

**Edisun Power Europe AG
Zurich**

**Review Report
to the Board of Directors
on the condensed consolidated interim finan-
cial statements as of 30 June 2008**

7 August 2008/00596145001/10/BKP/hlt

Review Report
to the Board of Directors of
Edisun Power Europe AG
Zurich

According to your request, we have reviewed the condensed consolidated interim financial statements (condensed consolidated interim balance sheet, condensed consolidated interim income statement, condensed consolidated interim cash flow statement, condensed consolidated interim statement of changes in equity and notes to the condensed consolidated interim financial statements) of Edisun Power Europe AG for the six months period ended 30 June 2008.

These condensed consolidated interim financial statements are the responsibility of the Board of Directors. Our responsibility is to issue a report on these condensed consolidated financial statements based on our review.

Our review was conducted in accordance with the Swiss Auditing Standard 910 and with the International Standard on Review Engagements 2400, which require that a review be planned and performed to obtain moderate assurance about whether the consolidated interim financial statements are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements has not been properly prepared, in all material respects, in accordance with the International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers AG



Patrick Balkanyi
Auditor in charge



Matthias Haller

Zürich, 7 August 2008

Enclosure:

- condensed consolidated interim financial statements (condensed consolidated interim balance sheet, condensed consolidated interim income statement, condensed consolidated interim cash flow statement, condensed consolidated interim statement of changes in equity and notes to the condensed consolidated interim financial statements)

Condensed Consolidated Interim Balance Sheet (unaudited)

<u>Assets</u>	<u>Notes</u>	<u>30.06.2008</u>	<u>31.12.2007</u>
		TCHF	TCHF
Cash and cash equivalents		8'662	7'461
Trade receivables		609	2'616
Other receivables		3'100	557
Short-term financial asset		1'701	1'591
Other current assets		1'400	915
Total current assets		15'472	13'140
Investments in associates		0	0
Plant and equipment	5	34'848	31'683
Intangible assets		483	487
Deferred tax asset		139	38
Financial assets		298	328
Total non-current assets		35'768	32'536
Total assets		51'240	45'676
<u>Liabilities and equity</u>			
Borrowings	7	1'565	1'880
Trade payables		742	1'387
Other payables		786	3'879
Accrued expenses		596	359
Current income tax liability		125	121
Total current liabilities		3'814	7'626
Borrowings	7	29'382	22'507
Provisions		770	709
Accrued pension cost		26	30
Deferred tax liabilities		322	220
Total non-current liabilities		30'500	23'466
Total liabilities		34'314	31'092
Share capital	6	16'639	13'839
Share premium		679	732
Treasury shares	6	-192	-383
Other reserves		-423	144
Retained earnings		58	-81
		16'761	14'251
Minority interests		165	333
Total equity		16'926	14'584
Total liabilities and equity		51'240	45'676

The notes are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Interim Income Statement (unaudited)

	Notes	1.1.2008 - 30.6.2008	1.1.2007 - 30.6.2007
		TCHF	TCHF
Revenue from goods and services	9	5'117	398
Other revenue		2	0
Goods purchased		-3'572	-239
Personnel expenses		-246	-161
Rental and maintenance expenses		-98	-40
Administration expenses		-138	-34
Advertising		-66	-19
Other operating expenses		-19	0
EBITDA		980	-95
Depreciation and Amortisation	5	-610	0
EBIT		370	-95
Financial costs/income, net		-157	114
Share of loss in associated companies		0	-1
Net profit before tax		213	18
Income taxes		-71	14
Net profit		142	32
Attributable to shareholders of Edisun Power Europe AG		139	32
Attributable to minority interest		3	0
Earnings per share for profit attributable to the shareholders of Edisun Power AG during the period (expressed in CHF per share):			
- basic and diluted		0.91	0.57

The notes are an integral part of these condensed consolidated interim financial information.

Condensed Consolidated Interim Cash Flow Statement (unaudited)

	1.1.2008 - 30.6.2008	1.1.2007 - 30.6.2007
	TCHF	TCHF
Net profit	142	32
Reversal of non-cash items:		
Depreciation and amortization on plant, equipment and intangible assets	610	0
Change in accruals and provisions	133	6
Financial result	157	-114
Share of profit (loss) of associated companies	0	-1
Income taxes	71	-14
Income tax paid	-28	0
Interest paid	-312	-4
Cash flow before working capital changes	773	-95
Change in receivables	-1'015	496
Change in payables	-938	4'371
Cash flow from operating activities	-1'180	4'772
Investments in plant and equipment	-4'165	-8'991
Repayment / (proceeds) from financial assets	-78	8
Acquisition 4% shares of Edisun Power AG	0	0
Interest received	43	119
Cash flow from investing activities	-4'200	-8'864
Capital increase	-28	0
Proceeds from borrowings	6'908	8'095
Repayment of borrowings	-315	-30
Cash flow from financing activities	6'565	8'065
Net change in cash and cash equivalents	1'185	3'973
Cash and cash equivalents at the beginning of the period	7'461	1'913
Exchange gains (losses) on cash and cash equivalents	16	-1
Cash and cash equivalents at the end of the period	8'662	5'885

The notes are an integral part of these financial statements.

Condensed Consolidated Interim Statement of Changes in Equity (unaudited)

(for the periods ended June 30, 2008, December 31, 2007, June 30, 2007)

TCHF	Notes	Attributable to equity holders of the Company						Total equity
		Share capital	Share premium	Treasury shares	Other reserves	Retained (losses) / gain	Minority interest	
January 1, 2007		5'625	-307	0	-12	-275	0	5'031
Translation exchange					42			42
Net expenses recorded directly in equity					42			42
Net profit						32		32
Total received income					42	32		74
June 30, 2007		5'625	-307	0	30	-243	0	5'105
Translation exchange					114			114
Net expenses recorded directly in equity					114			114
Net profit						162	2	164
Total received income					114	162	2	278
Capital increase		8'214	1'039					9'253
Acquisition of subsidiaries				-538			331	-207
Treasury shares				155				155
December 31, 2007		13'839	732	-383	144	-81	333	14'584
Translation exchange					-567			-567
Net expenses recorded directly in equity					-567			-567
Net profit						139	3	142
Total received income					-567	139	3	-425
Capital increase		2'800	-28					2'772
Dividend Edison Power AG							-5	-5
Purchase of minority interests			-25	191		0	-166	0
June 30, 2008		16'639	679	-192	-423	58	165	16'926

The notes are an integral part of these condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Statements of Edisun Power Europe AG (unaudited)

(all amounts are in 000 CHF if not otherwise noted)

1. General information

Edisun Power Europe AG is a Swiss electricity supplier, which finances and operates photovoltaic (PV) systems and sells solar energy to the local electricity firms.

Edisun Power Europe AG is a limited company domiciled and incorporated in Switzerland. The address of the registered office is: Technoparkstrasse 1/71, 8005 Zurich, Switzerland

Edisun Power Europe AG is not listed at a stock exchange.

These half-year financial statements were authorized for issue by the board of directors on August 7th, 2008.

The solar electricity business is a seasonal business depending on the power of the sun radiation. The first and fourth quarter of the year have usually a lower production than the average, the second and third quarter produce over the average. The effect of this seasonality equilibrates over the year and within the semesters.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated interim financial information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Edisun Power Europe AG have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB). The consolidated financial statements are reported in Swiss Francs unless otherwise stated and are based on the interim accounts of the individual subsidiaries at 30 June 2008 which have been drawn up according to uniform Group accounting principles.

The 2008 consolidated interim financial information has been prepared in accordance with IAS 34 (Interim Financial Reporting).

The same accounting and valuation principles have been applied to these financial statements as to those that are described on pages 1 to 9 of the 2007 annual report of Edisun Power Europe AG. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

2.2 Consolidation

The results of subsidiary undertakings, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and they cease to be consolidated from the date that

Notes to the Condensed Consolidated Interim Financial Statements of Edisun Power Europe AG (unaudited)

(all amounts are in 000 CHF if not otherwise noted)

control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. All intercompany transactions, balances and unrealized gains and losses on transactions between Group companies are eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

2.3 Foreign currency translation

The exchange rates relevant to the annual financial statements were:

	30.06.2008	Average 1.1.2008 – 30.6.2008	30.06.2007	Average 1.1.2007 – 30.6.2007
1 EUR	1.6138	1.6345	1.669	1.6394

3. Associated companies

Edisun Power Europe AG owned 20% of the shares of Edisun Power GmbH, Germany until November 19, 2007. On November 19, 2007, Edisun Power Europe AG acquired the remaining 80% of the shares of Edisun Power GmbH and obtained control over this company. Up to the date of the acquisition, Edisun Power GmbH was accounted as an associated company.

Amounts included in the consolidated income statement of Edisun Power AG related to Edisun Power GmbH:

CHF in thousands	30.6.2008	30.6.2007
Beginning of the period	0	258
Exchange differences	-	-
Share of profit / (loss) of Edisun Power GmbH	-	-1
Business Combination	-	-
End of the period	0	257

4. Segmental information

(a) *Primary reporting format – geographical segments*

At 30 June 2008, the group is organised into four main geographical segments:

- Switzerland
- Germany
- Spain
- unallocated

Notes to the Condensed Consolidated Interim Financial Statements of Edisun Power Europe AG (unaudited)

(all amounts are in 000 CHF if not otherwise noted)

The segment results for the period ended 30 June 2008 are as follows:

	Switzerland	Germany	Spain	unallocated	Group
Total segment revenue	1039	1536	823	2186	5584
Inter-segment revenue	-	-	-	-465	-465
Revenue	1039	1536	823	1721	5119
Segment profit	229	212	-84	13	370
Financial costs – net				-157	-157
Share of loss in associate				0	0
Profit before income tax					213
Income tax expense					-71
Profit for the year					142

The segment results for the year ended 30 June 2007 are as follows:

	Spain	unallocated	Group
Total segment revenue	-	398	398
Inter-segment revenue	-	-	-
Revenue	-	398	398
Segment loss	-35	-60	-95
Finance income – net			114
Share of loss in associate			-1
Profit before income tax			18
Income tax			14
Profit for the period			32

The income tax credit is the result that the Company decided to capitalise incurred tax losses from prior year in Spain as the Company is convinced to utilise them in the future.

Notes to the Condensed Consolidated Interim Financial Statements of Edisun Power Europe AG (unaudited)

(all amounts are in 000 CHF if not otherwise noted)

Other segment items included in the income statement are as follows:

	Period ended 30 June 2008				Period ended 30 June 2007			Group
	Unallo- cated	CH	Germany	Spain	Group unallocated	Spain		
Depreciation (note 5)	-43	-365	-202	-	-610	-	-	-0
Impairment charge	-	-	-	-	-	-	-	-
Impairment of goodwill	-	-	-	-	-	-	-	-

5. Land, plant and equipment

	Land	PV-Plants	FF&E	Total
At 1 January 2007				
Cost or valuation	416	-	27	443
Accumulated depreciation	-	-	-11	-11
Net book amount	416	-	16	432
Period ended 30 June 2007				
Opening net book amount	416	-	16	432
Additions	12	4558	6	4576
Disposals	-	-	-	-
Depreciation charge	-	-	-	-
Foreign exchange difference	3	-	-	3
Closing net book amount 30 June 2007	431	4558	22	5011
At 30 June 2007				
Cost or valuation	431	4558	33	5022
Accumulated depreciation	-	-	-11	-11
Net book amount	431	4558	22	5011

Notes to the Condensed Consolidated Interim Financial Statements of Edisun Power Europe AG (unaudited)

(all amounts are in 000 CHF if not otherwise noted)

Period ended 31 December 2007

Opening net book amount 30 June 2007	431	4558	22	5011
Acquisition of subsidiary	-	23451	-	23451
Additions	-	3261	8	3269
Depreciation charge	-	-145	-11	-156
Foreign exchange difference	-3	111	-	108
Closing net book amount	428	31236	19	31683

At 31 December 2007

Cost or valuation	428	31381	41	31850
Accumulated depreciation	-	-145	-22	-167
Net book amount	428	31236	19	31683

	Land	PV-Plants	FF&E	Total
At 1 January 2008				
Cost or valuation	428	31381	41	31850
Accumulated depreciation	-	-145	-22	-167
Net book amount	428	31236	19	31683

Period ended 30 June 2008

Opening net book amount	428	31236	19	31683
Additions	-	4194	9	4203
Foreign exchange difference	-11	-417	-	-428
Depreciation charge	-	-599	-11	-610
Closing net book amount 30 June 2008	417	34414	17	34848

At 30 June 2008

Cost or valuation	417	35158	51	35626
Accumulated depreciation	-	-744	-34	-778
Net book amount	417	34414	17	34848

Notes to the Condensed Consolidated Interim Financial Statements of Edisun Power Europe AG (unaudited)

(all amounts are in 000 CHF if not otherwise noted)

6. Number of shares outstanding

	Number of ordinary shares issued	Numbers of ordinary shares outstanding
At 1 January 2007	56245	56245
At 30 June 2007	56245	56245

	Number of ordinary shares issued	Numbers of ordinary shares outstanding
At 1 July 2007	56245	56245
Capital increase	82146	82146
Increase of own shares through business combination	-	-4840
Decrease of own shares through business combination	-	1464
At 31 December 2007	138391	135015

The total number of ordinary shares is 138391 shares (30.06.2007: 56245 shares) with a par value of CHF 100 per share (30.06.2007: CHF 100 per share). The company issued new 82146 shares with a par value of CHF 100. These shares have been issued to acquire further shares of Edisun Power AG. All issued shares are fully paid.

	Number of ordinary shares issued	Numbers of ordinary shares outstanding
At 1 January 2008	138391	135015
Capital increase	27999	27999
Decrease of own shares through acquisition	-	1689
At 30 June 2008	166390	164703

The total number of ordinary shares is 166390 shares with a par value of CHF 100 per share. The company issued new 27999 shares with a par value of CHF 100. These shares have been issued to deliver them for the exchange of the shares of Edisun Power AG which have been received in 2007. Therefore no cash has been received for the company as a result of this capital increase. The outstanding obligation in respect with this transaction was included in other payables as of December 31, 2007.

On the General Assembly 2007 took place May 9, 2008, the company decided to create CHF 3 Mio. of new authorized capital. This additional capital was created to allow the company to have more flexibility in acquiring small companies or for establishing an ESOP plan.

Notes to the Condensed Consolidated Interim Financial Statements of Edisun Power Europe AG (unaudited)

(all amounts are in 000 CHF if not otherwise noted)

7. Borrowings

	30.6.2008	30.6.2007
In beginning of the period	24387	30
Issuances of borrowings	6560	8095
Repayments of borrowings	-	-30
Total borrowings	30947	8095
Current	1565	1500
Non-current	29382	6595

Straight bonds

In the period from 1 January 2008 to 30 June 2008 the group issued the following bonds (for the period 1. January 2007 to 30 June 2007, no bonds have been issued):

	Nominal value in 000 CHF	30.6.2008 in 000 CHF
3.75% 2008 – 2012 in CHF	1050	1003
4.0% 2008 – 2015 in CHF	1560	1495
4.50% 2008 – 2019 in CHF	4220	4062

8. Acquisition of minorities

The company has acquired further 4% of Edisun Power AG and as of June 30, 2008 holds a participation of 96% (31.12.2007: 92%) of the Edisun Power AG's shares. The shareholders of Edisun Power AG had the option between a cash payment, compensation in shares of Edisun Power Europe AG or both. The fair value of the shares of Edisun Power Europe AG was determined based on the consideration paid in cash.

9. Revenue

	30.6.2008	30.6.2007
Revenue from sale of electricity	1383	0
Revenue from sale of modules	3588	388
Revenue from services	146	10
Total revenue	5117	398

10. Dividends per share

No dividends were paid out as of 30 June 2008 and 2007.