

Edisun Power Europe Ltd.
Corporate Governance Report 2011
Financial Statements 2011



Editorial



In 2011 Edisun Power for the first time exceeded 10 million kilowatt-hours power production. Power revenue rose 25% year on year. Edisun Power posted earnings before interest, tax, depreciation and amortization (EBITDA) of CHF 3.7 million, or 26% higher than the previous year (2010: CHF 2.9m).

The operating result, too, increased to a striking CHF 1.02 million (2010: CHF 0.06m). In exchange-rate adjusted terms, power revenue rose by a robust 35%. Power sold abroad accounts for 62% of the revenue (2010: 65%).

CHF 13 million for new facilities

Installed capacity rose by 21.9% to 11.7 megawatts (2010: 9.6 MW). The fall saw 2.1 megawatts (MW) of new capacity go online in France, a doubling of French facili-

ties over 2010. Revenue from this power, however, will only go into full swing in 2012, since the plants were connected to the grid in the fall, the beginning of the winter half-year, a period of less sunshine and lower yields. The commencement of construction of the 2.2-MW facility in Spain, Edisun Power's largest, generated investment costs, and revenue will only begin to flow when it goes online in 2012. All in all Edisun Power invested CHF 13 million (2010: CHF 9m) in new facilities. With this expansion and local refinancing, Edisun Power has been able to take a step in the direction of the critical mass absolutely necessary for a stable positive result.

Double burden due to young facilities

Financing costs for the facilities are at their highest in the years immediately following grid connection. Together with linear depreciation over 25 years, the non-operational double burden of facilities is high in start-up years, and since Edisun Power's facilities are young, this had a negative effect on its net result of TCHF -917 (2010: TCHF -1073). This system of posting business results is thus to be distinguished from the evaluation of long-term profitability, which is clearly determined by calculable projects. This is also borne out by the sharp rise in operational cashflow, which at CHF 1.9 million has doubled compared to the previous year's (2010: CHF 1.0m).

Markus Kohler
CEO and CFO ad interim, Edisun Power Group

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Corporate Governance Report 2011

Edisun Power has high standards when it comes to effective Corporate Governance, so ensuring responsible and transparent company leadership and management leading to long-term success. This is the key to meeting all the demands of our various stakeholder groups, whether shareholders, customers, employees or the local communities we operate in.

Corporate Governance describes how management is organized and how this is put into practice. It ultimately aims to lead us to success by protecting the interests of our shareholders while at the same time creating value for all stakeholders. The Board of Directors has committed itself to maintaining the highest standards of integrity and transparency in the governance of the company. In this, it is guided by the Swiss Code of Best Practice and the most recent principles of Corporate Governance. Good Corporate Governance seeks to balance entrepreneurship, control and transparency, while promoting efficient decision-making process within the company. The Board of Directors and the Management Board constantly work on improving the quality of Corporate Governance.

1 Executive Summary

Changes in share capital

As of December 31	2011	2010	2009
Ordinary share capital (in CHF)	34 157 600	34 157 600	34 157 600
Total shares	341 576	341 576	341 576
Authorized capital (in CHF)	-	-	3 000 000
Authorized shares	-	-	30 000

Significant Shareholders as of December 31

	2011 Number of Shares	2011 in %	2010 in %
Multina Group ¹⁾	-	-	12.2 %
Eberhard Martin ²⁾	36 091	10.6 %	-
Coopera Sammelstiftung PUK	10 750	3.1 %	3.1 %

¹⁾ Multina Group has been dissolved as of April 18, 2011

²⁾ Martin Eberhard was part of the Multina Group

Auditors

The auditors are appointed annually by the General Shareholders' Meeting for a one-year term of office. PricewaterhouseCoopers AG, Zurich, was first appointed at the General Shareholders' Meeting of May 9, 2008. The auditor in charge is Patrick Balkanyi, who exercised this function since then.

Shareholders' participation rights

- Each ordinary share, which has been registered, bears one voting right at the General Shareholders' Meeting and is entitled to dividend payments.
- Extraordinary Shareholders' Meetings are convened by the Board of Directors if shareholders representing at least 10 % of the share capital request such meetings.

Compensation in CHF

	2011
Total compensation of the Board of Directors	135 870
Total compensation of the Management Board	450 270

Highest total compensation in CHF

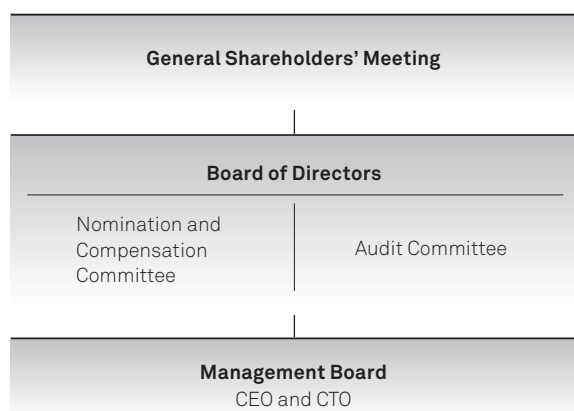
	2011
Board of Directors:	
Heinrich Bruhin	55 250
Management Board:	
Mirjana Blume	237 810

2 Group structure

Operational Group structure

The headquarters of Edisun Power Group is in Zurich, Switzerland. The activity of Edisun Power spreads over 4 countries through its subsidiaries in each country (i.e. Switzerland, Germany, Spain and France). Edisun Power Europe Ltd. is the parent company and is listed on the main segment of the SIX Swiss Exchange.

The following chart shows the operational Group structure as of December 31, 2011:



Listed companies

Apart from Edisun Power Europe Ltd. there are no other companies belonging to the consolidated Edisun Power Group, whose equity securities are listed on a stock exchange.

Key data for the shares of Edisun Power Europe Ltd. as of December 31:

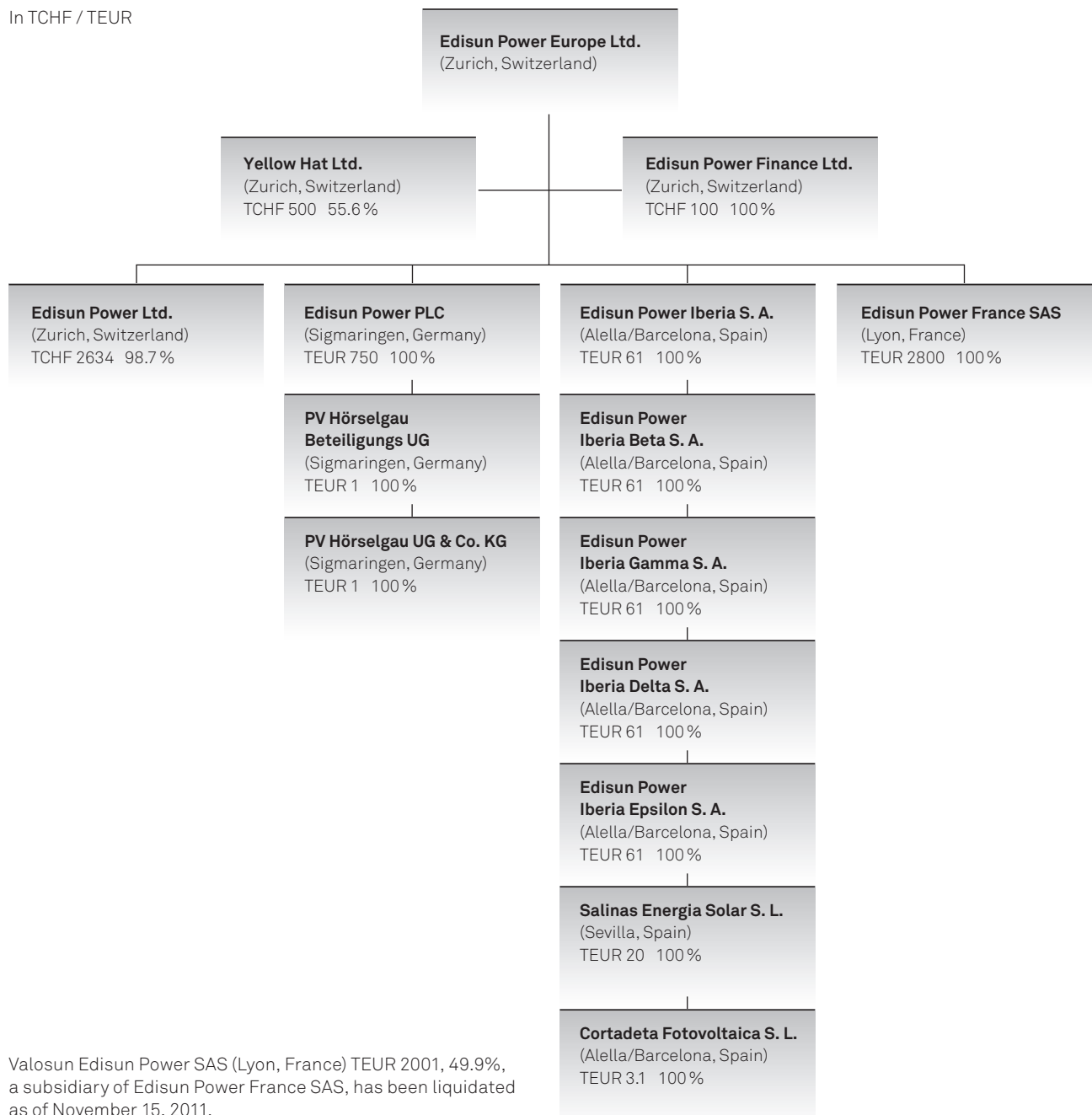
	2011	2010	2009
Market capitalization (in CHF m)	20	19	32
In % of equity	106.26 %	89.54 %	104.9 %
Share price (in CHF)	58.00	57.00	93.40

Registered office:	8006 Zurich, Switzerland
Listing:	SIX Swiss Exchange
Security no.:	2 473 640
ISIN:	CH0024736404
Ticker symbol:	ESUN
Par value:	CHF 100.00

Non-listed companies

The following organizational chart shows all companies of the Edisun Power Group as of December 31, 2011 (registered office, share capital in local currency and share of ownership in %):

In TCHF / TEUR



3 Shareholders

Registered shareholders

As of December 31, the shareholdings of registered shareholders were distributed as follows:

Number of shares held	2011	2010
1 – 100	707	690
101 – 1 000	523	510
1 001 – 10 000	26	27
10 001 – 100 000	2	2
Total registered shareholders	1 258	1 229

Significant shareholders

The following overview shows the shares held by significant shareholders as of December 31:

	2011 Number	2011 in %	2010 in %
Multina Group ¹⁾	-	-	12.2%
Eberhard Martin ²⁾	36 091	10.6%	-
Coopera Sammelstiftung PUK	10 750	3.1%	3.1%
Registered shareholders with interests below 3%	262 359	76.8%	72.2%
Not registered	32 376	9.5%	12.5%
Total shares	341 576	100.0%	100.0%

¹⁾ Multina Group has been dissolved as of April 18, 2011

²⁾ Martin Eberhard was part of the Multina Group

There were the following significant shareholder notifications during 2011:

- March 4, 2011, Hansjürg Leibundgut acquired shares of Edisun Power and had a new total of 10 370 shares (3.0359%).
- March 29, 2011, Hansjürg Leibundgut notified the reduction of his shares in Edisun Power to below 3%. This is due to a share transaction (sale) dated March 18, 2011.
- April 27, 2011, Multina Group, consisting of Multina AG, Dr. Luca Schenk and Martin Eberhard, announced its dissolution on April 18, 2011, and the acquisition of 36 091 shares (10.57%) by Martin Eberhard.

All significant shareholder notifications can be accessed on the SIX website (www.six-swiss-exchange.com).

Shareholder structure

The following overview shows the shareholder structure by type of shareholder as of December 31:

Type	2011	2010
Individual shareholders	80 %	77 %
Legal entities	7 %	7 %
Nominees, fiduciaries	4 %	4 %
Not registered	9 %	12 %
Total	100 %	100 %

The following overview shows the shareholder structure by domicile of shareholder as of December 31:

Origin	2011	2010
Switzerland	88 %	85 %
Europe (ex Switzerland)	2 %	3 %
Not registered	10 %	12 %
Total	100 %	100 %

Cross-shareholdings

Edisun Power Europe Ltd. has no cross-shareholdings with other companies.

4 Capital structure

As of December 31, 2011 the capital of Edisun Power Europe Ltd. comprises the following:

Ordinary share capital (in CHF)	34 157 600
Total shares	341 576
Authorized capital (in CHF)	-
Authorized shares	-

Authorized and conditional capital

Edisun Power Europe Ltd. has no authorized and no conditional capital.

Changes in capital

As of December 31, the capital of Edisun Power Europe Ltd. comprises the following:

Changes in share capital	2011	2010	2009	2008	2007	2006	2005
Ordinary share capital (in CHF)	34 157 600	34 157 600	34 157 600	34 157 600	13 839 100	5 624 500	300 000
Total shares	341 576	341 576	341 576	341 576	138 391	56 245	3 000
Authorized capital (in CHF)	-	-	3 000 000	3 000 000	-	-	-
Authorized shares	-	-	30 000	30 000	-	-	-

In previous years, the share capital was annually increased by issuing ordinary shares with a par value of CHF 100 – in 2006 by 53 245 shares, in 2007 by 82 146 shares and in 2008 by 203 185 shares.

Shares and participation certificates

Edisun Power Europe Ltd. registered shares have been listed on the SIX Swiss Exchange since September 26, 2008. The par value is CHF 100.00 per share. The share capital is fully paid up. Each ordinary share bears one voting right at the General Shareholders' Meeting and is entitled to dividend payments.

Edisun Power Europe Ltd. has not issued any participation certificates.

Profit sharing certificates

Edisun Power Europe Ltd. has not issued any profit sharing certificates.

Limitations on transferability and nominee registrations

To be recognized as a shareholder with comprehensive rights, the acquirer of shares must place an application for entry in the share register. The Corporation may refuse the entry in the share register if the applicant does not explicitly declare that it has acquired and will hold the shares in its own name and on its own account. Parties who act together are considered as one person. The Board of Directors may approve exceptions with good reason and no special quorum is required for such decision.

Granting exceptions in the year under review

During the reporting period, no exceptions to the above listed rules were granted by the Board of Directors.

Admissibility of nominee registration

The Board of Directors may enter Nominees in the register of shareholders as holding voting rights for up to 3% of the share capital recorded in the Commercial Register. The Board of Directors may enter shares of Nominees in the register of shareholders, if the Nominee discloses the name, address and stock of shares of the person, for whose account the Nominee holds 3% or more of the share capital. Nominees within the meaning of this provision are persons having filed an application for registration, not expressly declaring themselves to be holding Shares for their own account, and with whom the Board of Directors has reached an agreement to this effect. Legal entities and associations that are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships that act in concert, syndicate or in like manner with the intent to evade the entry restriction, are considered as one Nominee within the meaning of this article.

Procedures and conditions for cancelling statutory privileges and limitations on transferability

To abolish this regulation, the absolute majority of the votes represented at the General Shareholders' Meeting is sufficient.

Convertible bonds and warrants/options

Edisun Power Europe Ltd. has not issued any convertible bonds, warrants or options.

5 Board of Directors

The Board of Directors may take decisions in all matters that are not reserved for the general meeting of shareholders. The Board of Directors is responsible for the ultimate management of the Company as well as for the ultimate supervision of the management. The Board of Directors' non-transferable and inalienable duties according to Swiss corporate law include the establishment of the organizational structure and the accounting system of the Company, financial control and financial planning, appointment and dismissal of management, overall supervision of the management, preparation of the annual report, as well as the shareholders' meeting and notification of the court in case of qualified indebtedness. The Board of Directors can delegate the management entirely or in part to individual members of the Board of Directors or to third persons. To this end, the Company has enacted organizational regulations, which further detail the duties and competence of the Board of Directors in particular with regard to planning, regulation, supervision and personnel matters.

Heinrich Bruhin, Chairman of the Board

born 1948, Swiss national
non-executive member

Heinrich Bruhin has been committed to Edisun since its foundation in 1997, serving as a member of the Board of Directors of Edisun Power Ltd. since 2000, and since 2003 as Chairman of the Board. A founding member of Edisun Power Europe Ltd. (founded in 2005), he is a member of the Board of Directors and has been Chairman of the Board of the entire Group since August 2010. His training as an electrical engineer (dipl. Elektroingenieur FH from the University of Applied Sciences in Zurich) has granted him extensive experience in the planning, construction and operation of complex structures and energy facilities, experience he honed in an earlier stint at Sulzer and, from 1989 to 2007, while charged with the planning and operation of complex structures and construction infrastructure at the SIX Group (formerly Telekurs). Since 1997 he has been a member of the foundation board of the SIX Group, and has spent six years as its president. In addition, he has been a member of the investment committee since 1997, currently with assets under management of more than a billion francs.

Peter Toggweiler, Vice-Chairman of the Board

born 1956, Swiss national
non-executive member

Peter Toggweiler is one of the founders of the Group. As an electrical engineer (El. Eng. HTL from the University of Applied Sciences in Rapperswil) he has been working in the field of solar energy and photovoltaics for over 25 years. Since 2009 he has worked for Basler & Hofmann AG, which is one of the leading engineering offices in Switzerland. His experience ranges from research and development to planning, conceptual work and strategies. He has been active in Switzerland, Europe, America and Asia, working on projects for the World Bank, the EU, IEA and other international organizations. Since 2008 he has been chairman of the national committee for standards for photovoltaic power systems, which is part of Electrosuisse and the International Electrotechnical Commission (IEC). He is Chairman of the Board of Enecolo AG and board member of EGON AG.

Pius Hüsser, Member of the Board

born 1955, Swiss national
non-executive member

Pius Hüsser has been a member of the Board of Directors of Edisun Power Ltd. since 2004 and was Chairman of the Board of Directors of the Company from 2005 to August 2010. He has a Masters degree in energy from the University of Applied Sciences of Basel. Pius Hüsser has long-standing experience within the field of photovoltaics and renewable energies, being a founding member and partner of Nova Energie GmbH since 1996, a former director of InfoEnergie and a founding member and co-partner of W + S AG. He is the Vice President of Swissolar, a Swiss representative of IEA and counsel to the Swiss Confederation for renewable energies.

Martin Eberhard, Member of the Board

born 1958, Swiss national
non-executive member

Martin Eberhard has been a member of the Board of Directors of the Company since 2011. He holds a BA in Economics and Business Administration. He attended the Swiss Banking School and the Advanced Executive Program at Kellogg University, Chicago. Martin Eberhard works today as an independent financial consultant. From 2000 until 2009 he was Chief Executive Officer of NZB Neue Zürcher Bank. Prior to this, he spent 16 years (from 1984 to 2000) at Bank Julius Baer in Zurich. In 1992 he was promoted to Managing Director and Head of Sales, Research and Trading for Switzerland. In 1996 he became a member of the Management Board and Head of Brokerage and Capital Markets. Prior to Julius Baer, Martin Eberhard worked for six years (from 1978 to 1984) in various sales, trading and capital market positions for Swiss Banking Corporation. He is sole member of the Board of Directors of Rimesa AG.

Election procedure and limits on the terms of office

The Articles of Association of Edisun Power Europe Ltd. provide that the Board of Directors consists of three to nine members. As of December 31, 2011, the Board of Directors consists of four members.

The members of the Board of Directors are elected individually by the Annual General Shareholders' Meeting. The members are all elected for a period of one year. The term ends on the day of the Annual General Shareholders' Meeting. If, during a term, a substitute is elected to the Board of Directors, the newly elected member finishes the term of his or her predecessor. Re-election for successive terms is possible.

Allocation of tasks within the Board of Directors

The Board of Directors appoints itself and names its Chairman (by now Heinrich Bruhin) and its secretary. The secretary need not be a member of the Board of Directors or a shareholder. Since November 19, 2007, Christian Witschi, legal counsel to the company, has been secretary of the Board of Directors.

The adoption of resolutions by the Board of Directors requires an absolute majority of the votes cast. In a tie vote, the chairman of the Board of Directors has the deciding vote. Resolutions on a motion may also be reached in writing if no member of the Board of Directors objects to this process. Minutes must be kept of the deliberations and resolutions and signed by the chairman and secretary of the Board of Directors.

The allocation of assignments between Board of Directors and the CEO is defined in the Edisun Power Europe

Ltd. Organizational Regulations. In accordance with the Organizational Regulations, the Board has appointed an Audit Committee and a Nomination and Compensation Committee.

Member list, tasks and area of responsibility for Board of Directors committees

The duties and authorities of the committees are defined in the Committee Charters of the Board of Directors of Edisun Power Europe Ltd. The committees report to the Board on their activities and findings. The overall responsibility for duties delegated to the committees remains with the Board. The committees were established during the course of the initial public offering in September 2008. Until then the entire Board of Directors was in charge of the duties.

Audit Committee

Since 2011, members of the Audit Committee have been Pius Hüsler (Chairman, since June 9, 2011), Dominique Fässler (Chairman, until June 9, 2011), Peter Toggweiler and Martin Eberhard (new member since June 21, 2011). All members are independent, which ensures the degree of objectivity required for them to exercise their functions. The Audit Committee meets at least three times a year, but as often as required. In the year under review, three regular meetings of the Audit Committee were held. All of the meetings were attended by all members of the committee as well as the CEO/CFO and the CTO as guests. Furthermore, two meetings were also attended by the lead auditor. The average duration of the meetings was 2.2 hours.

Within the context of its overall remit, the Audit Committee assesses on behalf of the Board of Directors the work and effectiveness of the external auditor by evaluating their level of competence, independence, communication, quality of deliverables as well as fees. Furthermore, the Audit Committee assesses the financial control, the financial structure and risk management mechanisms of the company, and reviews the interim and annual financial accounts of the Group. The details of the Audit Committee's Charter may be found on our website at www.edisunpower.com/en/home-en/investors-en/corporate-governance-en/board-of-directors-and-executive-board.

Nomination and Compensation Committee

Since May 2010 the Nomination and Compensation Committee has been integrated into the Board of Directors. Therefore, all members of the Board are now also members of the Nomination and Compensation Committee. The Nomination and Compensation Committee meets at least once a year, but as often as required. In 2011 the Committee met two times and had furthermore several job interviews with potential CEO candidates in the second half of 2011. The meetings were attended by all members of the committee. The average duration of each meeting was 1 hour.

The primary task of this Committee is to review and propose to the Board of Directors the compensation structure and the amount for the Board of Directors and the members of the Management Board, and to select and propose to the Board of Directors suitable candidates for election to the Board of Directors and upon recommendation of the CEO for appointment to the Management Board. The Committee submits the relevant proposals

and nominations to the Board of Directors. The details of the Nomination and Compensation Committee's Charter may be found on our website at www.edisunpower.com/en/home-en/investors-en/corporate-governance-en/board-of-directors-and-executive-board.

Working methods of the Board of Directors and its committees

The Board of Directors convenes an ordinary meeting as often as the business and the affairs of the Company require. Additional meetings or telephone conferences are held as needed. The Board of Directors may pass resolutions if the majority of its members is present (including presence via phone or electronic media), except with respect to resolutions regarding the implementation of capital increases for which no quorum must be met. In 2011, the Board of Directors held six meetings and two telephone conferences. Most ordinary meetings of the Board of Directors last half a day. The CEO/CFO and CTO of the Group regularly take part in meetings of the Board of Directors to report on special projects in their areas of responsibility. In addition, the Board of Directors receives monthly written reports on current projects, liquidity planning, sale of electricity and budget variances.

Definition of areas of responsibility

The Board of Directors has delegated the day-to-day management of Edisun Power to the Executive Management (comprising CEO/CFO and CTO), except as otherwise provided by law and the Articles of Association. The CEO heads the operative business and has the necessary competence to fulfill her duties, except

as otherwise provided by law, the Articles of Association or the organizational regulations. The specific tasks and areas of authority are specified in the organizational regulations and in the annex to the Company's organizational regulations. Interested parties may find the respective documents on our website at www.edis-unpower.com/en/home-en/investors-en/corporate-governance-en/board-of-directors-and-executive-board. The primary tasks reserved for the Board of Directors are the definition of principles and decisions concerning the subjects of corporate strategy, financial planning, organizational structure, human resources policy and oversight of top management. The Board of Directors is also responsible for the preparation of the annual report, the preparation of the shareholders' meeting and the implementation of the resolutions adopted at shareholders' meetings. Last but not least, the board approves the formal risk assessment which is required by Article 663b of the Swiss Code of Obligations. The Board has approved the design, implementation and maintenance of the Internal Control System required under applicable law.

Information and controlling instruments vis-à-vis the Management Board

The Chairman and/or other members of the Board of Directors may attend the bi-weekly meetings of the Management Board. During the Board and committee meetings, the Management Board reports regularly to the Board of Directors about the course of business. In case of extraordinary events, the Management Board is to inform the Board of Directors immediately. In connection with meetings of the Board of Directors, the individual members of the Management Board report to the Board

of Directors on their respective business areas.

The standardized quarterly reporting of the Group consists of management reporting and consolidated accounting. This data is compiled for the Group and compared to the previous year and the budget. The resulting analysis and action taken are analyzed quarterly by the Management Board. Complete consolidated financial statements under IFRS are prepared on a semi-annual basis. The quarterly reports and the financial statements are submitted to the Board of Directors.

Risk management analyzes the Group's overall risk exposure and supports the strategic decision-making process. Therefore, it is closely linked with the Group's strategic management process. The types of risks considered are market, business environment, operations, financial (including currency, interest, cash-flow and liquidity risks), compliance and reputational aspects. For further information on financial risks please refer to pages 38 to 39 of the financial report. The examination of risk exposure is, however, not restricted to an analysis of threats, but also identifies possible opportunities. The Board of Directors analyzes the Group's risks at least once a year and discusses them with the Management Board in the context of a strategic meeting.

6 Management Board

The Management Board is responsible for the operational management of the company. Furthermore, it prepares for and later executes decisions made by the Board of Directors. According to the Organizational Regulation of Edisun Power Europe Ltd. it consists of at least the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). The Management Board is appointed by the Board of Directors.

Mirjana Blume CEO/CFO from March 2009 until November 30, 2011

born 1975, Swiss national

Mirjana Blume has been working for the Company as Chief Financial Officer and Deputy CEO since the beginning of 2008 and was appointed Chief Executive Officer in March 2009. She held this position until November 30, 2011. She has broad experience in accounting, controlling and finance, inter alia with PricewaterhouseCoopers, Swissôtel Management and seven years as CFO in the pharmaceutical sector with MediService and Novartis Oncology Switzerland. Mirjana Blume completed her degree in Business Administration at the HWZ University of Applied Sciences Zurich and holds an Executive MBA from the University of St. Gallen.

Rainer Isenrich CEO/CFO as of March 1, 2012

born 1960, Swiss national

Rainer Isenrich was appointed Chief Executive Officer and Chief Financial Officer as of March 1, 2012. He has broad experience in management, inter alia with Mettler Toledo, Accenture, Georg Fischer, Multi-Contact, Infranor and Fischer Söhne. His work for Multi-Contact made him familiar with the photovoltaic industry. Rainer Isenrich holds a Masters degree in electrical engineering from the Swiss Federal Institute of Technology Zurich. Moreover, he completed a degree in Business Administration at the Georgia Institute of Technology (Atlanta/USA).

Markus Kohler Chief Technical Officer since 2010 CEO/CFO ad interim from December 1, 2011 until February 29, 2012

born 1972, Swiss national

Markus Kohler has been working for the Company as Chief Technical Officer since April 2010, and as CEO/CFO ad interim since December 1, 2011. Before joining the Group, he worked for ten years with Multi-Contact as product manager where he was mainly responsible for the development of the photovoltaic division. Markus Kohler holds an engineering degree HTL from the University of Applied Sciences in Biel as well a Master of Advanced Studies FHNW from the University of Applied Sciences in Basel.

7 Compensation and shareholdings

Content and method of determining the compensation

The compensation principles of Edisun Power Europe Ltd. are based on performance considerations. The compensation packages of Edisun Power Group employees consist of a fixed salary and, since 2009, a variable performance-related salary for middle and top management of the Group.

Fixed salary

The fixed salary is intended to give each employee a regular and predictable salary that does not depend on the annual performance of the employee or of the Edisun Power Europe Group's business. Salary levels depend on job characteristics and market competitiveness as well as on the skills of each employee. It is reviewed yearly and its evolution depends on the individual performance of the employee.

Variable salary

In 2009 the Group introduced a variable salary component to middle and top management in the range of 10 to 20% of fixed salary depending on job characteristics and management level. Since the CEO/CFO resigned from the position as of November 2011, only the CTO will be entitled to a variable salary component for 2011. The objectives to be met in order to achieve the variable salary are typically defined for each employee at the beginning of the financial year. The objectives comprise operational, financial and organizational elements at personal and

company level. The actual payout subsequently depends on the performance achieved by the employee compared with the individual objectives agreed upon at the beginning of the financial year (CEO/CFO: employee retention, revision of financial reporting, implementation of consolidation tool; CTO: development of technical department, ensure full project pipeline, availability of photovoltaic installations) as well as the overall performance of the Edisun Power Group (achievement of EBIT-target and project IRR target). Following that mechanism, the variable salary of the CEO/CFO and CTO will be approved by the NCC.

Determination of the compensation to members of the Board of Directors and the Management Board

Board of Directors

All members of the Board of Directors receive a fixed fee. In addition, the Chairman of the Board of Directors and members of the Audit Committee or the Nomination and Compensation Committee are paid supplementary compensations. No extraordinary fees were paid out to the Board of Directors in 2011. The compensation of the Board of Directors is reviewed by the Nomination and Compensation Committee once a year and adjusted as necessary. Changes require the approval of the Board of Directors.

The following table shows the compensation to the individual members of the Board of Directors in the year under review and the previous year in CHF:

	Financial year	Fixed fee	Social benefits (employer's contribution)	Total cash compensation	Total compensation
Heinrich Bruhin Chairman	2011	52 000	3 250	55 250	55 250
	2010	31 500	1 906	33 406	33 406
Peter Toggweiler Vice-Chairman	2011	26 000	0	26 000	26 000
	2010	22 667	0	22 667	22 667
Pius Hüsser Member	2011	25 000	0	25 000	25 000
	2010	40 000	0	40 000	40 000
Martin Eberhard New member	2011	18 000	1 120	19 120	19 120
	2010	0	0	0	0
Dominique Fässler Member until 9.6.11	2011	10 500	0	10 500	10 500
	2010	23 500	0	23 500	23 500
Giuseppina Togni Former member	2011	0	0	0	0
	2010	7 500	0	7 500	7 500
Christian Androschin Former member	2011	0	0	0	0
	2010	10 333	0	10 333	10 333

Management Board

The Management Board of Edisun Power Europe Ltd. consists of the CEO/CFO and CTO. Their annual financial compensation consists of a fixed and (since 2009) a variable salary of maximum CHF 40 000 for the CEO/CFO and CHF 20 000 for the CTO, customary social benefits (employer's contribution) and expenses. The fixed salary is paid in cash on a monthly basis (1/13th with the 13th salary in December) and the variable salary (if any) is paid in cash at the beginning of the next fiscal year. The financial compensation of the Management Board is set by the Nomination and Compensation Committee and the decision is noted by the Board of Directors as a whole. A benchmarking within the European solar market takes place periodically. Contractually the individual bonuses are entirely at the

discretion of the Nomination and Compensation Committee. However, in making its decision the NCC considers the objectives defined in advance (see page 18). Moreover, employees are only entitled if as of December 31 the employment is not under notice of termination. For 2011 a management board bonus of CHF 40 000 was accrued for the CEO/CFO and CTO function. No further compensation in shares or options of the group was granted.

The employment contracts of the former CEO/CFO and the CTO were concluded for an indefinite period of time and may be terminated with six months' notice. Neither of these contracts of employment include severance compensation. Mirjana Blume, the CEO/CFO who resigned in 2011, did not receive severance compensation.

The following table shows the compensation granted to the CEO/CFO and the CTO in the year under review and in the previous year in CHF:

	Financial year	Fixed salary	Variable salary	Social benefits	Expenses	Total compensation
Mirjana Blume CEO&CFO ¹⁾	2011	206 250	0	26 610	4 950	237 810
	2010	227 400	32 000	27 397	5 400	292 197
Markus Kohler CTO since April 2010 ²⁾	2011	150 000	40 000	17 660	4 800	212 460
	2010	101 255	12 000	11 974	3 600	128 829
Marc Ledergerber CFO ³⁾	2011	0	0	0	0	0
	2010	94 667	0	10 570	1 042	106 279

¹⁾ CEO&CFO until November 30, 2011, variable salary paid based on achievements 2010

²⁾ CEO&CFO ad interim from December 1, 2011

³⁾ CFO until May 31, 2010

Additional payments to members of the Board of Directors and the Management Board

Neither in the reporting period nor in the previous year were additional fees paid for services on top of the ordinary compensation, nor were any loans awarded or guarantees given to members of the Board of Directors or the Management Board and persons closely linked to them.

On the basis of a loan agreement, Martin Eberhard was granted the following funding fee (in CHF):

	2011	2010
Funding fee	9 104	-

Related parties transactions

The following transactions were carried out with related parties (in CHF):

Purchase of services	2011	2010
An entity controlled by a board member	12 000	-

All transactions with entities controlled by a member of the Board of Directors are made on normal commercial terms and conditions and do not include any executive or managerial functions.

8 Shareholders' participation rights

Voting rights and representation restrictions

Each ordinary share, which has been registered, bears one voting right at the General Shareholders' Meeting and is entitled to dividend payments (Art. 6 para. 1 of the Articles of Association).

Statutory quorums

The General Shareholders' Meeting passes its resolutions and carries out its elections with an absolute majority of the share votes represented, to the extent that neither the law nor Articles of Association provide otherwise.

Convocation of the General Shareholders' Meeting

The Annual General Shareholders' Meeting is held within six months after the close of the financial year.

Extraordinary General Shareholders' Meetings can be called as often as necessary, in particular in all cases required by law.

General Shareholders' Meetings are convened by the Board of Directors and, if necessary, by the auditors. Extraordinary General Shareholders' Meetings are convened by the Board of Directors if shareholders representing at least 10% of the share capital request such meetings in writing, setting forth the items to be discussed and the proposals to be decided upon.

Agenda

Shareholders entitled to vote who represent at least 10% of the share capital may request items to be added to the agenda by indicating the relevant proposals. Such requests must be addressed in writing to the Chairman of the Board of Directors no later than 45 days before the meeting.

Changes of control and defense measures

There are no clauses relating to changes of control or defense measures

9 Auditors

Duration of the mandate and term of office of the lead auditor

During the Annual General Shareholders' Meeting of May 9, 2008, PricewaterhouseCoopers AG was first appointed as auditors of Edisun Power Europe Ltd. and Edisun Power Group. They were elected following a due diligence process and mainly on the basis of their level of competence, their independence and their reputational standing as one of the Big 4. Ecovis ws&p AG had previously been tasked with the statutory audit. PricewaterhouseCoopers was elected for a term of one year, with Patrick Balkanyi acting as lead auditor since then. In accordance with Swiss law, the lead auditor can serve for a maximum term of seven years.

Fees

The following overview shows all cost which PricewaterhouseCoopers charged to the Edisun Power Group during the financial years 2011 and 2010, in CHF:

	2011	2010
Audit services	85 300	67 900
Total	85 300	67 900

Audit services are defined as the standard audit work that needs to be performed each year in order to issue opinions on the Consolidated Financial Statements of the Edisun Power Group as well as opinions on the local statutory accounts of Edisun Power Europe Ltd.

Information instruments pertaining to the external audit

Prior to the start of the annual audit, PricewaterhouseCoopers presents to the Audit Committee a detailed annual audit plan including the proposed audit fees. At the end of the audit, PricewaterhouseCoopers presents to the Audit Committee a detailed report on the conduct of the financial statements audit, the findings (if any) on significant financial accounting and reporting issues as well as the findings (if any) on the Group's internal control system (ICS). The Audit Committee of the Board of Directors reviews the performance, compensation and independence of the external auditors on a regular basis. The Audit Committee regularly reports its findings to the Board of Directors.

10 Information Policy

The Edisun Power Group reports to shareholders, the capital market, employees and the public at large in a transparent and timely manner concerning its strategy, its global activities and the current state of the company. We nurture an open dialogue with our most important stakeholders, based on mutual respect and trust. This enables us to promote an understanding of our objectives, strategy and business activities, and ensure a high degree of awareness about our company.

As a listed company, Edisun Power Europe Ltd. is committed to disclosing facts that may materially affect the share price (ad-hoc disclosure, Art. 72 of the SIX listing rules). Members of the Board of Directors and the Management Board are subject to SIX rules on the disclosure of management transactions. These can be accessed on the SIX website (www.six-swiss-exchange.com).

The most important information tools are the annual and semi-annual reports, the website (www.edisunpower.com), the newsletter (subscription on: <http://www.edisunpower.com/en/home-en/investors-en/ad-hoc-press-release/subscribe-en>) and media releases, as well as the Annual General Shareholders' Meeting.

11 Financial Calendar

May 9, 2012

Annual General Shareholders' Meeting of Edisun Power Europe Ltd. at Hotel Glockenhof in Zurich

August 31, 2012

Publication of Semi-Annual Report as of June 30, 2012
Media and Analysts Information

April 2013

Publication of the Annual Report as of December 31, 2012
Media and Analysts Information

May 2013

Annual General Shareholders' Meeting of Edisun Power Europe Ltd.

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Consolidated Financial Statements of Edisun Power Europe Ltd.

Consolidated Balance Sheet

	Notes	31.12.2011	31.12.2010
Assets		TCHF	TCHF
Cash and cash equivalents	10	3 661	4 149
Trade receivables	9	1 091	1 222
Other receivables and current assets	9	1 772	2 345
Financial assets	8	238	248
Total current assets		6 762	7 964
Land, plants and equipment	6	65 596	57 713
Intangible assets	7	483	581
Deferred tax assets	15	549	1 945
Financial assets	8	730	1 238
Total non-current assets		67 358	61 477
Total assets		74 120	69 441
Liabilities and equity			
Borrowings	14	5 654	430
Trade payables	13	1 967	506
Other payables	13	182	910
Accrued cost	13	860	957
Income tax liabilities	20	212	258
Total current liabilities		8 875	3 061
Borrowings	14	46 078	42 762
Provisions	17	393	1 671
Pension fund liabilities	16	58	23
Deferred tax liabilities	15	72	180
Total non-current liabilities		46 601	44 636
Total liabilities		55 476	47 697
Share capital	12	34 158	34 158
Share premium		-818	-310
Other reserves		-11 907	-10 239
Accumulated deficits		-2 977	-2 101
		18 456	21 508
Non-controlling interests		188	236
Total equity		18 644	21 744
Total liabilities and equity		74 120	69 441

The notes are an integral part of these consolidated financial statements.

Consolidated Income Statement

	Notes	2011 TCHF	2010 TCHF
Revenues from:			
sale of electricity	5	6 613	5 252
sale of modules and systems	5	0	10 086
services and other income	5	243	365
Goods and services purchased		0	-10 142
Personnel expenses	18	- 1 179	-1 007
Rental and maintenance expenses		- 764	-555
Administration expenses		- 815	-894
Advertising expenses		- 85	-101
Other operating costs		- 332	-84
Earnings before interest, taxes, depreciation and amortization (EBITDA)		3 681	2 920
Depreciation and amortization	6, 7	- 2 194	-2 132
Impairment	6	- 470	-728
Operating profit (EBIT)		1 017	60
Financial income	19	530	18
Financial expense	19	- 2 143	- 1 482
Share of loss of associate	11	- 193	-25
Net loss before income taxes		- 789	-1 429
Income taxes	20	- 128	356
Net loss		- 917	-1 073
attributable to shareholders of Edisun Power Europe Ltd.		- 876	-1 034
attributable to non-controlling interests		- 41	-39
Earnings per share for loss attributable to the shareholders of Edisun Power Europe Ltd. during the year (expressed in CHF per share):			
basic and diluted	21	- 2.57	-3.03

Consolidated Statement of Comprehensive Income

Net loss for the year		- 917	-1 073
Other comprehensive income:			
Currency translation differences		- 1 171	-7 514
Related taxes		- 497	0
Total comprehensive income for the year		- 2 585	-8 587
attributable to shareholders of Edisun Power Europe Ltd.		- 2 544	-8 548
attributable to non-controlling interests		- 41	-39

Consolidated Cash Flow Statement

	Notes	2011 TCHF	2010 TCHF
Net loss		-917	-1073
Reversal of non-cash items:			
Depreciation and amortization on plant, equipment, intangible assets and other assets		2 194	2 132
Impairment		470	728
Change in accruals and provisions		- 170	- 438
Financial income	19	- 530	-
Finance expense	19	2 143	1 464
Income tax income	20	128	- 356
Share of loss of associate	11	193	25
Profit on disposal of tangible assets		0	- 171
Change in receivables and other current assets		- 144	770
Change in payables		214	- 662
Interest paid ¹⁾		- 1735	- 1 368
Taxes received / (paid)		90	- 59
Cash flow from operating activities		1 936	992
Investments in plants and equipment ¹⁾		- 12 295	- 8 977
Disposal of tangible assets		225	2 029
Investments in intangible assets	7	- 49	- 265
Repayment from financial assets		0	34
Interest received		62	17
Change in receivable grants outstanding	6	0	23
Loans granted to third parties		0	-
Distribution received by associated company	11	1 215	-
Cash flow from investing activities		- 10 842	- 7 139
Issuance of borrowings, net of transaction costs		8 913	8 931
Repayment of borrowings		- 373	- 2 761
Purchase of non-controlling interests of Edisun Power Ltd.		- 7	- 8
Cash flow from financing activities		8 533	6 162
Net change in cash and cash equivalents		- 373	15
Cash and cash equivalents at the beginning of the year	10	4 149	4 496
Exchange losses on cash and cash equivalents		- 115	- 362
Cash and cash equivalents at the end of the year	10	3 661	4 149

¹⁾ Total interest paid TCHF 2011 (2010: TCHF 1 716), of which TCHF 276 (2010: TCHF 349) capitalized within investments in plants and equipment.

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

TCHF	Attributable to Equity Holders of the company						Non-controlling interests	Total Equity
	Share capital	Share premium	Treasury shares	Other reserves	Accumulated deficits	Total		
January 1, 2010	34 158	-310	0	-2 725	-1 067	30 056	283	30 339
Net loss					-1 034	-1 034	-39	-1 073
Currency translation differences (net of tax)				-7 514		-7 514		-7 514
Total comprehensive income				-7 514	-1 034	-8 548	-39	-8 587
Purchase non-controlling interests of Edisun Power Ltd.							-8	-8
December 31, 2010	34 158	-310	0	-10 239	-2 101	21 508	236	21 744
Net loss					-876	-876	-41	-917
Currency translation differences (net of tax)				-1 171		-1 171		-1 171
Deferred tax assets		-508		-497		-1 005		-1 005
Total comprehensive income	0	-508		-1 668	-876	-3 052	-41	-3 093
Purchase non-controlling interests of Edisun Power Ltd.							-7	-7
December 31, 2011	34 158	-818	0	-11 907	-2 977	18 456	188	18 644

The notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements of Edisun Power Europe Ltd.

All amounts are in CHF 000 if not otherwise noted

1 General Information

Edisun Power Europe Ltd. ('the Company') and its subsidiaries (together 'the Group') finance and operate photovoltaic systems (PV) in Europe and sell solar energy to the local electricity companies. The Group is present in Switzerland, Germany, Spain and France.

Edisun Power Europe Ltd. is a limited company domiciled and incorporated in Switzerland. The address of the registered office is Universitätstrasse 51, 8006 Zurich, Switzerland.

The Company is listed on the SIX Swiss Exchange.

These Group consolidated financial statements were authorized for issue by the Board of Directors on April 3, 2012. They are still subject to formal approval by the annual general meeting.

1.1 Group companies

The consolidated financial statements include Edisun Power Europe Ltd. and the companies under its control. If existing, minority interests are shown as a separate item of the consolidated equity.

	Ownership	Activity ¹⁾
Switzerland		
Edisun Power Europe Ltd., Zurich		●
Edisun Power Ltd., Zurich	98.7%	■
Edisun Power Finance Ltd., Zurich	100.0%	●
Yellow Hat Ltd., Zurich	55.6%	●
Germany		
Edisun Power PLC, Sigmaringen	100.0%	■
PV Hörselgau Beteiligungs UG, Sigmaringen	100.0%	●
PV Hörselgau UG & Co. KG, Sigmaringen	100.0%	■
Spain		
Edisun Power Iberia S.A., Alella/Barcelona	100.0%	■
Edisun Power Iberia Beta S.A., Alella/Barcelona	100.0%	■
Edisun Power Iberia Gamma S.A., Alella/Barcelona	100.0%	■
Edisun Power Iberia Delta S.A., Alella/Barcelona	100.0%	■
Edisun Power Iberia Epsilon S.A., Alella/Barcelona	100.0%	■
Salinas Energia Solar S.L., Sevilla	100.0%	■
Cortadeta Fotovoltaica S.L., Alella/Barcelona	100.0%	■
France		
Edisun Power France SAS, Lyon	100.0%	■

¹⁾ ● Services, holding functions
 ■ Operation of photovoltaic systems (PV), selling of solar energy

All amounts are in CHF 000 if not otherwise noted

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements 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 Edisun Power Europe Ltd. have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below, where a standard or an interpretation requires a different measurement method.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

(a) New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after January 1, 2011, that would be expected to have a material impact on the Group.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2011, and not early adopted

- IAS 1 (Amendment), Financial statement presentation; requirement for entities to group items presented in "other comprehensive income" on the basis of whether they are potentially reclassifiable to profit or loss sub-

sequently (effective on July 1, 2012). The Group will apply this standard from January 1, 2013. The group is currently analysing the impact.

- IAS 12 (Amendment), Recovery of underlying assets (effective on January 1, 2012); the Group will apply this standard from January 1, 2012. It is not expected to have an impact on the Group's accounts.
- IAS 19 (Amendment), Employee benefits; these amendments eliminate the corridor approach and calculate finance costs on a net funding basis (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. The group is currently analysing the impact.
- IAS 28 (Revised 2011), Associates and joint ventures; includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11 (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IAS 32 and IFRS 7 (Amendment), Disclosures - Offsetting financial assets and liabilities (effective on January 1, 2013); the Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IFRS 7 (Amendment), Disclosures; transfer of financial assets (effective on July 1, 2011); the Group will apply this standard from January 1, 2012. It is not expected to have an impact on the Group's accounts.
- IFRS 9 (Revised/Amendment), Financial Instruments; recognition and Measurement (effective from January 1, 2013). The Group will apply this standard from January 1, 2013. The group is currently analysing the impact.
- IFRS 10, Consolidated financial statement; to establish principles for preparation and controls, if an entity controls one or more other entities (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IFRS 11, Joint arrangements; is a more realistic reflec-

All amounts are in CHF 000 if not otherwise noted

tion of joint arrangements (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.

- IFRS 12, Disclosure of interests in other entities; includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IFRS 13, Fair value measurement; aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IFRIC 20, Stripping costs in the production phase of a surface mine (effective on January 1, 2013); the Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls a given entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for

acquisition of subsidiaries. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

All amounts are in CHF 000 if not otherwise noted

All fully consolidated subsidiaries are listed in the General Information. December 31 represents the uniform closing date for all companies included in the consolidated financial statements. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

(b) Transactions and Non-controlling interests

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit / (loss) of associate' in the income statement.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognized in the income statement.

2.3 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

2.4 Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in CHF, which is the company's functional and the Group's presentation currency.

All amounts are in CHF 000 if not otherwise noted

(b) Transactions and Balances

Transactions in foreign currency are recorded and translated to CHF at the actual exchange rate of the transaction date. The resulting translation differences are included in the income statement as exchange gains or losses.

Monetary assets and liabilities in foreign currencies are translated into the functional currency on the balance-sheet date at the year-end rates of exchange. Non-monetary items are translated using the exchange rate prevailing on the transaction date. Translation differences are recorded in the income statement.

(c) Group Companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair-value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The exchange rates relevant to the annual consolidated financial statements were:

	31.12.2011	Average 2011	31.12.2010	Average 2010
1 EUR	1.2139	1.2335	1.24645	1.3670

2.5 Land, Plants and Equipment

Land consists of property that has been bought to build PV plants and is shown at cost. All other plant and equipment are stated at cost less cumulative depreciation. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items. Borrowing costs that are directly attributable to the construction of PV plants are capitalized as part of the cost of this asset when specific criteria according to IAS 23 are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Plants	25 years
Furniture, fittings and equipment (FF&E)	3 – 4 years

All amounts are in CHF 000 if not otherwise noted

The assets' residual values and useful lives have been reviewed at the balance-sheet date. Based on this analysis, no changes have been made.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized within 'Other (losses)/gains – net' in the income statement.

Grants from electricity operators related to the construction of PV plants are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The costs of the plant are reduced by the grant received resulting in a reduced depreciation charge.

2.6 Intangible Assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Trademarks and Licences

Acquired trademarks and licences are shown at historical cost. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives (15-20 years).

2.7 Impairment of Non-Financial Assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.8 Financial Assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance-sheet date. These are classified as non-current assets. The Group's loans and receivables com-

All amounts are in CHF 000 if not otherwise noted

prise 'trade and other receivables', loans, and cash and cash equivalents in the balance sheet. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The Group did not own any financial assets of other categories in the reporting period.

The Group assesses at each balance-sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. 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 reorganization, 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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

2.9 Trade Receivables

Trade receivables, which generally have a 30-day term, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method (normally equivalent to the notional amount), less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference be-

tween the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

2.10 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.11 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

2.12 Trade Payables and other Payables

Trade payables and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.13 Borrowing

Borrowings (loans and straight bonds) are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any

All amounts are in CHF 000 if not otherwise noted

difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless payments can be deferred for at least 12 months.

2.14 Current and Deferred Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance-sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15 Employee Benefits

(a) Pension Obligations

The Group has only employees in Switzerland under a single plan. The plan is funded through payments to an insurance company and classified as a defined benefit plan. Typically, defined benefit plans define the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance-sheet date less the fair value of plan assets, together with adjustments for unrecognized past-service costs. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximate to the terms of the related pension liability.

Actuarial gains and losses from experience adjustments and changes in actuarial assumptions in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on a given employee's remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

(b) Bonus Plans

The Group recognizes a liability and an expense for bonuses.

All amounts are in CHF 000 if not otherwise noted

The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.16 Provisions

Provisions are recognized when the Group has a legal or constructive obligation (e.g. dismantling cost for PV plants) as a result of past events, when it is likely that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. The costs associated with the dismantling of PV plants are capitalized in the carrying value of property, plant and equipment and depreciated over the life of the asset. The total provisions related to the PV plants, discounted to present value, are recorded under long-term provisions.

2.17 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, when it is likely that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction, and the specifics of each arrangement.

(a) Revenues from Sale of Electricity

The Group sells solar energy to local electricity firms. These sales are in general based on a long-term (20 to 25-

year) fixed-price contract and recognized in the period the delivery took place. In Germany, the amount of the compensation is based on the German Renewable Energy Sources Act (EEG) dated 2000 and amended 2004, 2009 and 2010. In Spain the current regulatory framework is embodied in the Royal Decree 1578/2008 as well as in the RD 6/2009. The compensation in France is based on the Arrêté du 10 juillet 2006 as well as on Decrees 2000-1196 and 2009-252.

(b) Revenues from Sale of Modules and Systems

These revenues originate either from the sale of modules of Yellow Hat Ltd. (i.e. the Group's buying syndicate, founded in December 2008 in order to leverage procurement conditions with other third-party solar players) or the sporadic sale of entire PV plants. These sales are recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery, at a fixed and determinable price, and when collectability is reasonably assured.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that have given rise to the revision become known by management.

(c) Interest Income

Interest income is recognized on a time-proportion basis using the effective interest method.

2.18 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

All amounts are in CHF 000 if not otherwise noted

2.19 Dividend Distribution

Dividend distribution to the shareholders of Edisun Power Europe Ltd. would be recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

3 Financial Risk Management Objectives, Policies and Capital Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on balancing risks by spreading its business across various European countries and borrowing in the relevant foreign currencies.

3.1 Market Risk

(a) Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk, primarily with respect to the euro. Foreign exchange risk arises from future commercial transaction, recognized assets and liabilities, and net investments in foreign operations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign-currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At December 31, 2011, if the currency had weakened/strengthened by 5% against the euro with all other variables held constant, post-tax profit for the year would have been TCHF 210 higher/lower (2010: TCHF 36), mainly as a result of foreign exchange gains/losses on translation of euro-denominated trade receivables, financial assets and borrowings.

(b) Cash Flow and Fair Value Interest Rate Risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain approximately 90% of its borrowings in fixed rate instruments. For information regarding fair values of fixed rate instruments refer to note 14.

3.2 Credit Risk

Credit risk arises primarily from exposures to local electricity companies, which are owned by the government or federal state (canton, province). Such governments or federal states have a Standard & Poors rating of AA or higher. For further information regarding receivables refer to note 9.

The table below shows the balance of the major counterparties at the balance sheet date:

	31.12.2011	31.12.2010
Zürcher Kantonalbank	1 502	500
Alternative Bank ABS	90	2 535
Crédit coopératif, France	938	35
Banco Bilbao Vizcaya Argentaria (BBVA), Spain	662	784
Banco Popular, Spain	178	0
GLS Bank, Germany	222	277
Other	69	18
Total cash and cash equivalents	3 661	4 149

3.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. The

All amounts are in CHF 000 if not otherwise noted

Company aims to maintain flexibility in funding by negotiating credit lines and keeping committed bridge loans available. Information regarding due dates of borrowings is included in note 8. Trade and other payables are in general due within 30 days.

3.4 Capital Risk Management

The Company's capital comprises shareholder equity as recognized in the consolidated financial statements. The objective of the Group's capital management is to ensure the continuation of its business activities. Reasonable income should be generated for the shareholders. Financial resources should be available to mitigate risks, to protect the Group against unforeseeable events, and to be used for investments in new business segments. The Company aims for an optimized balance-sheet structure that reflects the cost of capital.

The company monitors its capital by means of the equity ratio.

	31.12.2011	31.12.2010
	TCHF	TCHF
Equity	18 644	21 744
Total assets	74 120	69 441
Equity ratio in %	25.2	31.3

The objective of the Company is a minimum equity ratio of 20%.

4 Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Estimated Useful Economic Life of Photovoltaic Plants

The Group bases its earning-value calculations and depreciation on the estimated useful economic life of the photovoltaic plants. The Group's calculating basis relies on historic experiences with similar photovoltaic plants and modules as well as estimates of useful life taking into consideration market reports and studies. A change in the useful life of an asset may have an effect on the future amount of depreciation recognized in the income statement.

If the actual useful lives of plants and equipment with a 25-year depreciation period differs by five years from management's estimates, the yearly depreciation charge of such plants and equipment would be an estimated TCHF 490 higher or TCHF 327 lower.

4.2 Income Tax

The Company recognizes deferred tax assets for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized (for details see note 15).

All amounts are in CHF 000 if not otherwise noted

5 Segmental Information

The chief operating decision maker has been identified as the Board of Directors, since it reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board of Directors considers the business from a geographic perspective, except for the three Group companies Yellow Hat Ltd., Edisun Power Finance Ltd. and Edisun Power Europe Ltd. Yellow Hat Ltd is a buying syndicate founded in December 2008 in order to leverage procurement conditions with three other third-party solar players. Edisun Power Finance Ltd., founded in June 2010, is the Group's finance company and provides Group companies with the necessary debt financing. Edisun Power Europe Ltd. provides services to local Group companies as well as construction support to third parties, which is neither a core business nor financially material. The Board assesses the performance of the operating segments based on a measure of earnings before interest, taxes, depreciation and amortization (EBITDA) as well as earnings before interest and taxes (EBIT).

The segments at December 31, 2011, are:

- Switzerland
- Germany
- Spain
- France
- Yellow Hat Ltd.
- Edisun Power Europe Ltd. (EPE)
- Edisun Power Finance Ltd. (EPFin)

The reported operating segments derive their revenue from the sale of solar power to local electricity companies and from the sale of modules and systems within the Group or to third parties.

All amounts are in CHF 000 if not otherwise noted

The segment results for the year ended December 31, 2010, are as follows:

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Eliminations	Group
Total segment revenue	2 079	1 397	1 885	791	12 106	1 361	0	0	19 619
Inter-segment revenue	0	-249	0	0	-2 321	-1 346	0	0	-3 916
Revenue from external customers	2 079	1 148	1 885	791	9 785	15	0	0	15 703
EBITDA	1 291	1 062	1 212	304	-42	-636	0	-271	2 920
Impairment losses	0	-308	-78	-342	0	0	0	0	-728
Depreciation / amortization	-753	-403	-586	-310	0	-80	0	0	-2 132
Segment profit / (loss) (EBIT)	538	351	548	-348	-42	-716	0	-271	60
Finance income / (cost) – net (note 19)	-357	-598	-848	-338	-81	872	0	-114	-1 464
Share of loss of associate	0	0	0	-25	0	0	0	0	-25
Profit / (loss) before income tax	181	-247	-300	-711	-123	156	0	-385	-1 429
Income tax income / (expense)	-105	61	30	306	26	0	0	38	356
Profit / (loss) for the year	76	-186	-270	-405	-97	156	0	-347	-1 073

The sale of modules and systems to third parties is included in the revenue of the segments above. The respective sales and the related goods and services purchased from third parties have been summarized in the following

table. Internal costs such as payroll expenses have not been allocated since there is no detailed information available.

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Group
Revenue	167	328	4	152	9 785	15	0	10 451
Goods purchased	-137	-53	0	-229	-9 723	0	0	-10 142

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the income statement.

The group has external customers which generated 10% or more of the total revenue in the following reporting segments: Switzerland, Spain and France.

Analysis of revenue from sales of electricity by major customers:

	2011	
Major customer A, France	1 351	20%
Major customer B, Switzerland	1 148	17%
Major customer C, Spain	684	10%
Other costumers with a share of revenue below 10% of total revenue	3 430	53%
Total revenue from sales of electricity	6 613	100%

All amounts are in CHF 000 if not otherwise noted

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

Year ended December 31, 2011	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Group
Impairment (note 6)	-120	-15	0	-335	0	0	0	-470
Impairment of goodwill (note 7)	0	0	0	0	0	0	0	0

Year ended December 31, 2010	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Group
Impairment (note 6)	0	-308	-78	-342	0	0	0	-728
Impairment of goodwill (note 7)	0	0	0	0	0	0	0	0

Segment assets consist primarily of land, plants and equipment, loans, trade and other receivables, and cash and cash equivalents.

Segment liabilities comprise primarily operating liabilities and borrowings including straight bonds. Capital expenditure comprises additions to land, plants and equipment (note 6) and intangible assets (note 7).

The segment assets and liabilities at December 31, 2011, and capital expenditure for the year then ended, are as follows:

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Eliminations	Group
Non-current segment assets	16 243	9 519	20 119	20 914	0	48 943	0	-48 380	67 358
Segment liabilities	12 375	9 371	23 652	20 897	1	39 455	0	-50 275	55 476
Capital expenditures	539	0	5 644	9 558	0	8	0	-2 763	12 987

The segment assets and liabilities at December 31, 2010, and capital expenditure for the year then ended, are as follows:

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Eliminations	Group
Non-current segment assets	16 794	12 065	15 952	13 469	0	10 746	0	-9 494	59 532
Segment liabilities	14 291	13 605	17 026	12 105	26	43 266	52 078	-104 700	47 697
Capital expenditures	3 435	2 407	389	2 272	0	265	0	0	8 768

All amounts are in CHF 000 if not otherwise noted

6 Land, Plants and Equipment

	Land	PV Plants	FF&E	Total
Year ended December 31, 2011				
Opening net book amount	1 190	56 511	12	57 713
Exchange differences	-31	-1 067	0	-1 098
Additions	0	12 931	7	12 938
Disposals	0	-225	0	-225
Reduction provision for dismantling costs	0	-1 212	0	-1 212
Depreciation charge	0	-2 046	-4	-2 050
Impairment losses	0	-470	0	-470
Closing net book amount	1 159	64 422	15	65 596

At December 31, 2011				
Gross book amount (cost)	1 159	70 976	106	72 241
Accumulated depreciation	0	-6 554	-91	-6 645
Net book amount	1 159	64 422	15	65 596

Year ended December 31, 2010				
Opening net book amount	1 421	59 126	33	60 580
Exchange differences	-231	-6 719	0	-6 950
Additions	0	9 027	0	9 027
Disposals	0	-2 153	0	-2 153
Depreciation charge	0	-2 042	-21	-2 063
Impairment losses	0	-728	0	-728
Closing net book amount	1 190	56 511	12	57 713

At December 31, 2010				
Gross book amount (cost)	1 190	61 552	99	62 841
Accumulated depreciation	0	-5 041	-87	-5 128
Net book amount	1 190	56 511	12	57 713

The amount of assets under construction included in PV plants in 2011 is TCHF 6 316 (2010: TCHF 8 266). Third-party loans are secured by PV plants belonging to the Group (see note 14). In 2011 borrowing costs of CHF 0.3 million (2010: CHF 0.3 million) were capitalized. The capitalization rate used to determine the amount of borrowing

costs eligible for capitalization is 4.50% (2010: 4.25%). An impairment of CHF 0.5 million (2010: CHF 0.7 million) was booked in 2011. This was occasioned by stopped projects in Spain and France and the impairment of photovoltaic components bought in prior years for use on new projects.

All amounts are in CHF 000 if not otherwise noted

7 Intangible Assets

	Goodwill	Contracts	Other	Total
Year ended December 31, 2011				
Opening net book amount	132	58	391	581
Exchange differences	-3	0	0	-3
Additions	0	0	49	49
Disposals	0	0	0	0
Amortization	0	-3	-141	-144
Closing net book amount	129	55	299	483

At December 31, 2011

Gross book amount (cost)	129	62	505	696
Accumulated amortization	0	-7	-206	-213
Net book amount	129	55	299	483

Year ended December 31, 2010

Opening net book amount	148	38	215	401
Exchange differences	-16	0	0	-16
Additions	0	21	244	265
Disposals	0	0	0	0
Amortization	0	-1	-68	-69
Closing net book amount	132	58	391	581

At December 31, 2010

Gross book amount (cost)	148	62	523	717
Accumulated amortization	0	-4	-132	-136
Net book amount	148	58	391	581

Other includes capitalized software expenses.

All amounts are in CHF 000 if not otherwise noted

Impairment Test for Goodwill

A segment-level summary of goodwill allocation is presented below:

	31.12.2011	31.12.2010
Switzerland	80	80
Germany	49	52
Total	129	132

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a four-year period. Cash flows beyond the four-year period are extrapolated using the estimated growth rates stated below. The key assumptions used for value in use calculation are as follows:

	WACC (before tax)
Switzerland	5.09% (2010: 5.73%)
Germany	5.49% (2010: 5.97%)

Debt financing is done either by issuing bonds or through project financing. In both cases the built photovoltaic plants serve as a security, which has a positive impact on the debt interest rate.

As of December 31, 2011, the impairment test did not indicate that goodwill is impaired and no impairment charge was recorded. The revenue growth rate of PV plants under operation amounts to 0%.

The Group has also performed a sensitivity analysis. Based on the business model, the main impact comes from the discount rate. No impairment was incurred as a result of the test.

All amounts are in CHF 000 if not otherwise noted

8 Financial Instruments by Category

December 31, 2011	Loans and receivables	Total
Assets as per balance sheet		
Trade and other receivables	2 863	2 863
Finance lease receivable (lessor) ¹⁾	0	0
Prepayments	652	652
Loans	78	78
Other financial assets	238	238
Cash and cash equivalents	3 661	3 661
Total	7 492	7 492

Other financial assets include bank deposits for guarantee purpose related to projects in Spain. After completion these bank deposits will be paid back.

The Group does not have any balance sheet items that require disclosure according to fair value measurement hierarchy (IFRS 7).

December 31, 2010	Other financial liabilities	Total
Liabilities as per balance sheet		
Borrowings including straight bonds	51 732	51 732
Trade payables	1 967	1 967
Other payables	182	182
Total	53 881	53 881

December 31, 2010	Loans and receivables	Total
Assets as per balance sheet		
Trade and other receivables	3 567	3 567
Finance lease receivable (lessor) ¹⁾	26	26
Loans	91	91
Other financial assets	1 369	1 369
Cash and cash equivalents	4 149	4 149
Total	9 202	9 202

Other financial assets include bank deposits for guarantee purpose related to projects in Spain. After completion these bank deposits are to be paid back.

The Group does not have any balance sheet items that require disclosure according to fair value measurement hierarchy (IFRS 7).

¹⁾ The gross finance lease receivable amounts to TCHF 0 (2010: TCHF 26), including TCHF 0 (2010: TCHF 1) future finance income.

The present value thus amounts to TCHF 0 (2010: TCHF 24). The net investment in finance lease not later than one year amounts to TCHF 0 (2010: TCHF 25); gross finance lease receivable TCHF 0 (2010: TCHF 26).

All amounts are in CHF 000 if not otherwise noted

Liabilities as per balance sheet	Other financial liabilities	Total
Borrowings including straight bonds	43 192	43 192
Trade payables	506	506
Other payables	910	910
Total	44 608	44 608

The following table shows the contractual liquidity analysis:

At December 31, 2011	Between 0 and 3 months	3 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings	285	7 573	5 300	28 671	19 043
Trade payables	1 967	0	0	0	0
Other short-term liabilities	1 254	0	0	0	0
Total	3 506	7 573	5 300	28 671	19 043

At December 31, 2010	Between 0 and 3 months	3 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings	54	2 326	7 144	23 517	20 489
Trade payables	506	0	0	0	0
Other short-term liabilities	2 125	0	0	0	0
Total	2 685	2 326	7 144	23 517	20 489

All amounts are in CHF 000 if not otherwise noted

9 Trade and Other Receivables

	31.12.2011	31.12.2010
Trade receivables	1 091	1 291
Other receivables and current assets	1 772	2 345
Other receivables from related parties	0	0
Less: provision for impairment of trade receivables	0	- 69
Trade and other receivables – net	2 863	3 567
Current portion	2 863	3 567

The fair value of trade and other receivables are as follows:

	31.12.2011	31.12.2010
Trade receivables	1 091	1 222
Other receivables and current assets	1 772	2 345
Total	2 863	3 567

Trade receivables less than three months past due are not considered impaired. As of December 31, 2011, trade receivables of TCHF 0 (2010: TCHF 455) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	31.12.2011	31.12.2010
undue	1 091	767
up to 3 months	0	311
greater 3 months	0	144
Total	1 091	1 222

The carrying amount of the Group's trade receivables is denominated in the following currencies:

	31.12.2011	31.12.2010
CHF	65	334
EUR	1 026	888
Total	1 091	1 222

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

10 Cash and Cash Equivalents

	31.12.2011	31.12.2010
Zürcher Kantonalbank	1 502	500
Alternative Bank ABS	90	2 535
Crédit coopératif, France	938	35
Banco Bilbao Vizcaya Argentaria (BBVA), Spain	662	784
Banco Popular, Spain	178	0
GLS Bank, Germany	222	277
Other	69	18
Total	3 661	4 149

All amounts are in CHF 000 if not otherwise noted

11 Investment in Associate

	2011	2010
Beginning of the year	1 158	1 433
Exchange differences	250	- 250
Share of gain/loss of associate incl. liquidation gain	- 193	- 25
Distributions received	-1 215	0
Total	0	1 158

The Group's share of the result (2010: for 18 months), its aggregated assets (no goodwill) and liabilities are as follows (in TEUR):

Name and percentage	Country of incorporation	Assets	Liabilities	Revenue	Loss	Ownership (in %)	Carrying value
2011							
Valosun Edisun Power France SAS	France	0	0	0	-5	0	0
2010							
Valosun Edisun Power France SAS	France	1 901 263	29 746	41	- 129 483	49.9	1 158

12 Share Capital

	Number of ordinary shares issued	Number of ordinary shares outstanding
At January 1, 2010	341 576	341 576
Sale of treasury shares	0	0
At December 31, 2010	341 576	341 576
Sale of treasury shares	0	0
At December 31, 2011	341 576	341 576

All amounts are in CHF 000 if not otherwise noted

12.1 Subscribed Share Capital

The share capital of Edisun Power Europe Ltd. entered in the commercial register amounts to TCHF 34 158 and has been fully paid in.

The total authorized number of ordinary shares as at December 31, 2011, is 341 576 (2010: 341 576) with a par value of CHF 100 per share (2010: CHF 100 per share). The weighted average number of outstanding shares is 341 576 shares (2010: 341 576 shares).

12.2 Authorized Capital

The Company had no authorized capital on December 31, 2011.

12.3 Conditional Capital

The Company had no conditional capital outstanding on December 31, 2011.

12.4 Share Premium

Share premium includes the premium related to the capital increases of Edisun Power Europe Ltd. in 2007 less accumulated annual losses, which were offset against the capital reserves in accordance with the resolutions of the General Shareholders' Meeting for the appropriation of available earnings. In addition, share premium includes proceeds from the Company's first-time listing on the SIX Swiss Exchange in 2008 adjusted for the incremental costs of TCHF 1 890, net of tax. The incremental

cost includes only third-party expenses with respect to the listing and capital increase (net of tax). No internal expenses from management etc. were included in this cost. This internal cost has been charged to the income statement as incurred.

12.5 Own Shares

As of the balance-sheet date, neither Edisun Power Europe Ltd. nor any of its subsidiaries holds own shares.

12.6 Other Reserves

Other reserves include the cumulative foreign exchange impact.

12.7 Retained Earnings

Retained earnings comprise accumulated and unappropriated earnings.

12.8 Non-Controlling Interests

In 2011, Edisun Power Europe Ltd. acquired a 0.2% (2010: 0.2%) share in Edisun Power Ltd. from its non-controlling interest (refer to note 25). The purchase price was paid in cash.

All amounts are in CHF 000 if not otherwise noted

13 Trade and Other Payables

The following table provides details on trade payables and other payables:

	2011	2010
Trade payables	1 967	506
Value added taxes	52	605
Social security and other taxes	110	137
Other	20	168
Total	2 149	1 416

The following table provides details on accrued cost:

	2011	2010
Interest on borrowings	614	572
Other accrued cost	246	385
Total	860	957

14 Borrowings

	2011	2010
Current		
Loans from third-party	676	430
Straight bonds from third-party	4 978	0
Total current borrowings	5 654	430

Non-current

Loans from third-party	11 618	4 644
Straight bonds from third-party	34 460	38 118
Total non-current borrowings	46 078	42 762

14.1 Loans

Total borrowings include secured liabilities (loans) of TCHF 23 390 (2010: TCHF 24 375). Third-party loans are secured by Group PV plants and related receivables (see separate table).

Currency exchange differences arising from equity loans have been booked through equity in the gross amount of TCHF 1 074 and TCHF 1 074 respectively net of tax (2010: TCHF 7 143 and TCHF 7 143 respectively).

The exposure of the Group's borrowings to interest rate changes and the contractual repayment dates at the balance-sheet dates are as follows:

	2011	2010
< 1 year	5 654	430
1–5 years	28 712	24 082
> 5 years	17 366	18 680
Total	51 732	43 192

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2011	2010
CHF	40 604	39 697
EUR	11 128	3 495
Total	51 732	43 192

The Group has the following undrawn credit facilities:

Floating rate:

Expiring beyond one year EUR	1 800	0
Expiring beyond one year CHF	200	200

The facilities have been arranged to help finance short-term financial needs.

All amounts are in CHF 000 if not otherwise noted

14.2 Straight Bonds

The Group has issued several straight bonds:

	Nominal value in 000 local currency	31.12.2011		31.12.2010	
		Fair value in 000 CHF	Bookvalue in 000 CHF	Fair value in 000 CHF	Book value in 000 CHF
Edisun Power Ltd.					
4.0% 2003 – 2013 (CHF)	1 720	1 753	1 668	1 762	1 614
4.0% 2004 – 2014 (CHF)	2 015	2 068	1 872	2 052	1 831
5.0% 2004 – 2014 (EUR)	450	576	546	570	561

Edisun Power Europe Ltd.

3.75% 2007 – 2012 (CHF)	3 855	3 888	3 855	3 925	3 855
3.75% 2008 – 2012 (CHF)	1 125	1 135	1 123	1 146	1 125
4.25% 2009 – 2014 (CHF)	9 125	9 429	9 073	9 373	9 125
4.00% 2007 – 2015 (CHF)	3 280	3 366	3 280	3 339	3 280
4.00% 2008 – 2015 (CHF)	1 720	1 765	1 707	1 761	1 720
3.75% 2010 – 2016 (CHF)	5 825	5 967	5 738	5 721	5 825
3.50% 2011 – 2017 (CHF)	1 295	1 275	1 273	0	0
4.50% 2007 – 2019 (CHF)	4 810	4 862	4 810	4 682	4 810
4.50% 2008 – 2019 (CHF)	4 540	4 589	4 493	4 420	4 540

The fair value was estimated using the expected future payments discounted at market interest rates. The following current and future receivables from the sale of solar power to local electricity companies have been pledged to secure third-party loans:

	31.12. 2011	31.12. 2010
To private persons (associates and third-party)	521	638
To banks	8 303	206
To bond-holders	22 476	23 137
To firms and foundations	229	394
Total	31 529	24 375

All amounts are in CHF 000 if not otherwise noted

15 Deferred Tax Assets and Liabilities

The gross movement on the deferred income tax account is as follows:

	31.12. 2011	31.12. 2010
Beginning of the year	1765	1390
Income statement credit / (debit)	- 263	434
OCI statement credit / (debit)	- 497	0
Share premium debit	- 508	0
Foreign exchange difference	- 20	- 59
Net deferred tax assets at end of year	477	1765
thereof short term (1 year)	0	0
thereof long term (> 1 year)	477	1765

The tax effects of temporary differences that give rise to deferred tax assets and liabilities were as follows:

	31.12. 2011	31.12. 2010
Tax loss carry-forwards	549	1945
Total deferred income tax assets	549	1945
Plants and equipment	- 72	- 180
Total deferred income tax liability	- 72	- 180
Net deferred income tax asset	477	1765

Deferred income tax assets and liabilities are offset when they relate to the same tax authority and tax subject. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	31.12. 2011	31.12. 2010
Deferred tax asset	549	1945
Deferred tax liability	- 72	- 180

Deferred income tax assets are recognized for tax loss carry-forward if the realization of the related tax benefits through future taxable profits is likely. The Group recognized deferred income tax assets of TCHF 549 (2010: TCHF 1 945) related to tax loss carry-forward.

As of December 31, 2011, the Group has tax losses for which no deferred tax asset has been recognized with an amount of TCHF 16 739 (2010: 7375). The respective deferred income tax assets with the applicable tax rate of 21.17% (2010: 21.17%) would be TCHF 3544 (2010: 1561). There are some uncertainties if the tax losses will be accepted by the tax authorities, as the tax assessment over several years of material entities is not yet finalized by the tax authorities.

An updated estimate regarding future taxable profits shows that the realization of tax loss carry-forwards until the relevant expiry dates is uncertain in some cases. Therefore, the company reduced the deferred income tax assets by TCHF 1 396 (2010: CHF 0) in 2011. Thereof, an amount of TCHF 508 was booked through equity and an amount of TCHF 497 was recorded as other comprehensive income, as these amounts relate to the IPO and equity-like loans recognized in 2008 and were initially recognized through equity.

The unrecognized gross operating loss carry-forwards of the Group expire as follows:

- TCHF 0 expiring within 1 to 3 years
- TCHF 4 502 expiring within 4 to 5 years
- TCHF 10 600 expiring within 6 to 10 years
- TCHF 144 expiring within 11 to 15 years
- TCHF 1 493 can be set off against future profits indefinitely.

89% of the total amount of unrecognized gross operating losses are related to Swiss entities with an applicable tax rate of 21.17%.

All amounts are in CHF 000 if not otherwise noted

16 Pension Fund Liabilities

Pension costs of pension plans are presented below:

	2011	2010
Current service costs	89	46
Interest cost on projected defined benefit obligation	20	25
Expected return on plan assets	- 18	- 21
Actuarial gains	0	0
Total pension costs	91	50

The amounts recognized in the balance sheet are determined as follows:

	2011	2010
Present value of funded obligations:		
Balance at beginning of the year	708	858
Current service cost	89	46
Interest cost	20	25
Plan participants contributions	37	46
Actuarial (gain) / loss	- 29	- 36
Benefits received / (paid)	- 155	- 231
Defined benefit obligation at the end of the year	670	708
Fair value of plan assets:		
Balance at beginning of the year	620	767
Expected return on plan assets	18	21
Employer contribution	56	46
Plan participants contributions	37	46
Actuarial gain / (loss) losses	- 68	- 30
Benefits received / (paid)	- 155	- 230
Fair value of plan assets at end of year	508	620
Defined benefit obligations in excess of plan assets	162	88
Unrecognized actuarial losses	- 104	- 65
Liability in the balance sheet	58	23

All amounts are in CHF 000 if not otherwise noted

Actuarial assumptions (in %)	2011	2010
Discount Rate	2.50	3.00
Expected return on plan assets	3.00	3.00
Future salary increase	2.00	2.00

The actual return on plan assets amounted to TCHF 50 (2010: TCHF 21). The assets of the retirement benefit scheme have been invested under a collective insurance contract in accordance with an affiliation contract concluded with ASGA Pensionskasse. In 2012 Edisun Power Europe Ltd. expects to pay ordinary employer contributions of TCHF 70 (2010: TCHF 46) into the pension plan.

At December 31	2011	2010	2009	2008	2007
Present value of defined benefit obligation	670	708	858	591	787
Fair value of plan assets	508	620	767	460	713
Deficit / (surplus) in the plan	162	88	91	131	74
Experience adjustments on plan liabilities	-40	-51	-22	-30	12
Experience adjustments on plan assets	-68	-30	1	-3	-2

The table above shows the experience adjustments for the last five years.

The plan assets of the Swiss pension fund are split into the following asset categories at the end of the year:

	2011	2010
Shares	25.61 %	28.10 %
Bonds	31.13 %	33.58 %
Real estate property	14.41 %	13.96 %
Other	28.85 %	24.36 %
TOTAL	100.00 %	100.00 %

All amounts are in CHF 000 if not otherwise noted

17 Provisions for Other Liabilities and Charges

	2011	2010
Provision for dismantling		
At beginning of the year	1 570	1 022
Additions	56	624
Release through fixed assets (PPE)	- 1 212	0
Release through income statement	- 148	0
Other effects	26	- 76
Provision for dismantling at end of the year	292	1 570
Other provisions at end of the year	101	101
Total provisions at end of the year	393	1 671

Provisions for dismantling PV plants after termination of the contract with the owner (generally 20 – 25 years after construction of the PV plant) are based on future estimated costs discounted at a rate of 5% (2010: 5%).

Based on an updated analysis regarding prospective dismantling cost, the company has revised the estimate of dismantling cost and therefore reduced the provision accordingly by TCHF 1 360 (2010: TCHF 0), TCHF 148 thereof through income statement.

18 Personnel Expenses

	2011	2010
Wages and salaries	- 795	- 726
Social security costs	- 243	- 183
Pension costs – defined benefit plans	- 91	- 51
Other personnel costs	- 50	- 47
Total	- 1 179	- 1 007
Number of employees	11	13

19 Financial Income and Expenses

	2011	2010
Interest income on loans	62	17
Foreign exchange gains	468	1
Financial income	530	18
Finance cost		
Borrowings third-party	- 68	- 76
Straight bonds	- 1 709	- 1 406
Foreign exchange losses	- 366	0
Financial expense	- 2 143	- 1 482
Net finance cost	- 1 613	- 1 464

All amounts are in CHF 000 if not otherwise noted

20 Income Tax Expenses

	2011	2010
Current tax expense	135	- 78
Deferred tax expense / (income)	- 263	434
Total income tax expenses	- 128	356

The applicable tax rate was 21.17% (2010: 21.17%).

The applicable tax rate is the tax rate of Edisun Power Europe Ltd. The reconciliation between the income tax expense calculated on the basis of the applicable income tax rate and the income tax expense in the income statement is as follows:

	2011	2010
Loss before income tax expense	- 789	- 1 429
Income tax rate	21 %	21 %
Income tax income at the expected income tax rate	167	300
Reconciliation to the effective income tax expense:		
Effect of applicable different tax rates in countries in which the group operates	21	74
Impairment of deferred tax assets	- 391	0
Unrecognized tax losses	102	0
Other effects	- 27	- 18
Total income tax expense/income	- 128	356

21 Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares (note 12).

	2011	2010
Loss attributable to equity holders of the Group	- 876	- 1 034
Weighted average number of ordinary shares outstanding	341 576	341 576
Basic and diluted earnings per share (CHF per share)	- 2.57	- 3.03

22 Dividends per Share

No dividends were paid out in 2011 and 2010.

23 Contingencies

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

All amounts are in CHF 000 if not otherwise noted

24 Commitments

As of December 31, 2011, the Company had CHF 2.6 million outstanding commitments to complete the construction of the photovoltaic facilities in Spain (2010: CHF 0 million).

25 Acquisition and Disposals of Non-controlling Interests

The Company has acquired a further 0.2% (2010:0.2%) of Edisun Power Ltd. and as of December 31, 2011, holds 98.7% (2010: 98.5%) of Edisun Power Ltd.'s shares. The shareholders of Edisun Power Ltd. chose a cash payment (in 2010: cash payment or compensation in shares of Edisun Power Europe Ltd., or both; the fair value of the shares of Edisun Power Europe Ltd. was determined based on the consideration paid in cash).

26 Related-Party Transactions

26.1 Purchase of Services

The following transactions were carried out with related parties:

	2011	2010
Purchase of services		
from an entity controlled by a board member	12	0
Total purchase of service	12	0

The transaction mentioned above was made on normal commercial terms and conditions.

Additionally, a quarterly fee of 0.625% or TCHF 9 for the funding of an unclaimed short-term loan in the amount of EUR 1.8 million by a member of the Board of Directors was booked in 2011 (2010: TCHF 0).

26.2 Key Management and Board Compensation

	2011	2010
Salaries and other short-term employee benefits	538	613
Social benefits (employers contribution)	49	52
Termination benefits	0	0
Total compensation	587	665

26.3 Year-end Balance arising from Transactions with Related Parties

	2011	2010
Payables to related parties:		
Board member	9	0
Total balance	9	0

A detailed overview of the compensation of the Board of Directors and Management Board may be found in the notes to the statutory financial statement of Edisun Power Europe Ltd.

27 Risk Policy

The Group's risk policy is explained in the notes to the statutory financial statement of Edisun Power Europe Ltd.

28 Events after the Balance-Sheet Date

The Group had no relevant events after the balance-sheet date.



Report of the statutory auditor
to the general meeting of
Edisun Power Europe AG
Zurich

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Edisun Power Europe AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 25 to 59), for the year ended December 31, 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

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

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

**Report on other legal requirements**

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

A handwritten signature in blue ink, appearing to read 'P. Balkanyi'.

Patrick Balkanyi
Audit expert
Auditor in charge

A handwritten signature in blue ink, appearing to read 'R. Gall'.

Reto Gall
Audit expert

Zurich, April 3, 2012

Enclosure:

- Consolidated financial statements (balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes)

Statutory Financial Statements of Edisun Power Europe Ltd.

Statutory Balance Sheet

	Notes	31.12.2011 TCHF	31.12.2010 TCHF
Assets			
Cash and cash equivalents		1 457	2 740
Trade receivables			
Third parties		0	46
Group companies		0	29
Other receivables			
Third parties		3	281
Group companies	3	9 266	3 842
Other current assets		0	51
Total current assets		10 726	6 989
Investments in subsidiaries and associates	1	9 744	9 846
Plants and equipment		21	31
Intangible assets		522	634
Financial assets			
Group companies	3	38 493	41 960
Total non-current assets		48 780	52 471
Total assets		59 506	59 460
Liabilities and equity			
Borrowings	2	4 980	0
Trade payables			
Third parties		160	166
Other payables			
Third parties		38	238
Group companies		2 888	774
Accrued expenses		760	746
Provisions		212	200
Total current liabilities		9 038	2 124
Borrowings	2	30 595	34 280
Total non-current liabilities		30 595	34 280
Total liabilities		39 633	36 404
Share capital		34 158	34 158
Legal reserves			
General reserve		238	238
Share premium from capital contributions		1 129	1 129
Accumulated deficits		- 15 652	- 12 469
Total equity		19 873	23 056
Total liabilities and equity		59 506	59 460

The notes are an integral part of these financial statements.

Statutory Income Statement

	Notes	31.12.2011 TCHF	31.12.2010 TCHF
Revenue from goods and services		1 239	1 359
Revenue from sale of modules		5 336	0
Other income		135	2
Goods purchased		- 4 698	0
Personnel expenses		- 1 058	- 1 099
Rental and maintenance expenses		- 68	- 70
Administration expenses		- 508	- 488
Advertising expenses		- 85	- 100
Other cost		- 404	- 12
Earnings before interest, tax, depreciation and amortization (EBITDA)		-111	-408
Depreciation and amortization		-195	-80
Earnings before interest and tax (EBIT)		- 306	- 488
Financial income		3 120	2 795
Financial expenses		- 2 119	- 1 902
Impairment on intercompany borrowings and investments	3	- 3 819	- 7 696
Net loss before tax		- 3 124	- 7 291
Taxes		- 59	- 59
Net loss		- 3 183	- 7 350

The notes are an integral part of these financial statements.

Notes to the Financial Statements

1 Investments

		Capital	Signed	31 December 2011		31 December 2010	
				Share	TCHF	Share	TCHF
Edisun Power Ltd.	TCHF	2 634	100%	98.7%	3 906	98.5%	3 898
Yellow Hat Ltd.	TCHF	500	100%	55.6%	168	55.6%	278
Edisun Power Finance Ltd.	TCHF	100	100%	100.0%	100	100.0%	100
Edisun Power Iberia S.A.	TEUR	61	100%	100.0%	91	100.0%	91
Edisun Power PLC	TEUR	750	100%	100.0%	1 603	100.0%	1 603
Edisun Power SAS	TEUR	2 800	100%	100.0%	3 876	100.0%	3 876
Total Investment					9 744		9 846

The Spanish Company is located in Alella, Barcelona, the French Company in Lyon and the German Company in Sigmaringen. The objectives of these companies are the financing, construction and operation of solar plants.

2 Straight Bonds

	31.12.2011	31.12.2010
	TCHF	TCHF
3.75% Bond 2007 – 2012	3 855	-
3.75% Bond 2008 – 2012	1 125	-
Total Short-term borrowings	4 980	-
3.75% Bond 2007 – 2012	-	3 855
3.75% Bond 2008 – 2012	-	1 125
4.00% Bond 2007 – 2015	3 280	3 280
4.50% Bond 2007 – 2019	4 810	4 810
4.00% Bond 2008 – 2015	1 720	1 720
4.50% Bond 2008 – 2019	4 540	4 540
4.25% Bond 2009 – 2014	9 125	9 125
3.75% Bond 2010 – 2016	5 825	5 825
3.50% Bond 2011 - 2017	1 295	-
Total Long-term borrowings	30 595	34 280

3 Impairment of Intercompany Borrowings

	31.12.2011 TCHF	31.12.2010 TCHF
Other receivables from group companies (gross amount)	9 509	3 842
Impairment	- 243	0
Other receivables from group companies (net amount)	9 266	3 842
Loans to group companies (gross amount)	49 656	49 656
Impairment	- 11 163	- 7 696
Loans to group companies (net amount)	38 493	41 960

As at December 31, 2011, the exchange rate used for EUR/CHF was 1.2139 (PY 1.24645). If the currency had weakened / strengthened by 5% against the Euro, the impairment on loans to group companies would have been TCHF 1 772 higher (PY TCHF 1 818) higher resp. TCHF 1 861 (PY TCHF 1 909) lower.

4 Fire-Insurance Value of Fixed Assets

	31.12.2011 TCHF	31.12.2010 TCHF
	100	100

5 Sureties, Guarantees and Pledges given on behalf of Third Parties

The following current and future receivable form energy deliveries from the sale of solar power to local electricity companies of the subsidiaries of Edisun Power Europe Ltd. have been pledged to secure third-party loans / straight bonds:

Beneficiary	31.12.2011 TCHF	31.12.2010 TCHF
Bondholders	18 195	18 732
	18 195	18 732

	31.12.2011 TEUR	31.12.2010 TEUR
Joint security given in order to secure a bank financing for Edisun Power France SAS	6 705	6 705
	6 705	6 705

6 Significant Shareholders

Significant shareholders and their direct holdings	31.12.2011 in %	31.12.2010 in %
Multina Group ¹⁾	-	12.2 %
Eberhard Martin ²⁾	10.6 %	-
Coopera Sammelstiftung PUK	3.1 %	3.1 %

¹⁾ Multina Group has been dissolved as of April 18, 2011

²⁾ Martin Eberhard was part of the Multina Group

7 Own Shares

According to the Swiss Law Art. 659 b OR, shares would be classified as treasury shares if an entity acquires a majority investment in another entity which owns shares in the acquirer entity. In this case, the acquiring entity has to make reserves for these treasury shares. Thus, Edisun Power Europe Ltd., the acquirer of Edisun Power Ltd., must establish reserves for its treasury shares. However, the company has no free available reserves, and thus the future net profit for the year will be unavailable for distribution until the necessary reserve for own shares has been created.

8 Pension Fund

	31.12.2011 TCHF	31.12.2010 TCHF
Pension fund liabilities	0	0

9 Risk Policy

Edisun Power Europe Ltd. has established a yearly process evaluating in detail all relevant strategic and operational risks for the entire group. All identified risks are qualified and quantified (according to their realization probability and impact). This risk overview is objective of an annually repeating discussion process in the group's Board of Directors and Audit Committee. The permanent observation and control of the risks is a management objective.

For identified risks, which arise from the accounting and financial reporting, a risk assessment is performed. Throughout the Internal Control System framework on financial reporting relevant control measures are defined, which reduce the financial risk. Remaining risks are categorized depending on their possible impact (low, average or high) and appropriately monitored.

10 Remuneration of Members of the Board of Directors and Management Board (in CHF)

Board of Directors

	Year	Fixed fee	Social benefits (employer's contribution)	Total cash compensation
Heinrich Bruhin Chairman ¹⁾	2011	52 000	3 250	55 250
	2010	31 500	1 906	33 406
Peter Toggweiler Vice-Chairman	2011	26 000	0	26 000
	2010	22 667	0	22 667
Pius Hüsser Member ²⁾	2011	25 000	0	25 000
	2010	40 000	0	40 000
Martin Eberhard Member (since 2011)	2011	18 000	1 120	19 120
	2010	0	0	0
Dominique Fässler Member	2011	10 500	0	10 500
	2010	23 500	0	23 500
Giuseppina Togni Member (until 2010)	2011	0	0	0
	2010	7 500	0	7 500
Christian Androschin Member (until 2010)	2011	0	0	0
	2010	10 333	0	10 333

¹⁾ Former Vice-Chairman, appointed Chairman in August 2010

²⁾ Former Chairman until August 2010

Management Board

	Year	Fixed fee	Social benefits	Incentive	Expenses	Total compensation
Mirjana Blume CEO & CFO ¹⁾	2011	206 250	26 610	0	4 950	237 810
	2010	227 400	27 397	32 000	5 400	292 197
Markus Kohler CTO (since April 2010) ²⁾	2011	150 000	17 660	40 000	4 800	212 460
	2010	101 255	11 974	12 000	3 600	128 829
Marc Ledergerber CFO (08.2009 – 05.2010)	2011	0	0	0	0	0
	2010	94 667	10 570	0	1 042	106 279

¹⁾ CEO & CFO until November 2011, variable salary paid based on achievements 2010

²⁾ CEO & CFO ad interim from December 2011

Compensation (in CHF)

	2011	2010
Total compensation of members of the Board of Directors	135 870	137 406
Total compensation of the Management Board	450 270	527 305

Highest Total Compensation (in CHF)

	2011	2010
Board of Directors: Heinrich Bruhin	55 250	-
Board of Directors: Pius Hüsser	-	40 000
Management Board: Mirjana Blume	237 810	292 197

11 Additional Payments to Members of the Board of Directors and the Management Board (in CHF)

	2011	2010
Martin Eberhard: Quarterly fee of 0.625% for the funding of an unclaimed short-term loan in the amount of EUR 1.8 mio.	9 104	0

12 Related Parties Transactions (in CHF)

	2011	2010
Purchase of services from an entity controlled by a board member	12 000	0

All transactions with related parties are made on normal commercial terms and conditions and do not include any executive or managerial functions.

13 Shares owned by Board of Directors and Management Board

Board of Directors	31.12.2011	31.12.2010
Heinrich Bruhin	1 625	1 625
Peter Toggweiler through Enecolo	2 535	2 535
Martin Eberhard	36 091	-
Pius Hüsser	1 402	1 262
Total	41 653	5 422

Management Board

Mirjana Blume (until November 2011)	400	400
Total	400	400



Report of the statutory auditor
to the general meeting of
Edisun Power Europe AG
Zurich

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Edisun Power Europe AG, which comprise the balance sheet, income statement and notes (pages 63 to 70), for the year ended December 31, 2011.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements for the year ended December 31, 2011 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.



In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers AG

A handwritten signature in blue ink, appearing to read 'P. Balkanyi'.

Patrick Balkanyi
Audit expert
Auditor in charge

A handwritten signature in blue ink, appearing to read 'R. Gall'.

Reto Gall
Audit expert

Zurich, April 3, 2012

Enclosure:

- Financial statements (balance sheet, income statement and notes)

The Corporate Governance Report as well as the Financial Statements can be downloaded at: www.edisunpower.com

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