



Edison Power Europe Ltd.

Corporate Governance Report 2014 Financial Statements 2014

14

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Corporate Governance Report 2014

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Corporate Governance Report 2014

Edisun Power has high standards when it comes to effective Corporate Governance. This ensures responsible and transparent company leadership and management and contributes to our long-term success. It is the key to meeting the demands of our various stakeholder groups, including shareholders, customers, employees and the local communities in which we operate.

Corporate Governance describes how management is organized and how it operates. Ultimately it contributes to our success by protecting the interests of our shareholders while at the same time creating value for all

stakeholders. The Board of Directors is committed 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 an efficient decision-making process within the company. The Board of Directors and the Management Board work constantly to improve the quality of Corporate Governance.

The Board of Directors considered the implications of the Minder Initiative. As a result of this the chairman of the Board of Directors, the single board members as well as the members of the Nomination and Compensation Committee have been elected by the general assembly in 2014. In the General Shareholders' Meeting in 2015 the Swiss Ordinance against Excessive Compensation (OaEC/"VegüV") will be fully implemented, e.g. by adapting the Articles of Association.

1 Executive Summary

Changes in share capital

As of December 31	2014	2013	2012
Ordinary share capital (in CHF)	17 949 818.80	17 949 818.80 ¹⁾	34 157 600
Total shares	341 576	341 576	341 576

¹⁾ On May 7, 2013, the share capital was reduced as part of an initiative to eliminate losses on the balance sheet.

Significant Shareholders as of December 31

	2014 Number of Shares	2014 in %	2013 in %
Nef Hans ¹⁾	62 949	18.4 %	6.6 %
Eberhard Martin	42 646	12.5 %	10.6 %
Group of shareholders with Hansjürg Leibundgut and B35 AG ¹⁾	20 530	6.0 %	3.7 %
Coopera Sammelstiftung PUK	10 750	3.1 %	3.1 %

¹⁾ On May 9, 2014 Hans Nef became a member of the group of shareholders with Hansjürg Leibundgut and B35 AG. As of 31.12.2014, the group had a total of 83'479 shares (24.4%). On January 14, 2015, Hans Nef exited the group of shareholders with Hansjürg Leibundgut and B35 AG.

Auditors

The auditors are appointed annually at the General Shareholders' Meeting. The term of office is one year. PricewaterhouseCoopers AG, Zurich, was first appointed at the General Shareholders' Meeting of May 9, 2008, and since this date Patrick Balkanyi has been the auditor in charge.

Shareholders' participation rights

- Each registered ordinary share bears one voting right at the General Shareholders' Meeting and entitlement 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

	2014
Total compensation of the Board of Directors	74 376
Total compensation of the Management Board	309 707

Highest total compensation in CHF

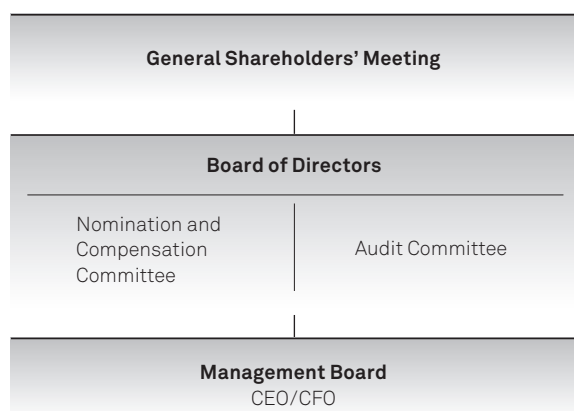
	2014
Board of Directors: Giatgen Peder Fontana	23 333
Management Board: Rainer Isenrich	309 707

2 Group Structure

Operational Group structure

The headquarter of Edisun Power Group is in Zurich, Switzerland. Group subsidiaries operate in Switzerland, Germany, Spain and France. Edisun Power Europe Ltd. is the parent company and has been listed on the domestic segment of the SIX Swiss Exchange since November 4, 2013, having previously been listed on the main segment.

The following chart shows the Group's operational structure as of December 31, 2014:



Listed companies

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

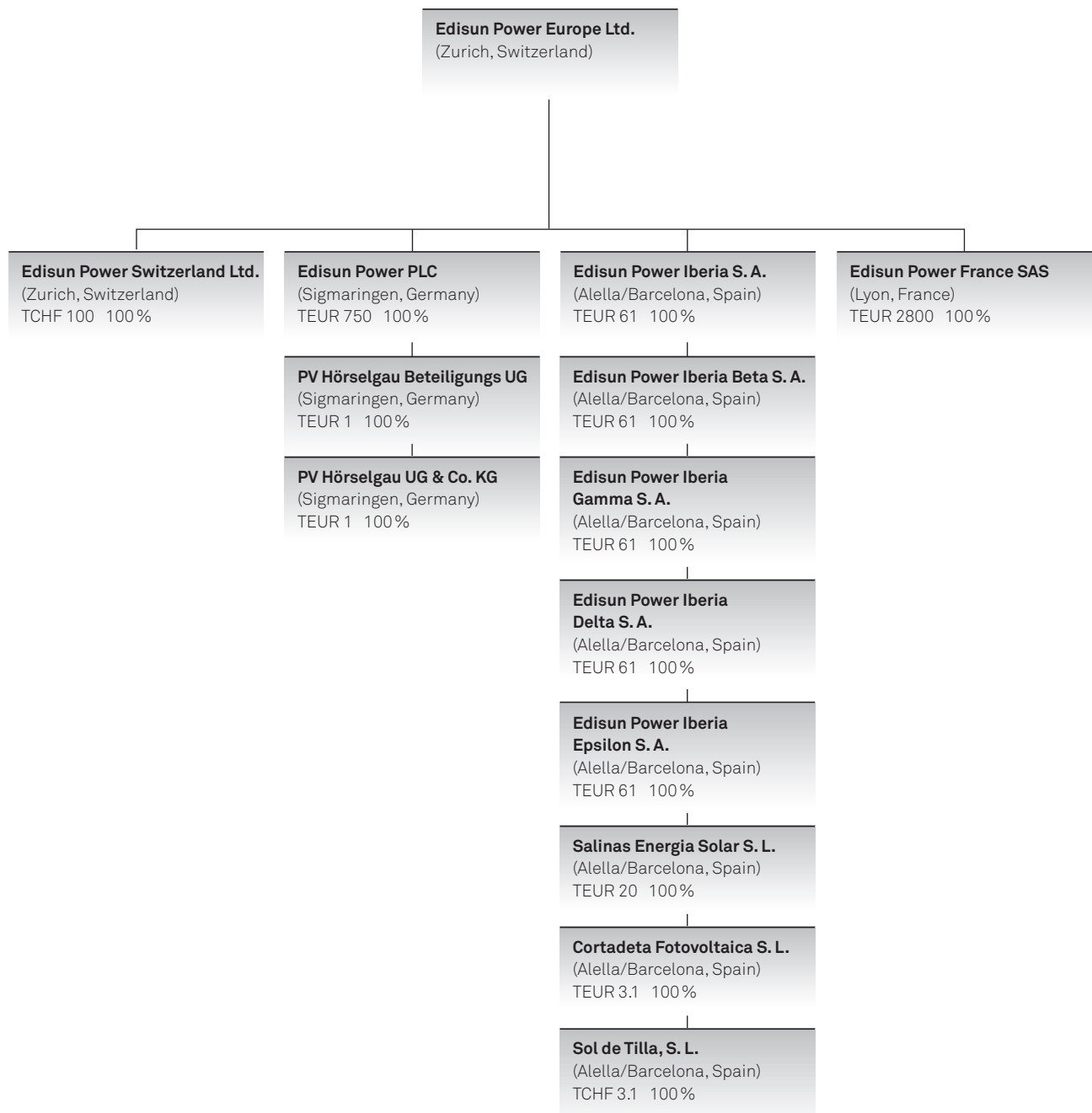
Key data for the shares of Edisun Power Europe Ltd. as of December 31:

	2014	2013	2012
Market capitalization (CHF m)	12	9	14
As a % of equity	98.41	75.67	94.45
Share price (CHF)	35.00	27.75	42.00

Registered office:	8006 Zurich, Switzerland
Listing:	SIX Swiss Exchange
Valor number:	2 473 640
ISIN:	CH0024736404
Ticker symbol:	ESUN
Nominal value:	CHF 52.55

Non-listed companies

The following organizational chart shows all the companies in the Edisun Power Group as of December 31, 2014 (registered office, share capital in local currency and share of ownership):



3 Shareholders

Registered shareholders

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

Number of shares held	2014	2013
1 – 100	408	615
101 – 1 000	315	486
1 001 – 10 000	25	26
10 001 – 100 000	4	3
Total registered shareholders	752	1 130

Significant shareholders

As of December 31, the significant shareholders and their holdings were as follows:

	2014 shares	2014 % of total	2013 % of total
Nef Hans ¹⁾	62 949	18.4 %	6.6 %
Eberhard Martin	42 646	12.5 %	10.6 %
Group of shareholders with Hansjürg Leibundgut and B35 AG ¹⁾	20 530	6.0 %	3.7 %
CoOpera Sammelstiftung PUK	10 750	3.1 %	3.1 %
Registered shareholders with holdings of less than 3 %	167 975	49.2 %	66.3 %
Not registered	36 726	10.8 %	9.7 %
Total shares	341 576	100.0 %	100.0 %

¹⁾ On May 9, 2014 Hans Nef became a member of the group of shareholders with Hansjürg Leibundgut and B35 AG. As of 31.12.2014, the group had a total of 83'479 shares (24.4%). On January 14, 2015, Hans Nef exited the group of shareholders with Hansjürg Leibundgut and B35 AG.

The following significant shareholder notifications occurred during 2014/2015:

- On May 9, 2014, Hans Nef became a member of the group of shareholders with Hansjürg Leibundgut and B35 AG (comprising Hansjürg Leibundgut, Ursula Leibundgut and Martin Schmutz) and therefore the group had on that date a new total of 52 979 shares (15.51%).
- On July 22, 2014, the group of shareholders with Hans Nef, Hansjürg Leibundgut and B35 AG acquired shares in Edisun Power, taking their total holding on that date to 68 974 shares (20.10%).
- On January 14, 2015, Hans Nef exited the group of shareholders with Hansjürg Leibundgut and B35 AG.

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

Shareholder structure

On December 31, the distribution of shareholders by type was as follows:

Type	2014	2013
Individual shareholders	80 %	81 %
Legal entities	7 %	7 %
Nominees, fiduciaries	2 %	2 %
Not registered	11 %	10 %
Total	100 %	100 %

On December 31, the distribution of shareholders by domicile was as follows:

Origin	2014	2013
Switzerland	88 %	88 %
Europe (other than Switzerland)	1 %	2 %
Not registered	11 %	10 %
Total	100 %	100 %

Cross-shareholdings

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

4 Capital Structure

On December 31, 2014, the capital of Edisun Power Europe Ltd. was as follows:

Ordinary share capital (CHF)	17 949 818.80
Total shares	341 576

Authorized and conditional capital

On December 31, 2014, Edisun Power Europe Ltd. had no authorized and no conditional capital.

Changes in capital

The capital of Edisun Power Europe Ltd. was unchanged in 2014:

Changes in share capital	2014	2013	2012	2011	2010	2009	2008
Ordinary share capital (CHF)	17 949 818.80	17 949 818.80	34 157 600	34 157 600	34 157 600	34 157 600	34 157 600
Total shares	341 576	341 576	341 576	341 576	341 576	341 576	341 576
Authorized capital (CHF)	-	-	-	-	-	3 000 000	3 000 000
Authorized shares	-	-	-	-	-	30 000	30 000

In some previous years, the share capital was increased annually 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.

On May 7, 2013, the share capital was reduced as part of an initiative to eliminate losses on the balance sheet by reducing the nominal value of a share to CHF 52.55.

Shares and participation certificates

Edisun Power Europe Ltd. registered shares have been listed on the SIX Swiss Exchange since September 26, 2008. Since May 7, 2013, the par value has been CHF 52.55 per share, and prior to that it was 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 entitlement 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, an acquirer of shares must submit 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 a 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

Nominees are persons who have filed an application for registration, and who do not expressly declare themselves to be holding shares for their own account, and with whom the Board of Directors has reached an agreement to this effect. The Board of Directors may enter a nominee in the register of shareholders when the nominee holds voting rights for up to 3% of the share capital recorded in the commercial register. When a nominee holds 3% or more of the share capital, the Board of Directors may enter shares held by the nominee in the register of shareholders if the nominee discloses the name, address and number of shares held by each person on whose account the shares are held.

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

In the event that such a situation arises, an absolute majority of the votes represented at the General Shareholders' Meeting is sufficient to proceed with cancellation of statutory privileges and limitations on transferability.

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 on 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 management, preparation of the annual report, as well as the shareholders' meeting and making legal notification in the event 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.

No member of the Board of Directors was a member of the Executive committee in the three years prior to the reporting period, nor do any members of the Board of Directors have any material business relationship with any company of the Edisun Power Group.

Hansjürg Leibundgut, Chairman of the Board

born 1949, Swiss national
non-executive member

Hansjürg Leibundgut has been a member of the company's Board of Directors since August 28, 2014 and has served as a Chairman until February 20, 2015, when he resigned from his position as Chairman and member of the Board of Directors. He founded AW Contracting AG in 1997, which went on to become Edisun Power Ltd. as the result of a merger. He was a member of the board of Edisun Power from 1997 until 2006. He has devoted himself the subject of energy – exclusively of the renewable kind – in various functions since 1995. Hansjürg Leibundgut spent

four years as head of the Canton of Zurich's department for energy, air quality and building systems. In 1990 he joined Amstein + Walthert Holding AG where he was head of engineering for 18 years, and then CEO and Chairman of the Board for five years, at which time the company numbered over 600 employees in eight locations. In 2002 Hansjürg Leibundgut founded the companies AWTec AG and BS2 AG. He served for seven years on the board of the Swiss Society of Engineers and Architects (SIA) and continues to be an Honorary Member. From 2005 until 2014 he was Professor of Building Systems at the ETH in Zurich. Hansjürg Leibundgut is the inventor of the 2sol system as well as the ZESI and he owns a number of patents. He is a Full Member of the Swiss Academy of Engineering Sciences.

Hans Nef, Vice-Chairman of the Board

born 1944, Swiss national
non-executive member

Hans Nef has been a member of the company's Board of Directors since August 28, 2014 and has served as a Chairman ad interim from February 21, 2015, due to the resignation of Hansjürg Leibundgut. He graduated as an engineer from the Swiss Higher Technical Institute (HTL). Hans Nef started his own engineering firm (Ingenieurbüro H. Nef) in 1969, and with his company he was predominantly involved in urban civil engineering and water supply for the public utilities of the city of Zurich. In 1984 he founded Primag Management AG, which operates in the areas of property management and sales, construction management and the realisation of various building projects (multiple-family homes and industrial buildings) as well as in the hotel industry (as the operator of two hotels).

Hans Nef was a member of the board of directors of Galenica AG. He is currently a board member of Ingenieurbüro H. Nef AG, Primag Management AG, Nef Weine AG and Freetex AG in Zurich as well as of UTA Immobilien AG in Baden.

Elmar Ledergerber, Member of the Board

born 1944, Swiss national
non-executive member

Elmar Ledergerber has been a member of the company's Board of Directors since August 28, 2014. He studied history and literature at the University of Fribourg (lic. phil. I) and economics at the University of St. Gallen, completing his studies there with a doctorate (Dr. oec. HSG). Elmar Ledergerber started his career – in parallel with studying – with a long stay in Latin America working as a journalist with a focus on the problems of developing countries. In his professional life, he concentrated on the areas of environment, energy, land use planning and infrastructure development in Switzerland and abroad. Elmar Ledergerber was a Partner at the consulting group INFRAS and later owner and CEO of Ecoconcept. As a representative of the Social Democratic Party he was a member of the Council of the Canton of Zurich from 1979 to 1987 and of the National Council from 1987 to 1998. In 1998 Ledergerber was elected to the Zurich city government and in 2002 he was elected Mayor. In 2009, at the age of 65, he retired from office.

Since 2009, Ledergerber has been President of Zurich Tourism and since 2012 President of HELVETAS Swiss Intercooperation, and he is also a member of a number of boards of management and trustees.

The Articles of Association do not yet restrict the permitted number of group-external mandates in the highest governing and executive bodies of legal entities for members of the Board or the Management. The amendments of the Articles according to the Ordinance against Excessive Compensation will be proposed to the General Shareholders' Meeting in 2015.

Election procedure and limits on the term 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, 2014, the Board of Directors had three members.

The members of the Board of Directors are elected individually at the Annual General Shareholders' Meeting. All members are elected for a period of one year. The term ends on the day of the Annual General Shareholders' Meeting. In the event that a substitute is elected to the Board of Directors during a term, 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 Chairman is elected by the General Shareholders' Meeting, which also elects the members of the Nomination and Compensation Committee. Apart from these functions, the Board appoints itself and its Secretary. The secretary need not be a member of the Board of Directors or a shareholder. Since October 1, 2014, Reto Simmen 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 the event of a tie, the chairman of the Board of Directors has the deciding vote. Resolutions to a motion may also be reached in writing if no member of the Board of Directors objects to this process. Minutes of the deliberations and resolutions must be kept and must be signed by the Chairman and Secretary of the Board of Directors.

The allocation of assignments between the 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.

Tasks and area of responsibility for Board of Director's 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 responsible for all duties.

Audit Committee

As of December 31, 2014, the Audit Committee had three members: Elmar Ledergerber (Chairman), Hansjürg Leibundgut and Hans Nef. 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, or 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 by the CEO/CFO as a guest. Furthermore, two meetings were also attended by the auditors. The average duration of the meetings was 1.1 hours.

Within the context of its overall remit, the Audit Committee assesses the work and effectiveness of the external auditor on behalf of the Board of Directors, 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.

Nomination and Compensation Committee

As of December 31, 2014, the Nomination and Compensation Committee, which was elected at the General Shareholders' Meeting, had three members: Hansjürg Leibundgut, Hans Nef and Elmar Ledergerber. The Nomination and Compensation Committee meets at least once a year, or as often as required. In 2014 the Committee met twice during a regular Board meeting with a duration of 0.25 hour. The meetings were attended by all members of the Committee.

The primary tasks of this Committee are to review and propose the compensation structure and the amount of compensation for the members of the Board of Directors and the Management Board, to select and propose suitable candidates for election to the Board of Directors and for appointment to the Management Board. The Committee submits the relevant proposals and nominations to the Board of Directors.

Working methods of the Board of Directors and its Committees

The Board of Directors convenes ordinary meetings as often as required by the business and the affairs of the Company. 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 there is no statutory quorum. The Board of Directors held seven meetings and one telephone conference in 2014. Most ordinary meetings of the Board of Directors last half a day. The members of the Management Board take part regularly 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, except as otherwise provided by law and the Articles of Association. The CEO heads the operational business and is empowered to fulfill his duties, unless 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.

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 supervision of top management. The Board of Directors is also responsible for the preparation of the annual report, preparation for 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 Management Board reports regularly, during the Board and Committee meetings, to the Board of Directors on the course of business. Should extraordinary events occur, the Management Board is required to inform the Board of Directors immediately. In connection with meetings of the Board of Directors, the members of the Management Board report to the Board of Directors on their respective business areas.

The standardized reporting consists of monthly written reports on current sale of electricity, projects, liquidity planning and budget variances of the Group. The resulting analysis and action taken are presented at each board meeting by the Management Board. Complete consolidated financial statements under Swiss GAAP ARR are prepared on a semi-annual basis and submitted to the Board of Directors.

Risk management analyzes the Group's overall risk exposure and supports the strategic decision-making process. It is therefore linked closely with the Group's strategic management process. The types of risks considered include those concerning the market, business environment, operations, financial risks (including currency, interest, cash-flow and liquidity risks), compliance and risks concerning company reputation. The examination of exposure to risk includes the identification of possible opportunities as well as an analysis of threats. The Board of Directors analyzes Group risk at least once a year and discusses it 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 then executes decisions made by the Board of Directors. According to the Organizational Regulations of Edisun Power Europe Ltd. it must, as a minimum requirement, include the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). The Management Board is appointed by the Board of Directors and currently includes only the CEO/CFO.

The Articles of Association do not yet restrict the permitted number of group-external mandates in the highest governing and executive bodies of legal entities for members of the Board or the Management. The amendments of the Articles according to the Ordinance against Excessive Compensation will be proposed to the General Shareholders' Meeting in 2015.

Rainer Isenrich, CEO/CFO

born 1960, Swiss national

Rainer Isenrich has been CEO/CFO of Edisun Power since March 1, 2012. He studied electrical engineering at the Swiss Federal Institute of Technology (ETH) Zurich, gained a master's degree in Management from Georgia Institute of Technology (Atlanta, USA) and completed further studies in Innovation Management at IMD in Lausanne. Rainer Isenrich has accumulated extensive international professional and management experience in a diverse range of industries and roles. From 1990 to 2005 he worked for Georg Fischer, where, among other positions, he served as Chief Information Officer from 1997 – 2000 and was head of various business units and divisions from 2000 – 2005. From 2005 – 2008 he was CEO of Multi-Contact Group and thereby also responsible for Multi-Contact's activities as the market leader in electrical connectors for photovoltaic modules. Subsequently Rainer Isenrich held various positions with automation specialist Infranor and plastics manufacturer Fischer Söhne AG.

7 Compensation and Remuneration Report

Composition and method of determining compensation

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

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 Edisun Power Europe Group's business. Salary levels depend on job descriptions and market competitiveness as well as on the skills of each employee. Salaries are reviewed annually and their evolution depends on the individual performance of each employee.

Variable salary

In 2009 the Group introduced a variable salary component to middle and top management depending on job description and management level. Since 2013 the variable salary component of the CEO/CFO has been linked exclusively to a positive financial result of the Edisun Power Group and is calculated as a percentage (10%) of such result with a maximum of CHF 200 000.

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

Statutory Provisions

Edisun Power Europe Ltd. has not implemented statutory provisions according to the Ordinance Against Excessive Compensation yet. The board of directors will propose to the ordinary General Assembly in 2015 to amend the articles of the Company accordingly.

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 2014. Until the end of the financial year 2014 the compensation of the Board of Directors was reviewed by the Nomination and Compensation Committee once a year and adjusted as necessary. Changes required the approval of the Board of Directors.

Management Board

The Management Board of Edisun Power Europe Ltd. only consists of the CEO/CFO. His annual financial compensation consists of a fixed and a variable salary, with 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. In case of a termination of the contract the variable part is paid out on a pro rata basis only in case of a termination by the company.

The financial compensation of the Management Board is currently set by the Nomination and Compensation Committee and the decision is noted by the Board of Directors as a whole. Benchmarking against the European solar market takes place periodically. For 2014, a total management board bonus of CHF 30 000 was granted (instead of 40 000, as the CEO/CFO voluntarily waived 25% of his bonus, thus contributing to the efforts to over-

come the challenging market situation). No further compensation in shares or options of the group was granted.

The employment contract of the CEO/CFO was concluded for an indefinite period of time and may be terminated with six months' notice. This contract of employment does not include severance compensation.

Remuneration Report according to Swiss Law and the Ordinance against Excessive Compensation in Stock Exchange listed Companies

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

	Financial year	Fixed fee	Social benefits (employer's contribution)	Total cash compensation	Total compensation
Hansjürg Leibundgut Chairman from 28.8.2014	2014	6 667	0	6 667	6 667
	2013	0	0	0	0
Hans Nef Vice-Chairman from 28.8.2014	2014	5 000	0	5 000	5 000
	2013	0	0	0	0
Elmar Ledergerber Member from 28.8.2014	2014	5 000	0	5 000	5 000
	2013	0	0	0	0
Giatgen Peder Fontana Chairman until 28.8.2014	2014	23 333	0	23 333	23 333
	2013	35 000	0	35 000	35 000
Martin Eberhard Vice-Chairman until 28.8.2014	2014	16 667	1 042	17 709	17 709
	2013	25 000	1 563	26 563	26 563
Theodor Scheidegger Member until 28.8.2014	2014	16 667	0	16 667	16 667
	2013	16 667	0	16 667	16 667
Heinrich Bruhin Chairman until 7.5.2013	2014	0	0	0	0
	2013	16 000	1 000	17 000	17 000
Peter Toggweiler Vice-Chairman until 7.5.2013	2014	0	0	0	0
	2013	8 000	0	8 000	8 000
Pius Hüsser Member until 7.5.2013	2014	0	0	0	0
	2013	8 000	0	8 000	8 000

	2014	2013
Total compensation of the Board of Directors in CHF	74 376	111 230

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

	Financial year	Fixed salary	Variable salary	Social benefits	Expenses	Total compensation
Rainer Isenrich CEO/CFO ¹⁾	2014	225 000	30 000	42 907	11 800	309 707
	2013	229 165	0	44 956	11 800	285 921
Markus Kohler CTO ²⁾	2014	0	0	0	0	0
	2013	113 334	20 000	18 178	10 200	161 712

	2014	2013
Total compensation of the Management Board in CHF	309 707	447 633

¹⁾ CEO/CFO since March 1, 2012

²⁾ CTO until 30.4.2013, employment contract ended 31.8.2013, total compensation until 31.8.2013 shown.

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 or persons closely linked to them.

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

	2014	2013
Funding fee	6 467	0

The loan agreement was terminated as of September 30, 2014.

Related parties transactions

There were no transactions with related parties in 2014 or in 2013 other than the ones disclosed on page 48 of the consolidated financial statements.



Report of the statutory auditor
to the General Meeting
Edisun Power Europe AG
Zürich

We have audited pages 17 – 19 of the accompanying compensation and remuneration report of Edisun Power Europe AG for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation and remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation and remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation and remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation and remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation and remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation and remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation and remuneration report of Edisun Power Europe AG for the year ended 31 December 2014 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Patrick Balkanyi
Audit expert
Auditor in charge



Reto Gall
Audit expert

Zürich, 14 April 2015

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PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

8 Shareholders' Participation Rights

Voting rights and representation restrictions

Each registered ordinary share bears one voting right at the Annual General Shareholders' Meeting and entitlement to dividend payments (Art. 6 para. 1 of the Articles of Association).

Statutory quorums

To the extent that neither the law nor the Articles of Association provide otherwise, an absolute majority of share votes must be represented at the General Shareholders' Meeting for resolutions to be passed and elections to be conducted.

Convocation of the General Shareholders' Meeting

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

Extraordinary General Shareholders' Meetings can be called as often as necessary, particularly in 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 who are entitled to vote and who represent at least 10% of the share capital may request items to be added to the agenda. Such requests must be addressed in writing to the Chairman of the Board of Directors no later than 45 days before the meeting.

Entries in the share register

The closing date before the Annual General Shareholders' Meeting for registered shareholders to be entered in the share register will be given each time in the invitation to the Annual General Shareholders' 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 were first appointed as auditors of Edisun Power Europe Ltd. and Edisun Power Group. They were elected following a due diligence process, mainly on the basis of their level of competence, their independence and their reputation as one of the "Big Four". Ecovis ws&p AG had previously been tasked with the statutory audit. PricewaterhouseCoopers were originally elected for a term of one year, with Patrick Balkanyi acting as lead auditor. Since 2008, PricewaterhouseCoopers AG have been reappointed each year and Patrick Balkanyi continues to be the lead auditor. In accordance with Swiss law, the lead auditor can serve for a maximum term of seven years.

Fees

The fees charged by PricewaterhouseCoopers to the Edisun Power Group during the financial years 2014 and 2013, were as follows (in CHF):

	2014	2013
Audit services	53 300	61 800
Total	53 300	61 800

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 present a detailed annual audit plan to the Audit Committee, including the proposed audit fees. At the end of the audit, PricewaterhouseCoopers present a detailed report to the Audit Committee 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 to 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 29, 2015

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

August 27, 2015

Publication of Semi-Annual Report as of June 30, 2015
Media Information

April 2016

Publication of the Annual Report as of December 31, 2015
Media Information

May 2016

Annual General Shareholders' Meeting of Edisun Power Europe Ltd.

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Investor Relations

Rainer Isenrich

Share register

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Switzerland

Consolidated Financial Statements of Edisun Power Europe Ltd.

Consolidated Balance Sheet

	Notes	31.12.2014 TCHF	31.12.2013 TCHF
Assets			
Cash and cash equivalents	7	2 181	7 502
Trade receivables	6	573	696
Other receivables and current assets	6	1 011	1 254
Financial assets		30	30
Total current assets		3 795	9 482
Land, plant and equipment	4	52 112	55 395
Intangible assets	5	27	211
Financial and other long term assets		1 018	1 194
Total non-current assets		53 157	56 800
Total assets		56 952	66 282
Liabilities and equity			
Borrowings	10	2 390	9 593
Trade payables	9	192	386
Other payables	9	81	165
Accrued cost	9	1 075	1 021
Provisions	12	0	39
Total current liabilities		3 738	11 204
Borrowings	10	40 708	41 904
Provisions	12	358	648
Total non-current liabilities		41 066	42 552
Total liabilities		44 804	53 756
Share capital	8	17 950	17 950
Share premium	8.1	- 2 185	- 2 185
Accumulated deficits	8.3	- 3 617	- 3 239
Total equity		12 148	12 526
Total liabilities and equity		56 952	66 282

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

Consolidated Income Statement

	Notes	2014 TCHF	2013 TCHF
Revenues from:			
sale of electricity	3	7 356	8 125
sale of modules and systems	3	0	32
Other operating income		519	436
Goods and services purchased			
Personnel expenses	13	- 834	- 1 309
Rental and maintenance expenses		- 962	- 1 010
Administration expenses		- 475	- 783
Advertising expenses		- 55	- 67
Other operating costs		- 491	- 528
Earnings before interest, tax, depreciation, amortization and deconsolidation (EBITDA)		5 058	4 864
Depreciation and amortization	4, 5	- 2 967	- 3 408
Impairment	4, 5	365	- 2 611
Income from deconsolidation	4.2	0	419
Operating profit (EBIT)		2 456	- 736
Financial income	14	4	51
Financial expenses	14	- 2 042	- 2 746
Net profit before income tax		418	- 3 431
Income tax	15	- 9	- 24
Net profit		409	- 3 455
attributable to shareholders of Edisun Power Europe Ltd.		409	- 3 455
Earnings per share attributable to shareholders of Edisun Power Europe Ltd. during the year (expressed in CHF per share):			
basic and diluted	16	1.20	- 10.12

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

Consolidated Cash Flow Statement

	Notes	2014 TCHF	2013 TCHF
Net profit		409	- 3 455
Reversal of non-cash items:			
Depreciation and amortization on plant, equipment, intangible assets and other assets		2 967	3 408
Impairment		- 365	2 611
Change in accruals and provisions		- 277	- 526
Financial income	14	- 4	- 51
Financial expenses	14	2 042	2 746
Income from deconsolidation	4.2	0	- 419
Income tax expense	15	9	24
(Profit)/Loss on disposal of tangible assets		- 16	27
Change in receivables and other current assets		263	624
Change in payables		- 272	146
Interest paid		- 1 954	- 2 438
Taxes paid		- 3	- 255
Other non-cash items		204	125
Cash flow from operating activities		3 002	2 567
Disposal of Edisun Power AG, net of cash disposed	4.2	0	3 094
Investments in plant and equipment	4	- 381	- 204
Disposal of tangible assets	4	356	1 750
Investments in intangible assets	4	0	- 75
Repayment from financial assets		18	18
Interest received		4	21
Cash flow from investing activities		- 3	4 604
Issuance of borrowings, net of transaction costs		4 589	343
Cash received for loans from Edisun Power Europe Ltd.		0	1 351
Repayment of borrowings		- 12 873	- 6 725
Cash flow from financing activities		- 8 284	- 5 031
Net change in cash and cash equivalents		- 5 285	2 140
Cash and cash equivalents at the beginning of the year	7	7 502	5 350
Exchange losses on cash and cash equivalents		- 36	12
Cash and cash equivalents at the end of the year	7	2 181	7 502

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

Consolidated Statement of Changes in Equity

TCHF	Attributable to shareholders of the Company			Total equity
	Share capital	Share pre- mium	Accumu- lated deficits	
December 31, 2012	34 158	- 818	- 18 150	15 190
Net loss			- 3 455	- 3 455
Currency translation differences (net of tax)			791	791
Capital decrease ¹⁾	- 16 208		16 208	0
Offset share premium with accumulated deficits ¹⁾		- 1 367	1 367	0
December 31, 2013	17 950	- 2 185	- 3 239	12 526
Net profit			409	409
Currency translation differences (net of tax)			- 787	- 787
December 31, 2014	17 950	- 2 185	- 3 617	12 148

¹⁾ At the general assembly of 7 May 2013 it was decided to reduce the share capital by TCHF 16 208 from TCHF 34 158 to TCHF 17 950 by decreasing the nominal value from CHF 100.00 to CHF 52.55. Furthermore, it was decided to offset the legal reserves in the amount of TCHF 1 367 with the accumulated deficits.

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

All amounts are in CHF 000 unless 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 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 consolidated financial statements were authorized for issue by the Board of Directors on April 14, 2015. They are 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.

	Ownership 2014	Ownership 2013	Activity ¹⁾
Switzerland			
Edisun Power Europe Ltd., Zurich			●
Edisun Power Switzerland Ltd., (formerly Edisun Power Finance Ltd.), Zurich	100.0 %	100.0 %	● / ■
Germany			
Edisun Power PLC, Sigmaringen	100.0 %	100.0 %	■
PV Hörselgau Beteiligungs UG, Sigmaringen	100.0 %	100.0 %	●
PV Hörselgau UG & Co. KG, Sigmaringen	100.0 %	100.0 %	■
Spain			
Edisun Power Iberia S.A., Alella/Barcelona	100.0 %	100.0 %	■
Edisun Power Iberia Beta S.A., Alella/Barcelona	100.0 %	100.0 %	■
Edisun Power Iberia Gamma S.A., Alella/Barcelona	100.0 %	100.0 %	■
Edisun Power Iberia Delta S.A., Alella/Barcelona	100.0 %	100.0 %	■
Edisun Power Iberia Epsilon S.A., Alella/Barcelona	100.0 %	100.0 %	■
Salinas Energia Solar S.L., Alella/Barcelona	100.0 %	100.0 %	■
Cortadeta Fotovoltaica S.L., Alella/Barcelona	100.0 %	100.0 %	■
Sol de Tilla S.L., Alella/Barcelona	100.0 %	100.0 %	■
France			
Edisun Power France SAS, Lyon	100.0 %	100.0 %	■

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

All amounts are in CHF 000 unless 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 applied consistently in all the years presented, unless otherwise stated.

2.1 Basis for the Preparation of the Consolidated Financial Statements

The consolidated financial statements of Edisun Power Europe Ltd. have been prepared in accordance with the Accounting and Reporting Recommendations ARR (Swiss GAAP ARR). The entire framework has been applied. 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. No early adoption of Swiss GAAP ARR 31 was applied. However, this standard will only have an impact on disclosure notes.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all the entities over which the Group has the power to govern the financial and operating policies, which generally accompanies a shareholding that represents 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. Identifiable

assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are capitalized as incurred.

Goodwill is measured initially as the excess of the aggregate of the consideration transferred and the fair value of minority interest over the net identifiable assets acquired and liabilities assumed.

Intercompany 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 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. The accounting policies of the subsidiaries are consistent with the policies adopted by the Group.

(b) Transactions and Minority 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 minority 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 the entities over which the Group has significant influence but not control, which generally accompanies a shareholding of between 20% and 50% of

All amounts are in CHF 000 unless otherwise noted

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 accumulated deficits. 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.

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

2.3 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.

(b) Transactions and Balances

Transactions in foreign currency are recorded and translated into CHF using the actual exchange rate on 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 using the closing rate on the date of that balance sheet;
- income and expenses for each income statement are translated using 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 on the dates of the transactions);
- all resulting exchange differences are recognized in accumulated deficits.

All amounts are in CHF 000 unless otherwise noted

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.

The Group has offset the accumulated exchange gains and losses that result from translating the financial statements of subsidiaries and associates up to the date of transition to Swiss GAAP ARR on January 1, 2012 directly against retained earnings, and no longer reports them separately in equity.

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 using the closing rate.

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

	31.12.2014	Average 2014	31.12.2013	Average 2013
1 EUR	1.2027	1.2150	1.2260	1.2284

2.4 Land, Plant and Equipment

Land consists of property that has been bought on which 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 Swiss GAAP ARR 18 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 in excess of their residual values over their estimated useful lives, as follows:

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

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 operating income' 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 in the future.

All amounts are in CHF 000 unless otherwise noted

2.5 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. Goodwill is amortized over a period of 5 years.

(b) Trademarks and Licenses

Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses 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 licenses over their estimated useful lives (15 – 20 years).

(c) Other Intangibles

Other intangibles include capitalized software expenses and are carried at historical cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of software over its estimated useful life (5 years).

2.6 Impairment of Intangible and Tangible Assets

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 at every balance sheet date. If indicators for a continuous impairment exist, the recoverable amount is determined. 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 pur-

poses of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.7 Trade Receivables

Trade receivables, which generally have a 30-day term, are recognized initially at nominal value 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 between 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.

2.8 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.

2.9 Share Capital

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

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

All amounts are in CHF 000 unless otherwise noted

2.10 Trade Payables and Other Payables

Trade payables and other payables are recognized at nominal value.

2.11 Borrowings

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

2.12 Current and Deferred Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially 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 tax assets on tax loss carry forwards are not recognized.

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.

2.13 Employee Benefits

Pension Obligations

The Group only has employees in Switzerland under a single plan. The plan is funded through payments to a collective pension fund.

2.14 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events (e.g. dismantling cost for PV plants) 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.

2.15 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.

All amounts are in CHF 000 unless otherwise noted

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 measurable reliably 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 30-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, 2010 and 2012. In Spain, the current regulatory framework is as of July 12, 2013, embodied in the Royal Legislative Decree 9/2013, the Royal Decree 413/2013 as well as the ministerial order 1045/2014. Until July 12, 2013, the compensations were based on the Royal Decrees 661/2007, 1578/2008 as well as in the Royal Decree 6/2009. The compensation in France is based on the Arrêté du 10 juillet 2006 and the Arrêté du 12 janvier 2010 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 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 be-

come known by management.

(c) Interest Income

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

2.16 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.

2.17 Dividend Distribution

The distribution of dividends to 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.

All amounts are in CHF 000 unless otherwise noted

3 Information by Segment

The segment revenues for the year ended December 31, 2014, are as follows:

	Switzerland	Germany	Spain	France	EPE	Elimi- nations	Group
Revenue from external customers	1 224	1 364	2 635	2 645	7	0	7 875

The segment revenues for the year ended December 31, 2013, are as follows:

	Switzerland	Germany	Spain	France	EPE	Elimi- nations	Group
Revenue from external customers	2 041	1 074	3 067	2 371	40	0	8 593

All amounts are in CHF 000 unless otherwise noted

4 Land, Plant and Equipment

	Land	PV Plants	Assets under construction	FF&E	Total
Gross value					
Opening gross book amount - January 1, 2014	1 171	65 595	461	135	67 362
Exchange differences	- 22	- 1 067	- 11	0	- 1 100
Additions	0	346	0	35	381
Disposals	0	- 356	0	0	- 356
Reclassifications	0	- 604	0	92	- 512
Closing gross book amount - December 31, 2014	1 149	63 914	450	262	65 775
Accumulated depreciation					
Opening amount - January 1, 2014	699	10 771	380	117	11 363
Exchange differences	- 13	- 178	- 7	- 2	- 200
Disposals	0	- 11	0	0	- 11
Depreciation charge	0	2 762	0	114	2 876
Impairment	0	- 365	0	0	- 365
Reclassification	0	- 604	0	0	- 604
Closing amount - December 31, 2014	686	12 375	373	229	13 663
Net book value - January 1, 2014	472	54 824	81	18	55 395
Net book value - December 31, 2014	463	51 539	77	33	52 112

Gross value					
Opening gross book amount - January 1, 2013	1 153	77 715	454	147	79 469
Exchange differences	18	879	7	0	904
Additions	0	394	0	6	400
Disposals	0	- 2 722	0	- 18	- 2 740
Change in consolidation scope	0	- 7 864	0	0	- 7 864
Reclassifications	0	- 2 807	0	0	- 2 807
Closing gross book amount - December 31, 2013	1 171	65 595	461	135	67 362

All amounts are in CHF 000 unless otherwise noted

	Land	PV Plants	Assets under construction	FF&E	Total
Accumulated depreciation					
Opening amount - January 1, 2013	688	11 799	374	121	12 982
Exchange differences	11	42	6	0	59
Disposals	0	- 708	0	- 14	- 722
Change in consolidation scope	0	- 3 474	0	0	- 3 474
Depreciation charge	0	3 308	0	10	3 318
Impairment	0	2 611	0	0	2 611
Reclassification	0	- 2 807	0	0	- 2 807
Closing amount - December 31, 2013	699	10 771	380	117	11 967
Net book value - January 1, 2013	465	65 916	80	26	66 487
Net book value - December 31, 2013	472	54 824	81	18	55 395

Third-party loans are secured by PV plants belonging to the Group (see note 10.1). In 2014 no borrowing costs were capitalized. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 4.0% (2013: 4.0%).

4.1 Impairment of PV Plants

The Company performed a detailed impairment test for each PV plant individually as per December 31, 2014. This was due to a reduction of the risk-free rates in the four markets the Company is active.

Interest rates after tax (Weighted Average Cost of Capital, WACC) have been adjusted for each segment as follows:

	2014	2013
Spain	6.6%	8.2%
Germany	5.2%	5.3%
Switzerland	5.3%	5.7%
France	5.9%	6.7%

The reduction of the discount rates allowed the Company to reverse part of the impairment that was recorded in 2013.

For the segment Spain, the impairment reversal amounted to TCHF 243 (impairment 2013: TCHF 1601). For France, the reversal amounted to TCHF 243 (impairment 2013: TCHF 620).

On the other hand, an impairment in the amount of TCHF 121 was recorded for the potential relocation of one of the PV plants.

4.2 Sale of PV Plants / Subsidiary

In 2014, the Company sold one PV plant in Switzerland for a sales price of TCHF 356. The divestment resulted in a gain from sale of PV plants in the amount of TCHF 16.

In 2013, seven PV plants were sold per July 1 and another 32 PV plants together with the Swiss subsidiary Edisun Power Ltd. were divested per December 31.

The first disposal led to an impairment of TCHF 74 and a loss from sale of PV plants in the amount of TCHF 27.

The second transaction resulted in an income from deconsolidation in the amount of TCHF 419 which consists of the following positions:

Sale price gross	3 415
Cash disposed	- 42
Sale price net of cash disposed *	3 373
Assets disposed	
Trade receivables	- 158
Other receivables and current assets	- 48
Land, plant and equipment	- 4 422
Total assets disposed	- 4 628
Liabilities disposed	
Borrowings short-term	10
Trade payables	213
Other payables	2
Accruals	16
Borrowings long-term	1 351
Provisions long-term	82
Total liabilities disposed	1 674
Net income from deconsolidation	419

* of which TCHF 3094 was paid before December 31, 2013.

All amounts are in CHF 000 unless otherwise noted

5 Intangible Assets

	Total
Gross value	
Opening gross book amount - January 1, 2014	596
Exchange differences	- 2
Additions	0
Disposals	0
Reclassifications	- 92
Closing gross book amount - December 31, 2014	502
Accumulated depreciation	
Opening amount - January 1, 2014	385
Exchange differences	0
Disposals	0
Depreciation charge	90
Impairment	0
Reclassification	0
Closing amount - December 31, 2014	475
Net book value - January 1, 2014	211
Net book value - December 31, 2014	27
Gross value	
Opening gross book amount - January 1, 2013	521
Exchange differences	0
Additions	75
Disposals	0
Reclassifications	0
Closing gross book amount - December 31, 2013	596

All amounts are in CHF 000 unless otherwise noted

	Total
Accumulated depreciation	
Opening amount - January 1, 2013	295
Exchange differences	0
Disposals	0
Depreciation charge	90
Impairment	0
Reclassification	0
Closing amount - December 31, 2013	385
Net book value - January 1, 2013	226
Net book value - December 31, 2013	211

Intangible Assets include capitalized software expenses and licenses.

6 Trade and Other Receivables

	31.12.2014	31.12.2013
Trade receivables	636	708
Other receivables and current assets	1 011	1 254
Less: provision for impairment of trade receivables	- 63	- 12
Trade and other receivables – net	1 584	1 950
Current portion	1 584	1 950

7 Cash and Cash Equivalents

	31.12.2014	31.12.2013
Cash on hand	0	0
Banks	2 181	7 502
Total	2 181	7 502

8 Share Capital

The share capital of Edisun Power Europe Ltd. entered in the commercial register amounts to TCHF 17 950 and is fully paid up. It consists of 341 576 ordinary shares with a nominal value of CHF 52.55 each.

At the general assembly of May 7, 2013 it was decided to reduce the share capital by TCHF 16 208 from TCHF 34 158 to TCHF 17 950 by decreasing the nominal value from CHF 100.00 to CHF 52.55.

8.1 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 cost of TCHF 1 890, net of tax. The incremental

All amounts are in CHF 000 unless otherwise noted

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.

At the general assembly of May 7, 2013 it was decided to offset the legal reserves (included in share premium) in the amount of TCHF 1 367 with the accumulated deficits.

8.2 Own Shares

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

8.3 Accumulated Deficits

Accumulated deficits comprise accumulated and unappropriated earnings.

The consolidated accumulated deficits include non-distributable legal reserves of TCHF 339 (2013: TCHF 344).

9 Trade and Other Payables

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

	2014	2013
Trade payables	192	386
Value added tax	7	40
Social security and other taxes	37	124
Other	37	1
Total	273	551

The following table provides details on accrued costs:

	2014	2013
Interest on borrowings	732	719
Other accrued cost	342	302
Total	1 075	1 021

10 Borrowings

	2014	2013
Current		
Loans from third-parties	660	623
Straight bonds from third-parties	1 730	8 970
Total current borrowings	2 390	9 593
Non-current		
Loans from third-parties	8 303	9 138
Straight bonds from third-parties	32 405	32 766
Total non-current borrowings	40 708	41 904

All amounts are in CHF 000 unless otherwise noted

10.1 Loans

Total borrowings include secured liabilities (loans) of TCHF 10 600 (2013: TCHF 12 085).

Currency exchange differences arising from equity loans have been booked through equity in the gross amount of TCHF -834 (2013: TCHF 845).

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

	2014	2013
CHF	34 135	41 736
EUR	8 963	9 761
Total	43 098	51 497

All amounts are in CHF 000 unless otherwise noted

10.2 Straight Bonds

The Group has issued several straight bonds:

		31.12.2014	31.12.2013
	Nominal value in local currency (000)	Bookvalue in TCHF	Bookvalue in TCHF
Edisun Power Europe Ltd.			
4.25 % 2009 – 2014 (CHF)	0	0	8 968
4.00 % 2007 – 2015 (CHF)	0	0	3 280
4.00 % 2008 – 2015 (CHF)	1 730	1 728	1 714
3.75 % 2010 – 2016 (CHF)	5 805	5 771	5 773
3.50 % 2011 – 2017 (CHF)	1 295	1 286	1 282
3.50 % 2012 – 2018 (CHF)	11 195	11 090	11 059
4.50 % 2007 – 2019 (CHF)	4 820	4 820	4 810
4.50 % 2008 – 2019 (CHF)	4 530	4 502	4 506
4.50 % 2014 – 2024 (CHF)	5 000	4 938	344
Total		34 135	41 736

The following current and future receivables from the sale of solar power to local electricity companies have been pledged to secure third-party loans:

	31.12.2014	31.12.2013
To banks	10 555	10 759
To bond-holders	10 600	12 085
Total	21 155	22 844

All amounts are in CHF 000 unless otherwise noted

11 Pension Fund Liabilities

Economic benefit/economic obligation and pension plan expenses:

	Surplus / Deficit according to Swiss GAAP ARR 26	Economic impact Group		Change to prior year or charge to income current year	Contri- butions for the period	Pension plan expenses in personnel expenses	
	31.12.2014	31.12.2014	31.12.2013			2014	2013
Pension schemes with funding surplus/deficit Switzerland	0	0	0	0	47	47	64
Pension institutions without funding surplus/ deficit abroad	0	0	0	0	0	0	0
Unfunded pension schemes abroad	0	0	0	0	0	0	0
Total	0	0	0	0	47	47	64

	Surplus / Deficit according to Swiss GAAP ARR 26	Economic impact Group		Change to prior year or charge to income current year	Contri- butions for the period	Pension plan expenses in personnel expenses	
	31.12.2013	31.12.2013	31.12.2012			2013	2012
Pension schemes with funding surplus/deficit Switzerland	0	0	0	0	64	64	71
Pension institutions without funding surplus/ deficit abroad	0	0	0	0	0	0	0
Unfunded pension schemes abroad	0	0	0	0	0	0	0
Total	0	0	0	0	64	64	71

The employees of Edisun Power Europe Ltd. are insured under a collective pension plan.

All amounts are in CHF 000 unless otherwise noted

12 Provisions

	Restructuring provisions	Provision for dismantling	Other provisions	Total
Year ended December 31, 2014				
At beginning of the year	59	297	331	687
Exchange differences	0	-4	-6	-10
Additions	0	14	0	14
Use	-26	0	-38	-64
Reversal	-33	0	-229	-262
Change in consolidation scope	0	-7	0	-7
At the end of the year	0	300	58	358
thereof short-term	0	0	0	0
thereof long-term	0	300	58	358
Year ended December 31, 2013				
At beginning of the year	109	356	431	896
Exchange differences	0	3	5	8
Additions	59	39	0	98
Use	-109	0	0	-109
Reversal	0	-19	-105	-124
Change in consolidation scope	0	-82	0	-82
At the end of the year	59	297	331	687
thereof short-term	39	0	0	39
thereof long-term	20	297	331	648

Provisions for dismantling PV plants after termination of the contract with the owner (generally 20 – 30 years after construction of the PV plant) are based on future estimated costs discounted at a rate of 5% (2013: 5%).

Other provisions (long-term) include a provision in the amount of TCHF 58 (2013: TCHF 331) for a potential lawsuit regarding a defective construction of a rooftop installation. Group management has used best estimates

to measure the potential outcome and came to the conclusion that provisions in the amount of TCHF 229 could be reversed for this case (stated in other operating income).

Restructuring provision as per December 31, 2013 included a provision of TCHF 59 relating to the closing of the office in France and the financial obligation with respect to the rental agreement. The respective accruals were partially used and the rest was reversed in 2014.

All amounts are in CHF 000 unless otherwise noted

13 Personnel Expenses

	2014	2013
Wages and salaries	- 674	- 953
Social security costs	- 104	- 282
Other personnel costs	- 56	- 74
Total	- 834	- 1309

14 Financial Income and Expenses

	2014	2013
Interest income on loans	3	4
Other financial income	1	17
Foreign exchange gains	0	30
Financial income	4	51

Borrowings third-party	- 485	- 560
Straight bonds	- 1 519	- 2 043
Foreign exchange losses	- 15	- 104
Other financial expenses	- 23	- 39
Financial expenses	- 2 042	- 2 746
Net finance cost	- 2 038	- 2 695

15 Income Tax Expenses

	2014	2013
Current tax expense	- 9	- 24
Deferred tax income	0	0
Total income tax	- 9	- 24

The applicable tax rate was 21.17% (2013: 21.17%). The applicable tax rate is the tax rate of Edisun Power Europe Ltd.

Under Swiss GAAP ARR no deferred income tax assets are recognized for tax loss carry-forward.

As of December 31, 2014, the Group has tax losses for which no deferred tax asset has been recognized with an amount of TCHF 36 533 (2013: 34 278). The respective deferred income tax assets with the applicable tax rate of 21.17% (2013: 21.17%) would be TCHF 7 734 (2013: 7 257).

Of the total amount of unrecognized gross operating losses, 80% (2013: 79%) are related to Swiss entities with an applicable tax rate of 21.17%.

16 Earnings per Share

Basic earnings per share is calculated by dividing the earnings 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.

	2014	2013
Profit/loss attributable to equity holders of the Group	409	- 3 455
Weighted average number of ordinary shares outstanding	341 576	341 576
Basic and diluted loss per share (CHF per share)	1.20	- 10.12

17 Dividends per Share

No dividends were paid out in 2014 or in 2013.

18 Contingencies

There is a potential legal claim against Stadtwerke Winterthur regarding our PV plant "Ifang Zell". Stadtwerke Winterthur is not adhering to a long-term contract and cancelled the payment of the agreed ecological value as of January 1, 2014. Edisun Power is of the opinion that this cancellation is unjustified.

All amounts are in CHF 000 unless otherwise noted

Furthermore, 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.

19 Commitments

There were no commitments as of December 31, 2014 or December 31, 2013.

20 Related-Party Transactions

Key Management and Board Compensation:

	2014	2013
Salaries and other short-term employee benefits	340	493
Social benefits (employer's contribution)	44	66
Termination benefits	0	0
Total compensation	384	559

21 Risk Policy

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

22 Events after the Balance-Sheet Date

In January 2015, the Swiss National Bank decided to discontinue the minimum exchange rate of CHF 1.20 per euro which led to a significant appreciation of the Swiss franc. In the meantime, the exchange rate has stabilised at a level of about CHF 1.05 per euro. If all euro denominated income statement items and balance sheet positions of the Company would be translated into Swiss

franc with an exchange rate of 1.05 per euro, the result and equity of the Company would be reduced by about TCHF 300 and TCHF 5 000, respectively.

In February 2015, Prof. Dr. Hansjürg Leibundgut resigned as member and chairman of the Board of Directors with immediate effect. Vice chairman Hans Nef assumed the function of the chairman until the Annual General Meeting of the Company on 29 May, 2015.

There are no other relevant events after the balance sheet date which would have a significant impact on the 2014 financial statements.

Report of the Group Auditors



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, cash flow statement, statement of changes in equity and notes (pages 25 to 48), for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Swiss GAAP FER 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. 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 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

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**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 blue ink signature of Patrick Balkanyi, written over a light grey grid background. To the right of the signature is a red circular stamp containing a white cross, a symbol of the Swiss Confederation.

Patrick Balkanyi
Audit expert
Auditor in charge

A blue ink signature of Reto Gall, written over a light grey grid background. To the right of the signature is a red circular stamp containing a white cross, a symbol of the Swiss Confederation.

Reto Gall
Audit expert

Zürich, 14 April 2015

Statutory Financial Statements of Edisun Power Europe Ltd.

Statutory Balance Sheet

	Notes	31.12.2014 TCHF	31.12.2013 TCHF
Assets			
Cash and cash equivalents		609	6628
Other receivables			
Third parties		32	308
Group companies	3	11 942	12 657
Other current assets		35	36
Total current assets		12 618	19 629
Investments in subsidiaries and associates	1	8 916	8 916
Plant and equipment		4	17
Intangible assets		267	412
Financial assets			
Group companies	3	32 012	32 736
Total non-current assets		41 199	42 081
Total assets		53 817	61 710
Liabilities and equity			
Borrowings	2	1 730	8 970
Trade payables			
Third parties		37	98
Other payables			
Third parties		0	12
Group companies		2 862	2 092
Accrued expenses		827	795
Provisions		0	0
Total current liabilities		5 456	11 967
Borrowings	2	32 645	33 060
Total non-current liabilities		32 645	33 060
Total liabilities		38 101	45 027
Share capital		17 950	17 950
Legal reserves		0	0
Accumulated deficits		- 2 234	- 1 267
Total equity		15 716	16 683
Total liabilities and equity		53 817	61 710

The notes are an integral part of these financial statements.

Statutory Income Statement

	Notes	31.12.2014 TCHF	31.12.2013 TCHF
Revenue from goods and services		505	1 275
Other income		4	40
Profit on sale of investments	1	0	102
Personnel expenses		- 848	- 1 030
Rental and maintenance expenses		- 65	- 69
Administration expenses		- 295	- 376
Advertising expenses		- 55	- 66
Other costs		- 11	- 4
Earnings before interest, tax, depreciation and amortization (EBITDA)		- 765	- 128
Depreciation and amortization		-174	-194
Earnings before interest and tax (EBIT)		- 939	- 322
Financial income		2 537	3 059
Financial expenses		- 2 414	- 2 082
Impairment on intercompany borrowings	3	- 120	- 1 882
Impairment on investments	1	0	0
Net loss before tax		- 936	- 1 227
Taxes		- 31	- 31
Net loss		- 967	- 1 258

The notes are an integral part of these financial statements.

Notes to the Financial Statements

1 Investments

		Capital	Signed	31 December 2014		31 December 2013	
				Share	TCHF	Share	TCHF
Edisun Power Ltd.	TCHF	2 634	100%	0.0%	0	0.0%	0
Edisun Power Switzerland Ltd. (formerly: Edisun Power Finance Ltd.)	TCHF	100	100%	100.0%	3 346	100.0%	3 346
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 France SAS	TEUR	2 800	100%	100.0%	3 876	100.0%	3 876
Total investment					8 916		8 916

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.

As per December 31, 2013, the investment in Edisun Power Ltd. was sold to BE Netz AG. A profit on sale of investments in the amount of TCHF 102 resulted.

2 Straight Bonds

	31.12.2014	31.12.2013
	TCHF	TCHF
4.25 % Bond 2009 – 2014	0	8 970
4.00 % Bond 2008 – 2015	1 730	0
Total short-term borrowings	1 730	8 970
4.00 % Bond 2007 – 2015	0	3 280
4.50 % Bond 2007 – 2019	4 820	4 810
4.00 % Bond 2008 – 2015	0	1 720
4.50 % Bond 2008 – 2019	4 530	4 540
3.75 % Bond 2010 – 2016	5 805	5 825
3.50 % Bond 2011 – 2017	1 295	1 295
3.50 % Bond 2012 – 2018	11 195	11 195
4.50 % Bond 2014 – 2024	5 000	395
Total long-term borrowings	32 645	33 060

3 Impairment of Intercompany Borrowings

	31.12.2014 TCHF	31.12.2013 TCHF
Other receivables from Group companies (gross amount)	12 187	12 902
Impairment	- 245	- 245
Other receivables from Group companies (net amount)	11 942	12 657
Loans to Group companies (gross amount)	44 286	48 044
Impairment ¹⁾	- 12 274	- 15 308
Loans to Group companies (net amount)	32 012	32 736

¹⁾ The reversal of part of the impairment of the Group loans is due to the recapitalisation of Edisun Power France (via debt-equity swap) in the amount of CHF 3.15 million, partially compensated by an impairment of one of the German PV plants of CHF 0.12 million.

As at December 31, 2014, the exchange rate used for CHF/EUR was 1.2027 (2013: 1.2260).

4 Fire-Insurance Value of Fixed Assets

	31.12.2014 TCHF	31.12.2013 TCHF
	102	102

5 Sureties, Guarantees and Pledges Given on Behalf of Third Parties

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

Beneficiary	31.12.2014 TCHF	31.12.2013 TCHF
Bondholders	10 600	12 085
	10 600	12 085
	31.12.2014 TEUR	31.12.2013 TEUR
Joint security given in order to secure bank financing for Edisun Power France SAS	8 776	8 776
	8 776	8 776

6 Significant Shareholders

Significant shareholders and their direct holdings	31.12.2014 in %	31.12.2013 in %
Nef Hans ^{1) 2)}	18.4 %	6.6 %
Eberhard Martin	12.5 %	10.6 %
Group of shareholders with Hansjürg Leibundgut and B35 AG ²⁾	6.0 %	3.7 %
CoOpera Sammelstiftung PUK	3.1 %	3.1 %

¹⁾ Member of the Board of Directors

²⁾ On May 9, 2014 Hans Nef became a member of the group of shareholders with Hansjürg Leibundgut and B35 AG (comprising Hansjürg Leibundgut, Ursula Leibundgut and Martin Schmutz). As of 31.12.2014, the group had a total of 83'479 shares (24.4%). On January 14, 2015, Hans Nef exited the group of shareholders with Hansjürg Leibundgut and B35 AG.

7 Pension Fund

	31.12.2014 TCHF	31.12.2013 TCHF
Pension fund liabilities	0	0

8 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 the probability and impact of their realization). This risk overview is the objective of a discussion process that takes place annually between the Group's Board of Directors and the Audit Committee. The constant observation of identified risks and their control is a stated management objective.

A risk assessment is performed for risks that are identified during the accounting and financial reporting process. Throughout the Internal Control System framework on financial reporting, relevant control measures that reduce the financial risk are defined. Remaining risks are categorized depending on their possible impact (low, average or high) and monitored appropriately.

9 Shares owned by Board of Directors and Management Board

Board of Directors

	31.12.2014	31.12.2013
Hansjürg Leibundgut ^{1) 4)}	20 530	12 580
Hans Nef ¹⁾	62 949	22 453
Elmar Ledergerber ¹⁾	875	875
Giatgen Peder Fontana ²⁾	0	535
Martin Eberhard ²⁾	42 646	36 091
Theodor Scheidegger ²⁾	100	100
Heinrich Bruhin ³⁾	1 625	1 625
Peter Toggweiler through Enecolo ³⁾	2 535	2 535
Pius Hüsser ³⁾	2 102	1 702
Total	133 362	78 496

¹⁾ New member of the Board of Directors since August 28, 2014

²⁾ Member of the Board of Directors until August 28, 2014

³⁾ Member of the Board of Directors until May 7, 2013

⁴⁾ Group of shareholders with Hansjürg Leibundgut and B35 AG

Management Board

	31.12.2014	31.12.2013
Rainer Isenrich	1 000	1 000
Total	1 000	1 000

10 Subsequent events

On January 15, 2015, the Swiss National Bank decided to discontinue the minimum exchange rate of CHF 1.20 per euro which led to a significant appreciation of the Swiss franc. In the meantime, the exchange rate has stabilised at a level of about CHF 1.05 per euro. If all euro denominated balance sheet positions of the Edisun Power Europe AG would be translated into Swiss franc with an exchange rate of CHF 1.05 per euro (instead of the year-end rate of CHF 1.2027), the result and the equity of the company would be reduced by about CHF 5 million.

Report of the Statutory Auditors



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 53 to 59), for the year ended 31 December 2014.

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 31 December 2014 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.

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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, 'P. Balkanyi', next to a red circular stamp containing a white cross, which is a Swiss official seal.

Patrick Balkanyi
Audit expert
Auditor in charge

A handwritten signature in blue ink, 'R. Gall', next to a red circular stamp containing a white cross, which is a Swiss official seal.

Reto Gall
Audit expert

Zürich, 14 April 2015

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

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