUR	EUR	EUR	EUR
External revenue	2,443,150.97	2,484,188.54	0.00	4,927,339.51		4,927,339.51
Third party cost of sales	-2,825,785.32	-1,227,260.94		-4,053,046.26		-4,053,046.26
Contribution Margin	-382,634.35	1,256,927.60	0.00	874,293.25	0.00	874,293.25
Labour Cost of Sales	-1,817,821.70	-741,966.60		-2,559,788.30		-2,559,788.30
Gross Profit	-2,200,456.05	514,961.00	0.00	-1,685,495.05	0.00	-1,685,495.05
Research & Development	-1,517,402.89	-539,154.09		-2,056,556.98		-2,056,556.98
Sales & Marketing	-3,351,295.08	-1,065,595.40		-4,416,890.48		-4,416,890.48
Segment Profit Contribution	**-7,069,154.02**	**-1,089,788.49**	**0.00**	**-8,158,942.51**	**0.00**	**-8,158,942.51**

RECONCILIATION OF PROFIT	2014 EUR	2013 EUR
Segment result	**-7,002,232.09**	**-8,158,942.51**
General & Administrative expenses (G&A)	-4,252,344.38	-4,130,978.80
Depreciation & amortization	-1,301,701.33	-725,440.39
Other income	813,340.58	685,006.07
Finance income	16,811.46	2,701.89
Finance expense	-739,425.09	-11,615.46
Group result before tax under local GAAP	**-12,465,550.85**	**-12,339,269.20**
IFRS adjustments regarding purchase of subsidiary	95,715.37	0.00
Share issue costs	172,002.53	259,323.49
Transaction costs convertible bonds	34,055.00	74,970.00
Finance cost convertible bonds	-140,605.09	0.00
Internally generated intangible assets	904,757.95	815,049.10
Goodwill amortization	304,094.28	237,624.15
Investment grants	12,017.48	37,827.67
Share based payments	-331,014.37	-209,142.37
Asset retirement obligation	-18,388.15	-17,858.62
Finance leases	-582.24	-15.12
Group result before tax	**-11,433,498.09**	**-11,141,490.90**

GEOGRAPHIC INFORMATION	2014 EUR	2013 EUR
Middle East and North Africa	2,018,703.42	2,322,121.99
Rest of Africa	917.50	170,897.07
Germany, Austria, Switzerland	4,395,960.68	565,198.42
Rest of Europe	481,755.55	513,722.44
Asia and Australia	11,225,193.58	518,839.16
America	802,368.35	836,560.43
Total revenue	**18,924,899.08**	**4,927,339.51**

The revenue information above is based on the location of the customer.
Revenues of € 14,147,299.80 (2013: € 2,402,179.40) from transactions with three (2013: two) external customers amount to 10% or more each of the total revenue. These revenues are reported within the Industry segment.

10. OTHER OPERATING INCOME

OTHER OPERATING INCOME	2014 EUR	2013 EUR
Income from government grants	42,151.00	121,290.00
Income from the sale of securities	0.00	312,815.22
Income from release of provisions	448,163.18	92,555.82
Income from release of liabilities due to limitation of claim	0.00	106,197.34
Exchange gains and losses (net)	-57,437.37	-25,755.49
Historical purchase price adjustment for acquisition of subsidiary	97,885.91	0.00
Adjustment of contingent consideration for purchase of subsidiary	224,741.68	0.00
Redemption of materials	174,956.24	0.00
Miscellaneous	86,371.42	68,841.38
Total other operating income	**1,016,832.06**	**675,944.27**

The income from the release of provisions relates mainly to the release of warranty provisions in the amount of € 325,686.48 (see note 21) due to the avoidance of a contract with a customer in Mozambique. The release came along with the write off of trade receivables (€ 500,642.72 in 2014 and € 388,895.76 in 2013, see note 18) and the reclamation of material of € 174,956.24.

As part of the purchase agreement with the previous owner of FutureE, an amount of contingent consideration has been agreed for two technical earn-outs and two financial earn-outs. As at the reporting date, the contingent liability was replaced by a new liability from the same parties on substantially different terms (see note 7). The difference between the original liability and the new liability of € 224,741.68 is recognized in other operating income.

The income from the sale of securities in 2013 relates to the Company’s investment in ACTA S.P.A.

11. EXPENSES BY NATURE

EXPENSES BY NATURE	2014 EUR	2013 EUR
Increase/decrease of finished goods, inventories and work-in-process	551,665.38	-65,589.88
Other internally produced and capitalised assets	-2,696,620.26	-873,099.80
Other operating income	-2,156,613.97	-2,669,525.23
Cost of material		
Expenses for raw materials and supplies	11,854,178.84	3,226,877.80
Expenses for service received	1,803,515.21	697,145.62
Personnel expenses		
Wages and salaries	9,942,714.08	8,191,923.14
Social security, post-employment and other employee benefit costs	1,909,676.06	1,461,202.13
Other operating expense	7,189,156.80	5,572,211.85
Total cost of sales, general and administrative, sales and marketing, research and development expenses and other operating income	**28,397,672.14**	**15,541,145.63**

The personnel expenses include fringe benefits of € 176,748.09 (2013: € 121,315.77) and expenses for the share options granted to directors and employees of € 331,014.37 (2013: € 209,142.37).

Furthermore the personnel expenses include termination benefits of € 35,755.27 (2013: nil). Termination benefits of € 30,000.00 (2013: € nil) have been agreed in 2014 and will be paid out during 2015.

12. FINANCE COST AND SIMILAR EXPENSE

During 2014 and 2013, the Company incurred finance cost for the following items:

FINANCE COST AND SIMILAR EXPENSE	2014 EUR	2013 EUR
Finance lease	2,335.15	418.52
Convertible bond	861,701.06	0.00
Accretion expense	6,630.07	6,100.54
Other	74,137.30	11,615.46
	944,803.58	**18,134.52**

13. INCOME TAX

A reconciliation between tax expense and the product of accounting profit multiplied by the group companies' respective domestic tax rates for the years ended 31 December 2014 and 2013 is as follows:

INCOME TAX	2014 EUR	2013 EUR
Result before income tax	-11,433,498.09	-11,141,490.90
At the Company's statutory income tax rate of 30.18% (2013: 30.18%)	3,450,058.05	3,361,944.88
Non-taxable investment grants	3,626.27	11,414.50
Unrecognised tax losses	-1,802,681.62	-3,486,248.18
At the effective income tax rate of 30.18% (2013: 30.18%)	1,651,002.70	-112,888.80
Income tax expense reported in the comprehensive statement of profit or loss	1,651,002.70	-112,888.80

Deferred tax

Deferred tax relates to the following:

	Statement of financial position			Statement of profit or loss		Other comprehensive income	
DEFERRED TAX	**2014 EUR**	**2013 EUR**	**As at 01.01.13 EUR**	**2014 EUR**	**2013 EUR**	**2014 EUR**	**2013 EUR**
Goodwill	72,990.31	42,229.91	14,182.25	30,760.40	28,047.66		
Asset retirement obligation	16,179.28	9,753.52	3,907.05	6,425.76	5,846.47		
Finance leases	304.69	1,006.13	1,459.20	-701.44	-453.07		
Share based payments - cash settled	19,463.31	32,057.90	21,085.10	-12,594.59	10,972.81		
Net operating loss carried forward	2,685,352.67	1,818,868.94	1,136,046.87	866,483.73	682,822.08		
Total deferred tax assets	**2,794,290.26**	**1,903,916.41**	**1,176,680.46**	**890,373.85**	**727,235.95**		
Development costs	-1,071,724.83	-1,881,294.21	-1,142,042.52	809,569.38	-739,251.69		
Development costs aquired in business combination	-1,577,869.28	0.00	0.00	125,035.18			
Convertible bond	-144,696.15	0.00	0.00	-144,696.15	0.00		
Available-for-sale securities	0.00	0.00	-34,637.94			0.00	34,637.94
Capital issue costs in prepaid expenses	0.00	-22,622.20	0.00	22,622.20	-22,622.20		
Capital issue costs	0.00	0.00	0.00				
Total deferred tax liabilities	**-2,794,290.26**	**-1,903,916.41**	**-1,176,680.46**	**812,530.61**	**-761,873.89**	**0.00**	**34,637.94**
Deferred tax income				**1,702,904.46**	**-34,637.94**	**0.00**	**34,637.94**
Deferred tax assets, net	**0.00**	**0.00**	**0.00**				

	2014 EUR	2013 EUR
Reconciliation of deferred tax assets, net		
Opening balance as of 1 January	0.00	0.00
Deferred tax due to acquisition of subsidiary	-1,702,904.46	0.00
Deferred tax recognized in capital reserve	0.00	0.00
Deferred tax recognized in statement of comprehensive profit or loss	1,702,904.46	-34,637.94
Deferred tax recognized in other comprehensive income	0.00	34,637.94
Closing balance as of 31 December	**0.00**	**0.00**

The company has unused tax loss carried forward of € 48,510,766.11 as at 2014, € 36,170,250.44 as at 31 December 2013 and € 23,849,746.44 as at 1 January 2013. These tax losses may be doubted in parts during an audit of the fiscal authorities. This is caused by the increases of capital and the dealing of the shares at the stock exchange market leading to shareholder structure which is not always transparent to the Company. Deferred tax assets for unused tax losses were recognised to the extent that deferred tax liabilities exist against which unused tax losses can be utilised. As a result of the acquisition of FutureE and the deferred tax liabilities recognized with that acquisition, the Company was able to recognise a previously unrecognised tax asset of its unused tax losses. The recognition of the asset is accounted for as income, and not as part of the accounting for the business combination

14. PROPERTY, PLANT AND EQUIPMENT

PROPERTY, PLANT AND EQUIPMENT	Technical equipment and machinery EUR	Operating and office equipment EUR	prepayments and machinery under construction EUR	Leased assets EUR	Total EUR
Cost					
At 1 January 2013	**699,472.71**	**911,622.72**	**0.00**	**7,583.00**	**1,618,678.43**
Additions	166,407.92	236,267.38	0.00	0.00	402,675.30
Disposals	-2,546.37	-4,832.65	0.00	0.00	-7,379.02
foreign currency translation	0.00	-742.38	0.00	0.00	-742.38
At 31 December 2013	**863,334.26**	**1,142,315.07**	**0.00**	**7,583.00**	**2,013,232.33**
Additions	25,493.36	217,132.61	8,150.00	46,744.39	297,520.36
Additions due to business combination	0.00	447,664.79	8,171.35	0.00	455,836.14
Disposals	0.00	-40,672.09	0.00	0.00	-40,672.09
foreign currency translation	0.00	480.76	0.00	0.00	480.76
At 31 December 2014	**888,827.62**	**1,766,921.14**	**16,321.35**	**54,327.39**	**2,726,397.50**
Depreciation and impairment					
At 1 January 2013	**429,502.99**	**519,886.39**	**0.00**	**3,159.58**	**952,548.96**
Depreciation charge for the year	117,300.10	174,487.26	0.00	1,516.60	293,303.96
Disposals	-2,093.00	-2,678.73	0.00	0.00	-4,771.73
foreign currency translation	0.00	-694.52	0.00	0.00	-694.52
At 31 December 2013	**544,710.09**	**691,000.40**	**0.00**	**4,676.18**	**1,240,386.67**
Depreciation charge for the year	110,507.35	241,907.29	0,00	12,461.50	364,876.14
Disposals	0.00	-40,668.09	0.00	0.00	-40,668.09
foreign currency translation	0.00	322.57	0.00	0.00	322.57
At 31 December 2014	**655,217.44**	**892,562.17**	**0.00**	**17,137.68**	**1,564,917.29**
Net book value					
At 1 January 2013	**269,969.72**	**391,736.33**	**0.00**	**4,423.42**	**666,129.47**
At 31 December 2013	**318,624.17**	**451,314.67**	**0.00**	**2,906.82**	**772,845.66**
At 31 December 2014	**233,610.18**	**874,358.97**	**16,321.35**	**37,189.71**	**1,161,480.21**

15. FINANCE LEASES

The carrying value of plant and equipment held under finance leases at 31 December 2014 was € 37,189.71 (2013: € 2,906.82; 1 January 2013: € 4,423.42). The items leased under finance lease consist primarily of computer and telecommunications equipment.

The leases commenced on 2010 and 2014 and have maximum maturities until 2017. The Company's discounted the lease payments applying an incremental borrowing rate. The Company's incremental borrowing rate of interest is the rate of interest the Company would have to pay on a similar lease or, the rate that, at the inception of the lease, the Company would incur to borrow the funds over a similar term, and with a similar security, necessary to purchase the asset. The Company estimated that it would have incurred an interest rate of 6%, had it borrowed the funds to purchase the respective asset.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are, as follows:

	2014		**2013**		**As at 1 January 2013**	
	Minimum payments EUR	**Present value of payments (Note 24) EUR**	**Minimum payments EUR**	**Present value of payments (Note 24) EUR**	**Minimum payments EUR**	**Present value of payments (Note 24) EUR**
Within one year	19,287.92	14,090.87	1,920.00	1,659.71	1,920.00	1,501.49
After one year but not more than five years	22,761.43	24,108.56	1,760.00	1,674.60	3,680.00	3,334.30
More than five years	-	-	-	-	-	-
Total minimum lease payments	42,049.35	38,199.43	3,680.00	3,334.31	5,600.00	4,835.79
Less amounts representing finance charges	-3,849.92		-345.69	-	-764.21	-
Present value of minimum lease payments	**38,199.43**		**3,334.31**		**4,835.79**	
therof non-current	14,090.87		1,659.71		1,501.49	
thereof current	24,108.56		1,674.60		3,334.30	

16. INTANGIBLE ASSETS AND GOODWILL

INTANGIBLE ASSETS AND GOODWILL	Internally generated intangible assets EUR	Concessions, industrial and similar rights EUR	Goodwill EUR	Total EUR
Cost				
At 1 January 2013	**3,800,352.82**	**593,956.27**	**2,393,026.75**	**6,787,335.84**
Additions	2,600,205.91	165,765.05	0.00	2,765,970.96
Disposals	0.00	0.00	0.00	0.00
foreign currency translation	0.00	-59.69	0.00	-59.69
At 31 December 2013	**6,400,558.73**	**759,661,63**	**2,393,026.75**	**9,553,247.11**
Additions	2,717,870.46	68,974.10	0.00	2,786,844.56
Additions due to business combination	0.00	6,191,071.69	1,847,556.03	8,038,627.72
Disposals	-29,686.36	0.00	0.00	-29,686.36
foreign currency translation	0.00	22.10	0.00	22.10
At 31 December 2014	**9,088,742.83**	**7,019,729.52**	**4,240,582.78**	**20,349,055.13**
Amortisation and impairment	**15,622.01**	**438,163.31**	**270,351.20**	**724,136.52**
Amortisation charge for the year	150,324.59	115,460,72	0,00	265,785.31
Disposals	0.00	0,00	0,00	0.00
foreign currency translation	0.00	-43.27	0.00	-43.27
At 31 December 2013	**165,946.60**	**553,580.76**	**270,351.20**	**989,878.56**
Amortisation charge for the year	142,036.96	560,011.47	0.00	702,048.43
Disposals	0.00	0.00	0.00	0.00
foreign currency translation	0.00	22.05	0.00	22.05
At 31 December 2014	**307,983.56**	**1,113,614.28**	**270,351.20**	**1,691,949.04**
Net book value				
At 1 January 2013	**3,784,730.81**	**155,792.96**	**2,122,675.55**	**6,063,199.32**
At 31 December 2013	**6,234,612.13**	**206,080.87**	**2,122,675.55**	**8,563,368.55**
At 31 December 2014	**8,780,759.27**	**5,906,115.24**	**3,970,231.58**	**18,657,106.09**

Additions pertain primarily to capitalized development costs of € 2,717,870.46 in 2014 and € 2,600,205.91 in 2013. Capitalized development costs primarily consist of personnel costs, outside services, material expenses and directly attributable overhead expenses. Development cost are amortized over the period of expected future sales from the related project. Amortization starts when the developed project is ready to be marketed.
All intangible assets are amortized on a straight line basis.

There were no disposals during 2014 and 2013, respectively.

As of 31 December 2014, 31 December 2013 and 1 January 2013, the company performed impairment tests. Goodwill in the amount of € 3,970,231.58 in 2014 and € 2,122,675.55 as at December 31, 2013 and January 1, 2013 respectively was not deemed to be impaired. We refer to not 5.6 C with respect to the impairment test.

17 INVENTORIES

INVENTORIES	2014 EUR	2013 EUR	As at 1 January 2013 EUR
Raw materials	1,759,829.37	821,394.60	742,289.81
Work-in-process	457,454.84	507,957.00	704,530.05
Finished goods and merchandise	202,279.77	289,649.99	31,606.83
Prepayments	165,507.38	36,124.74	43,426.48
Total inventories	**2,585,071.36**	**1,655,126.33**	**1,521,853.17**

During 2014 and 2013 the company incurred write downs in inventory of € 205,647.71 and € 212,030.67 in 2013 respectively. This is recognised in cost of sales.

18. TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES	2014 EUR	2013 EUR	As at 1 January 2013 EUR
Trade receivables	7,003,703.97	1,549,401.24	2,224,680.81
Valued added tax	358,976.74	270,576.27	208,968.30
Prepayments	167,817.95	68,846.81	63,200.82
Other receivables	345,130.53	251,680.97	177,348.59
Total trade and other receivables	**7,875,629.19**	**2,140,505.29**	**2,674,198.52**

Terms of Trade receivables are generally on terms of 30 to 180 days. Other receivables consist primarily of payment claims of government grants. Due to their short-term nature Trade and other receivable balances approximate fair value.

As at 31 December 2014, trade receivables of an initial value of € 904,836.42 (2013: € 15,297.94, 1 January 2013: nil) were impaired and fully written off (thereof € 500,642.72 in 2014 and € 404,193.70 in 2013). The written off amounts are recognized within the statement of profit or loss within sales & marketing.

During 2014 and 2013 respectively, no trade receivables previously written-off were received.

As at 31 December, the ageing analysis of trade receivables is as follows:

			Past due but not impaired				
	Total	**Neither past due nor impaired**	**< 30 days**	**31-60 days**		**91-120 days**	**> 120 days**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
2014	7,003,703.97	4,511,306.46	491,699.52	460,520.92	1,233,421.04	77,355.16	229,400.87
2013	1,549,401.24	613,615.17	352,788.38	40,920.04	14,801.65	0.00	527,276.00
As at 1 January 2013	2,224,680.81	647,600.14	653,701.20	274,288.16	9,832.65	6,885.05	632,373.61

19. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits, less bank overdrafts, if any.

At 31 December 2014, the Group had no available undrawn committed borrowing facilities.

The Group has pledged € 173,548.31 (2013: € 179,066.59, 1 January 2013: 108,385.50) of its cash to fulfil collateral requirements

20. CONVERTIBLE BONDS

The Company issued a convertible bond at a nominal value of € 10,231,000 and placed with strategic investors in two tranches in January and April. The bond was issued at € 9,207,900 or 90% of nominal value, bears a coupon of 4%, runs until January 2017 and is convertible at the option of the shareholders into ordinary shares of the Parent of the Group at a conversion price of € 8.00 per share.

On issue of the convertible bonds, the bonds are separated into liability and equity components based on the terms of the contract. The fair value of the liability component is determined using a market rate of 10.2% for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost net of transaction costs of € 102,838 until it is extinguished on conversion. Based on this method, the liability component recognized amounted to € 8,582,556 net of transaction costs.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity. As such, the equity component amounted to € 516,319, net of transaction costs of € 6,187 and is presented in equity. The carrying amount of the conversion option is not remeasured in subsequent years.

21. PROVISIONS

Provisions for asset retirement obligations were discounted at 8.68%. The discount period was 2.5 years (2013: 3.5 years, 1 January 2013: 4.5 years).

A provision has been recognized for an asset retirement obligation associated with modifications made to rented buildings. The Group is required to refurbish the building to its original state at the end of the rental contract in 2017. The obligation is considered long-term and was discounted at 8.68% over the remaining 2.5 years. A corresponding asset was recognized at initial recognition. The asset is depreciated over the rental contract term.

PROVISIONS	Total EUR	Provisions for vacation EUR	Provisions for bonuses EUR	Provisions for outstanding invoices EUR	Provisions for audit EUR	Provisions for obligation zo retain records EUR	Provisions for retirement obligation EUR	Provisions for warranty EUR
At 1 January 2013	**1,483,679.65**	**232,010.82**	**224,901.64**	**414,227.99**	**56,826.37**	**0.00**	**70,282.72**	**485,430.11**
Arising during year	2,045,487.02	469,083.79	264,225.00	541,591.37	67,284.18	0.00	6,100.54	697,202.14
Utilised	-846,986.25	-236,987.68	-193,822.30	-339,938.47	-55,770.67	0.00	0.00	-20,467.13
Unused amounts reversed	-92,555.82	0.00	-29,487.50	-40,803.07	0.00	0.00	0.00	-22,265.25
Translation adjustment	-3,453.49	0.00	-1,591.84	-520.52	-1,341.13	0.00	0.00	0.00
At 31 December 2013	**2,586,171.11**	**464,106.93**	**264,225.00**	**574,557.30**	**66,998.75**	**0.00**	**76,383.26**	**1,139,899.87**
aquired through business combination	544,142.67	81,661.00	397,601.67	9,030.00	24,300.00	7,250.00	0.00	24,300.00
Arising during year	2,647,318.22	773,480.14	551,844.29	725,514.36	97,271.35	0.00	6,630.07	492,578.01
Utilised	-2,269,268.86	-446,693.01	-691,429.57	-491,858.63	-66,282.88	0.00	0.00	-573,004.77
Unused amounts	-448,163.18	-1,761.00	-81,368.00	-35,997.21	-3,350.49	0.00	0.00	-325,686.48
Translation adjustment	784.74	27.32	0.00	122.80	634.62	0.00	0.00	0.00
At 31 December 2014	**3,060,984.70**	**870,821.38**	**440,873.39**	**781,368.62**	**119,571.35**	**7,250.00**	**83,013.33**	**758,086.63**
Current	2,977,971.37	870,821.38	440,873.39	781,368.62	119,571.35	7,250.00	0.00	758,086.63
Non-current	83,013.33	0.00	0.00	0.00	0.00	0.00	83,013.33	0.00
	3,060,984.70	870,821.38	440,873.39	781,368.62	119,571.35	7,250.00	83,013.33	758,086.63

22. TRADE AND OTHER PAYABLES

Terms and conditions of the above financial liabilities:

» Trade and other payables are non-interest bearing and are normally settled on 54-day terms
» Lease payables are settled at the beginning of each month

For explanations on the Group’s credit risk management processes, refer to Note 29.

23. ISSUED CAPITAL AND RESERVES

As at 31 December 2014, the Company's share capital totalled € 10,600,424.00, consisting of 10,600,424 no-par value shares.

The Annual General Meeting granted by resolution on 12 June 2013 the authorisation to increase the share capital up to € 4,325,109.00 (Authorised Capital 2013/I). The Managing Board resolved on 28 May 2014, with approval from the Supervisory Board on3 / 23 June 2014, to increase the share capital by € 250,002.00 to € 8,900,220.00. The capital increase was entered in the commercial register on 17 July 2014. Furthermore the Managing Board resolved on 28 May 2014 with approval from the Supervisory Board on 3 June 2014, to increase the share capital by € 856,904.00 to € 9,757,124.00 for the acquisition of FutureE Fuel Cell Solutions GmbH. The capital increase was entered in the commercial register on 20 August 2014.

Due to the conversion of a convertible bond on 8 October 2014 the share capital was further increased by€ 160,000.00 to € 9,917,124.00. This capital increase was resolved by the Managing Board on 14 August 2014 and approved by the Supervisory Board on 19 August 2014. It was entered in the commercial register on 4 December 2014.

On the basis of the authorisation granted by the resolution of the Annual General Meeting on 26 June 2014 to increase the share capital by up to € 4,325,109.00 (Authorised Capital 2014/I), the Managing Board resolved on 20 November 2014, with approval from the Supervisory Board on 21 November 2014, to increase the share capital by € 683,300.00 to € 10,600,424.00. The capital increase was entered in the commercial register on 8 December 2014.

On the basis of the authorisation granted by the resolution of the Annual General Meeting on 12 June 2012 to increase the share capital by up to € 2,726,705.00 (Authorised Capital 2012/I), the Managing Board resolved on 14 February 2013, with approval from the Supervisory Board on the same date, to increase the share capital by € 250,000.00 to € 6,875,061.00. The capital increase was entered in the commercial register on 22 February 2013.

On 21 March 2013, the Managing Board resolved to increase the share capital again (in two tranches) by up to € 107,158.00 and again by up to € 1,932,867.00. The Supervisory Board granted its approval on the same date the resolution was passed. By resolution of the Managing Board on 27 March 2013, the volume of the first tranche of the capital increase was set at € 107,158.00 and the volume of the second tranche of the capital increase at € 1,667,999.00. The Supervisory Board granted its approval on the same date the resolution was passed. This means that the Company's share capital now totals € 8,650,218.00. The capital increase was entered in the commercial register on 12 April 2013.

The Company's share capital was contingently increased by up to € 586,500.00 (Contingent Capital 2013/II) by way of a resolution of the Annual General Meeting on 12 June 2013. Beneficiaries include members of the Managing Board, members of Management and the employees of Heliocentris Energy Solutions AG and its subsidiaries. This contingent capital increase is only to be carried out to the extent that the holders of the subscription rights exercise and utilise these rights to acquire new shares and the company does not grant any treasury shares to fulfil the subscription rights. The subscription rights were not yet exercised as at the balance sheet date. The previous Contingent Capital 2008/I is rescinded.

The Company's share capital was contingently increased by up to € 3,460,000.00 (Contingent Capital 2013/II) by way of a resolution of the Annual General Meeting on 12 June 2013. The contingent capital increase serves the granting of shares to bearers of convertible or option bonds, which were issued by authorisation of the Annual General Meeting on 12 June 2013, up to 11 June 2018. This capital increase is only to be carried out to the extent that the holders of convertible and/or option bonds utilise their conversion rights and/or options or the holders of bonds with a conversion obligation fulfil their conversion obligation and as long as treasury shares are not made available to service these rights. The previous Contingent Capital 2011/II is rescinded.

As at 31 December 2013, the Company's share capital totalled € 8,650,218.00, consisting of 8,650,218 no-par value shares.

Capital reserves

The share premiums from the capital increases in the financial year amounting to € 8,050,826.00 (2013: € 10,125,785.00) were entered in the capital reserves.

Transaction costs for issued share capital in the amount of € 172,002.53 (2013: € 259,323.49) were deducted from the proceeds of the issuance and recorded against capital reserve. The tax effect on the transaction costs amounted to € 51,901.77 (2013: € 78,250.86).

Other capital reserves

Other capital reserves include the value of equity-settled share-based payment transactions provided to employees, including key management personnel, as part of their remuneration. Refer to Note 25 for further details of these plans.

Other comprehensive income

In 2013, available-for-sale securities were sold. The gain of € 114,790.19 net of tax of € 34,637.94 was reclassified to the statement of profit or loss.
Exchange differences on translation of foreign operations amounted to€ 36,734.83 in 2014 and € 22,795.23 in 2013.

24. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. The Group capital management is based on a business plan and budget approved by the supervisory board and management.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 2013.

25. SHARE BASED PAYMENTS

Under the Company's share-option plan, the Group, at its discretion, may grant share options of the parent to its employees. The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The share options vest if and when the Company's share price has increased by 30% between the date of grant and within 20 trading days of exercising the options. In addition, the employee must remain employed for two years before the options vest. The options can be exercised 4 years after they have been granted. The exercise period is one year, within which the Company will provide exercise periods generally consisting of 20 banking days. The share options will lapse if they are not exercised within the exercise period. Furthermore, the share options granted cannot be exercised if the share price target has not been met at the date of exercise.

The fair value of the share options is estimated at the grant date using the Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

Virtual stock options

Twice a year, after the half-year financial statements and the year-end financial statements respectively, have been published the members of the managing board are granted virtual stock options (VSO). These VSO can only be settled in cash. These VSO vest when the employee is employed one year. They can be exercised two years after they vest. The exercise period is one year.

The fair value of the VSO is measured at each reporting date using a binomial option pricing model taking into account the terms and conditions upon which the instruments were granted and the current likelihood of achieving the specified target.

The carrying amount of the liability relating to the VSOs at 31 December 2014 is € 102,918.34 (2013: € 106,239.95, 1 January 2013: € 69,876.05). At 31 December 2014 83,333 VSO have vested (2013: 50,833, 1 January 2013: nil). The expense recognised for employee services received during the year is shown in the following table:

SBP EXPENSE	2014 EUR	2013 EUR
Expense arising from equity-settled share-based payment transactions	334,335.98	172,778.47
Expense arising from cash-settled share-based payment transactions	-3,321.61	36,363.90
Total expense arising from share-based payment transactions	**331,014.37**	**209,142.37**

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the year (excluding VSO):

	2014	2014	2013	2013
	No.	**WAEP EUR**	**No.**	**WAEP EUR**
Outstanding at 1 January	492,500	5.64	268,500	5.66
Granted during the year	423,000	5.13	232,000	5.63
Forfeited during the year	-75,000	5.24	-8,000	5.82
Exercised during the year	0		0	-
Expired during the year	0		0	-
Outstanding at 31 December	**840,500**	**5.42**	**492,500**	**5.64**
Excercisable at 31 December	0	0.00	0	0.00

The weighted average remaining contractual life for the share options outstanding as at 31 December 2014 is 4.11 (2013: 4.12 years).

The range of exercise prices for options outstanding at the end of the year was €4.95 to €6.05 (2013: €5.35 to €6.05).

The following tables list the inputs to the models used for the plans for the years ended 31 December 2014 and 31 December 2013:

	2014		2013		1 January 2013	
	Share options	**VSO**	**Share options**	**VSO**	**Share options**	**VSO**
Expected volatility (%)	26	26	26	26	26	26
Risk–free interest rate (%)	2.5	2.5	2.5	2.5	2.5	2.5
Expected life of share options/ VOSs (years)	6	4	6	4	5	4
Share price (€)	5.41	4.95	5.72	5.84	5.55	5.90
Model used	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

26. FAIR VALUES

Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements.

	Carrying amount			Fair value		
	2014 EUR	2013 EUR	As at 1 January 2013 EUR	2014 EUR	2013 EUR	As at 1 January 2013 EUR
Financial assets						
Trade and other receivables	7,003,703.97	1,549,401.24	2,224,680.81	7,003,703.97	1,549,401.24	2,224,680.81
Other assets	871,925.22	591,104.05	449,517.71	871,925.22	591,104.05	449,517.71
Cash and cash equivalents	2,257,615.16	1,428,913.06	2,074,332.52	2,257,615.16	1,428,913.06	2,074,332.52
Available-for-sale securities	0.00	0.00	365,807.41	0.00	0.00	365,807.41
Total financial assets	10,133,244.35	3,569,418.35	5,114,338.45	10,133,244.35	3,569,418.35	5,114,338.45
Financial liabilities						
Trade payables	5,811,640.63	630,154.76	1,027,384.66	5,811,640.63	630,154.76	1,027,384.66
Share based payments - cash settled	102,918.34	106,239.95	69,876.05	102,918.34	106,239.95	69,876.05
Obligations under finance leases	38,199.44	3,334.31	4,835.79	38,199.44	4,835.79	4,835.79
Other liabilities	2,672,121.01	533,795.10	820,655.90	2,672,121.01	820,655.90	820,655.90
Total financial liabilities	8,624,879.42	1,273,524.12	1,922,752.40	8,624,879.42	1,561,886.40	1,922,752.40

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

» Cash and short-term deposits, trade receivables, trade payables and other current liabilities, approximate their carrying amounts largely due to the short-term maturities of these instruments.

» The fair values of the remaining AFS financial assets are derived from quoted market prices in active markets.

» The fair value of obligations under finance leases are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

» Fair values of the Group's interest-bearing borrowings and loans are determined by using the DCF method using discount rates that reflect the issuer's borrowing rate as at the end of the reporting period.

27. FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at January 1, 2013, the Group applied quoted prices in active markets (Level 1) to available-for-sale securities. No other financial instruments were carried at fair value on the statement of financial position and there were no transfers between Level 1 and Level 2 fair value measurements.

28 COMMITMENTS AND CONTINGENCIES

28.1 Financial obligations

The group has the following financial obligations:

FINANCIAL OBLIGATIONS	2014 EUR	2013 EUR	As at 1 January 2013 EUR
financial obligations under specific duration contracts			
Heliocentris Energy Solutions AG	*420,086.90*	*411,410.41*	*139,376.13*
Heliocentris Academia GmbH	*10,066.89*	*33,028.02*	*28,086.90*
Heliocentris Industry GmbH	*433,511.73*	*578,977.24*	*261,203.44*
FutureE Fuel Cell Solutions GmbH	*220,268.89*	*0.00*	*0.00*
group	1,083,934.41	1,023,415.67	428,666.47
thereof: annual obligations from rental agreements	*681,379.14*	*687,749.33*	*266,069.44*
financial obligations under contracts without specific duration			
Heliocentris Energy Solutions AG	*196,962.95*	*197,168.33*	*443,930.72*
Heliocentris Academia GmbH	*588.00*	*588.00*	*8,326.20*
Heliocentris Industry GmbH	*961,943.94*	*362,826.84*	*469,089.30*
FutureE Fuel Cell Solutions GmbH	*23,675.00*	*0,00*	*0.00*
group	1,183,169.89	560,583.17	921,346.22
thereof: annual obligations from rental agreements	*123,992.91*	*100,685.04*	*348,680.52*
thereof: consultancy agreements	*897,257.89*	*343,242.84*	*428,871.42*
obligations from supply contracts			
Heliocentris Academia GmbH	*132,860.71*	*302,252.92*	*524,521.96*
thereof to be settled within 12 months	*132,860.71*	*302,252.92*	*64,750.00*
Heliocentris Industry GmbH	*1,390,859.11*	*431,225.76*	*417,565.00*
thereof to be settled within 12 months	*132,860.78*	*6,800.00*	*68,000.00*
group	1,523,719.82	733,478.68	942,086.96
Total financial obligations	**3,790,824.12**	**2,317,477.52**	**2,292,099.65**

The financial obligations under specific duration contracts relate mainly to rental and leasing agreements, insurance and advertising contracts, maintenance agreements and agreements for the supply with telephone and internet access.

28.2 Operating lease commitments – group company as lessee

The group leases mainly company cars under non-cancellable operating lease agreements. The leases have terms between 3and 5 years without a renewal option included in the contracts. The Company recognised in 2014 lease payments of € 74,089.69 (2013: € 54,269.66) as an expense. The future minimum rentals payable under this non-cancellable operating lease are as follows:

	2014 EUR	2013 EUR	As at 1 January 2013 EUR
Within one year	53,358.40	57,916.04	49,147.20
After one year but not more than five years	102,515.56	98,068.28	30,421.80
More than five years	0.00	0.00	0.00
Total minimum lease payments	**155,873.96**	**155,984.32**	**79,569.00**

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise trade and other payables. The Company has trade and other receivables, and cash that are generated from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and provides assurance that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies. It is the Company's policy that no trading for speculative purposes shall be undertaken. The Company's senior management reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices include four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk primarily for trade receivables and from its financing activities, including deposits with banks and financial institutions.

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer and outstanding customer receivables are regularly monitored.

Trade receivables

The Company had 39 customers (2013: 39 customers, 1 January 2013: 35 customers) that owed the Company € 7,290,029.52 at 31 December 2013, € 1,549,401.24 at 31 December 2013 and € 2,224,680.81 at 1 January 2013. There were 3 customers (2013: 2 customer, 1 January 2013: 2 customers) whose balances reflected more than 10% of the total amounts receivable. The requirement for impairment is analysed at each reporting date on an individual basis for all open receivables.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 26. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as high, since it is operating in a concentrated industry sector with a limited number of both existing and potential customers. Furthermore customers often are special purpose vehicles based in emerging markets. The Group intends to expand and diversify its customer portfolio by expanding into new sectors such as financial services, oil & gas and other businesses.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties to mitigate financial loss through potential counterparty's failure to make payments. The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 26.

Liquidity risk

The Company continuously monitors its risk to a shortage of funds. The Company's objective is to maintain a balance between continuity of funding and flexibility through capital raising activities. The Company concluded that its liquidity risk is high. Further funding is necessary in the second quarter of 2015 and the Managing Board and Supervisory Board are striving to achieve a significant capital increase by changing segment to the Prime Standard.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Year ended 31. December 2014	Total EUR	On demand EUR	< than 12 months EUR	1 to 5 years EUR
Convertible Bond	9,714,681.24	0.00	0.00	9,714,681.24
Lease liabilities	42,049.35	0.00	19,287.92	22,761.43
	9,756,730.59	**0.00**	**19,287.92**	**9,737,442.67**

Year ended 31. December 2013	Total EUR	On demand EUR	< than 12 months EUR	1 to 5 years EUR
Lease liabilities	3,680.00	0.00	1,920.00	1,760.00
	3,680.00	**0.00**	**1,920.00**	**1,760.00**

As at 1 January 2013	Total EUR	On demand EUR	< than 12 months EUR	1 to 5 years EUR
Lease liabilities	5,600.00	0.00	1,920.00	3,680.00
	5,600.00	**0.00**	**1,920.00**	**3,680.00**

30. EVENTS AFTER THE REPORTING PERIOD

At the time of preparation of the financial statement for the financial year 2014, the company is negotiating a debt finance of around € 2.2 million from strategic investors. The receipt of payment is planned for first week of March 2015.

The company plans for March 2015, a capital increase for contribution of 391,520 new shares to the former shareholders of FutureE to execute their earn-out and other claims from the share purchase agreement to Heliocentris. With this capital increase, all outstanding purchase components in the context of the take-over of FutureE will be settled. The total amount of Heliocentris shares issued for the shares in FutureE and loans granted to it is 1,248,424.

No other significant events with a material impact on the Group’s financial statements occurred after the end of the financial year.

31. REMUNERATION OF MEMBERS OF EXECUTIVE BODIES

The members of the Managing Board of Heliocentris Energy Solutions AG each receive fixed annual remuneration and variable salary components. € 489 thousand was paid to the three Managing Board members in 2014 (2013: € 624 thousand). In addition, 40,000 virtual stock options (VSO) and 265,000 options from the employee share ownership plans (ESOP) were issued to the Managing Board in 2014 (2013: 40,000 (VSO) and Nil (ESOP)). See Note 25.

	Ayad Abul-Ella Chief executive officer		**Dr. Henrik Colell** Chief technical officer		**Thomas Strobl** Chief financial officer 17 March 2014 until 5 September 2014		**Dr. András Gosztonyi** Chief financial officer until 31 January 2014		**Total**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Fixed annual remuneration	180,000.00	180,000.00	145,002.00	140,004.00	100,113.00	0.00	10,000.00	120,000.00	435,115.00	440,004.00
Fringe benefits	11,061.36	11,061.36	11,069.60	0.00	0.00	0.00	0.00	0.00	22,130.96	11,061.36
Short -term performance based compensation	18,000.00	31,500.00	14,000.00	21,000.00	0.00	0.00	0.00	120,312.00	32,000.00	172,812.00
Sub-total	**209,061.36**	**222,561.36**	**170,071.60**	**161,004.00**	**100,113.00**	**0.00**	**10,000.00**	**240,312.00**	**489,245.96**	**623,877.36**
Long-term performance based compensation										
Virtual stock options (VSO)	1,378.54	28,291.23	-4,700.14	8,072.67	0.00	0.00	0.00	0.00	-3,321.61	36,363.90
Employee stock option programm (ESOP)	45,380.14	0.00	34,724.50	0.00	0.00	0.00	0.00	0.00	80,104.64	0.00
Total compensation	**255,820.04**	**250,852.59**	**200,095.96**	**169,076.67**	**100,113.00**	**0.00**	**10,000.00**	**240,312.00**	**566,029.00**	**660,241.26**

The long-term performance based compensation compromises the expense recognised in profit or loss for the members of the Management Board. There have been no payments to date from the stock option programs.

The Supervisory Board was granted remuneration of € 70 thousand for 2014 (2013: € 66 thousand).

	2014			2013		
	Fixed remuneration	**Attendance Fee**	**Total remuneration**	**Fixed remuneration**	**Attendance Fee**	**Total remuneration**
Oliver Borrmann	10,000.00	10,000.00	**20,000.00**	10,000.00	8,000.00	**18,000.00**
Michael Stammler	7,500.00	7,500.00	**15,000.00**	7,500.00	6,000.00	**13,500.00**
Thomas Philippiak	5,000.00	2,000.00	**7,000.00**	5,000.00	3,000.00	**8,000.00**
John Butt	5,000.00	5,000.00	**10,000.00**	5,000.00	3,000.00	**8,000.00**
Jean-Marie Solvay de la Hulpe	5,000.00	4,000.00	**9,000.00**	5,000.00	4,000.00	**9,000.00**
Oliver Krautscheid	5,000.00	4,000.00	**9,000.00**	5,000.00	4,000.00	**9,000.00**
Total			**70,000.00**			**65,500.00**

32. NUMBER OF EMPLOYEES

Die Heliocentris Gruppe beschäftigte im Jahr 2014 durchschnittlich 187 Mitarbeiter in Vollzeit (Full Time Equivalents – FTE) gegenüber 139 Mitarbeitern in Vollzeit im Vorjahr (ohne Vorstandsmitglieder und Geschäftsführer).

33. RELATED PARTY TRANSACTIONS

The group's ultimate parent is Heliocentris Energy Solutions AG.

No transactions were carried out with related parties.

The key management includes the directors (executive and non-executive) of the Company. The remuneration paid and the share options granted to key management for employee services is disclosed in note 31.

The following table shows the number of shares held by managing and supervisory board members as per 31 December 2014:

	2014	**2013**	**As at 1 January 2013**
Members of the managing board	81,672	125,872	125,872
Members of the supervisory board	1,273,499	537,998	346,271
	1,355,171	663,870	472,143

34. MANAGING BOARD

Members of the Managing Board in 2014 and 2013 included:

Ayad Abul-Ella, Berlin, Industrial engineer

Dr Henrik Colell, Berlin, Chemist

Dr. András Gosztonyi, Berlin, Businessman (until 31 January 2014)

Thomas Strobl, Brussels, Businessman (from 14 March 2014 (effective date 17 March 2014) until 5 September 2014)

The Company is represented by two members of the Managing Board or by one member of the Managing Board in conjunction with an authorized signatory. Members of the Managing Board are exempt from the restrictions set out in section 181 (2) of the German Civil Code.

35. SUPERVISORY BOARD

During 2014 and 2013, the members of the Supervisory Board of Heliocentris Energy Solutions AG were:

Oliver Borrmann, Berlin, Businessman,
Chairman

Michael Stammler, Lutzenberg/Schweiz, Businessman,
Vice chairman

Thomas Philippiak, Berlin, Businessman
John Butt, London/Großbritannien, Businessman
Jean-Marie Solvay de la Hulpe, La Hulpe/Belgium, Businessman
Oliver Krautscheid, Frankfurt, Businessman

Oliver Borrmann is member of the supervisory board in the following companies:

brand eins Medien AG (chairman)	01.01.2014 – 31.12.2014
Revotar Biopharmaceuticals AG	01.01.2014 – 04.03.2014

Michael Stammler is member of the supervisory board in the following companies:

eCapital entrepreneurial Partners AG	01.01.2013 – 31.12.2013
bmp media Investors AG	13.06.2013 – 31.12.2013
WM Treuhand & Steuerberatungsgesellschaft AG	01.01.2013 – 31.12.2013
Aquisuisse AG	09.04.2013 – 31.12.2013
Taunus Trust Group AG (chairman)	01.05.2013 – 31.12.2013

John Butt is member of the supervisory board in the following companies:	
Control Power Technologies, Großbritannien	01.01.2014 – 31.12.2014
Protonex Technology Corp., USA	01.01.2014 – 31.12.2014
Wal Fuel Systems	01.01.2013 – 31.12.2014
Tougas Oilfield Solutions GmbH (chairman)	03.09.2014 – 31.12.2014
Jean-Marie Solvay de la Hulpe is member of the supervisory board in the following companies:	
Solvay S.A.	01.01.2014 – 31.12.2014
International Institutes for Physics and Chemistry, founded by E. Solvay, asbl, Brüssel/Belgien (chairman)	01.01.2014 – 31.12.2014
Oliver Krautscheid is member of the supervisory board in the following companies:	
EPG Engineered nano Products Germany AG (chairman)	01.01.2014 – 31.12.2014
CD Deutsche Eigenheim AG (formerly DESIGN Bau AG) (chairman)	01.01.2014 – 31.12.2014
EASY SOFTWARE AG (chairman)	01.01.2014 – 31.12.2014
MOLOGEN AG (chairman)	13.08.2014 – 31.12.2014

Unqualified Audit Opinion on the Issuer's audited consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the EU ("EU-IFRS") as of and for the financial year ended 31 December 2014

To Heliocentris Energy Solutions AG

We have audited the consolidated financial statements prepared by Heliocentris Energy Solutions AG, comprising the consolidated balance sheet, consolidated income statement, notes to the consolidated financial Statements, consolidated cash flow Statement and consolidated statement of changes in equity, together with the Group management report for the financial year from January to 31 December 2014. The preparation of the consolidated financial statements and the Group management report in accordance with the relevant provisions of the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), and the additional requirements subjet to section 315a para. 1 of German Commercial Code (HGB) is the responsibility of the legal representatives of the Company. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 of the German Commercial Code and the German generally accepted standards for the audit of financial Statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the German principles of proper accounting and the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to potential misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the IFRS-consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the single-entity financial statements of the companies included in the IFRS-consolidated financial statements, the definition of the consolidated group and the accounting principles used and significant estimates made by the Company's legal representatives, as well as evaluating the overall presentation of the IFRS-consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the IFRS-consolidated financial statements, comply with the relevant provisions of IFRS as applicable in the European Union (EU) and the additional requirements subject to section 315a para. 1 of German Commercial Code (HGB), and give a true and fair view of the net assets, financial position and results of Operations of the Group in accordance with the principles of proper accounting. The group management report is consistent with the IFRS-consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development

Without restricting this assessment, we refer to the information given in the consolidated management report. There it is noted that the existence of Heliocentris Energy Solutions AG, as well as its affiliates, which presumably will not be able to finance the expansion of their business operations from own cash flow, is dependent on an increase in both further capital and additional liquidity. In case this cannot be provided until the 2nd quarter 2015, the existence of both Heliocentris Energy Solutions AG and its domestic affiliates is not ensured. Heliocentris Energy Solutions AG plans on having an increase of capital stock in April 2015 with a simultaneous replacement of the shares into the Prime Standard of Frankfurt Stock Exchange.

Berlin, 27 February 2015

RSM Verhülsdonk GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Thomas Beckmann
Auditor

Grote
Auditor

Financial Calendar

29.05.2015	Interim results per 31.3.2015
16.06.2015	Annual General Meeting
31.08.2015	Interim results per 30.6.2015
30.11.2015	Interim results per 30.9.2015
23. - 25.11.2015	German Equity Forum

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About Heliocentris

Heliocentris Energy Solutions AG is a leading technology provider of energy management systems and hybrid power solutions for distributed stationary industrial applications. Heliocentris' energy management systems and hybrid power solutions enable to operate distributed stationary industrial applications, currently in particular telecommunictaions base stations, much more energy and cost efficient than incumbent technologies that rely mainly on diesel fuel alone as an energy supply.

The Group's solutions create intelligent, remote controlled, reliable and highly efficient hybrid energy solutions from diverse components such as batteries, photovoltaic modules, conventional diesel generators and fuel cells. The solutions reduce CO_2 emissions by an average of 50% and operating costs by up to 60% compared to conventional energy solutions for mobile telecommunications base stations. Heliocentris' fuel cell systems ensure uninterrupted power supply with long runtimes to critical infrastructure such as TETRA base stations, back-bone sites in mobile networks and server stations. Additionally, the Group's offering includes products and solutions for education, training and applied research purposes in the field of fuel cells, solar, wind and hydrogen energy technologies.

The Company employs at present around 185 people and is headquartered in Berlin with offices in Munich, Stuttgart, Dubai, Yangon, Vancouver and Johannesburg. Heliocentris AG's shares are traded in the Entry Standard of the Frankfurt Stock Exchange under the security identification number (A1MMHE).

Further information is available at www.heliocentris.com

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