



Edison Power Europe Ltd.

Corporate Governance Report 2015 Financial Statements 2015

15

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Corporate Governance Report 2015

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Corporate Governance Report 2015

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.

1 Executive Summary

Changes in share capital

| As of December 31 | 2015 | 2014 | 2013 |
|---------------------------------|---------------|---------------|-----------------------------|
| Ordinary share capital (in CHF) | 17 949 818.80 | 17 949 818.80 | 17 949 818.80 ¹⁾ |
| 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

| | 2015 | 2015 | 2014 |
|---|-------------------------|-------------|-------------|
| | Number of Shares | in % | in % |
| Nef Hans ¹⁾ | 76 914 | 22.5 % | 18.4 % |
| Eberhard Martin | 41 900 | 12.3 % | 12.5 % |
| Group of shareholders with Hansjürg Leibundgut and B35 AG ¹⁾ | 20 850 | 6.1% | 6.0 % |
| 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 Assembly of Shareholders. The term of office is one year. PricewaterhouseCoopers AG, Zurich, was first appointed at the General Assembly of Shareholders of May 9, 2008. Due to the mandatory rotation of the head auditor, Patrick Balkanyi has been followed by Thomas Wallmer as the lead auditor.

Shareholders' participation rights

- Each registered ordinary share bears one voting right at the General Assembly of Shareholders and entitlement to dividend payments.
- Extraordinary General Assemblies are convened by the Board of Directors if shareholders representing at least 10 % of the share capital request such meetings.

Compensation in CHF

| | 2015 |
|--|-------------|
| Total compensation of the Board of Directors | 57 588 |
| Total compensation of the Management Board | 289 320 |

Highest total compensation in CHF

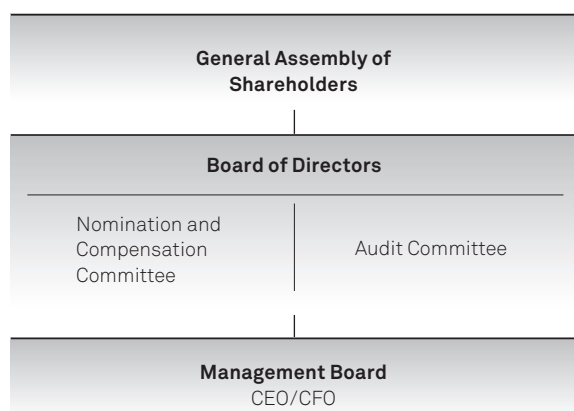
| | 2015 |
|---------------------|-------------|
| Board of Directors: | |
| Hans Nef | 19 071 |
| Management Board: | |
| Rainer Isenrich | 289 320 |

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, 2015:



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.

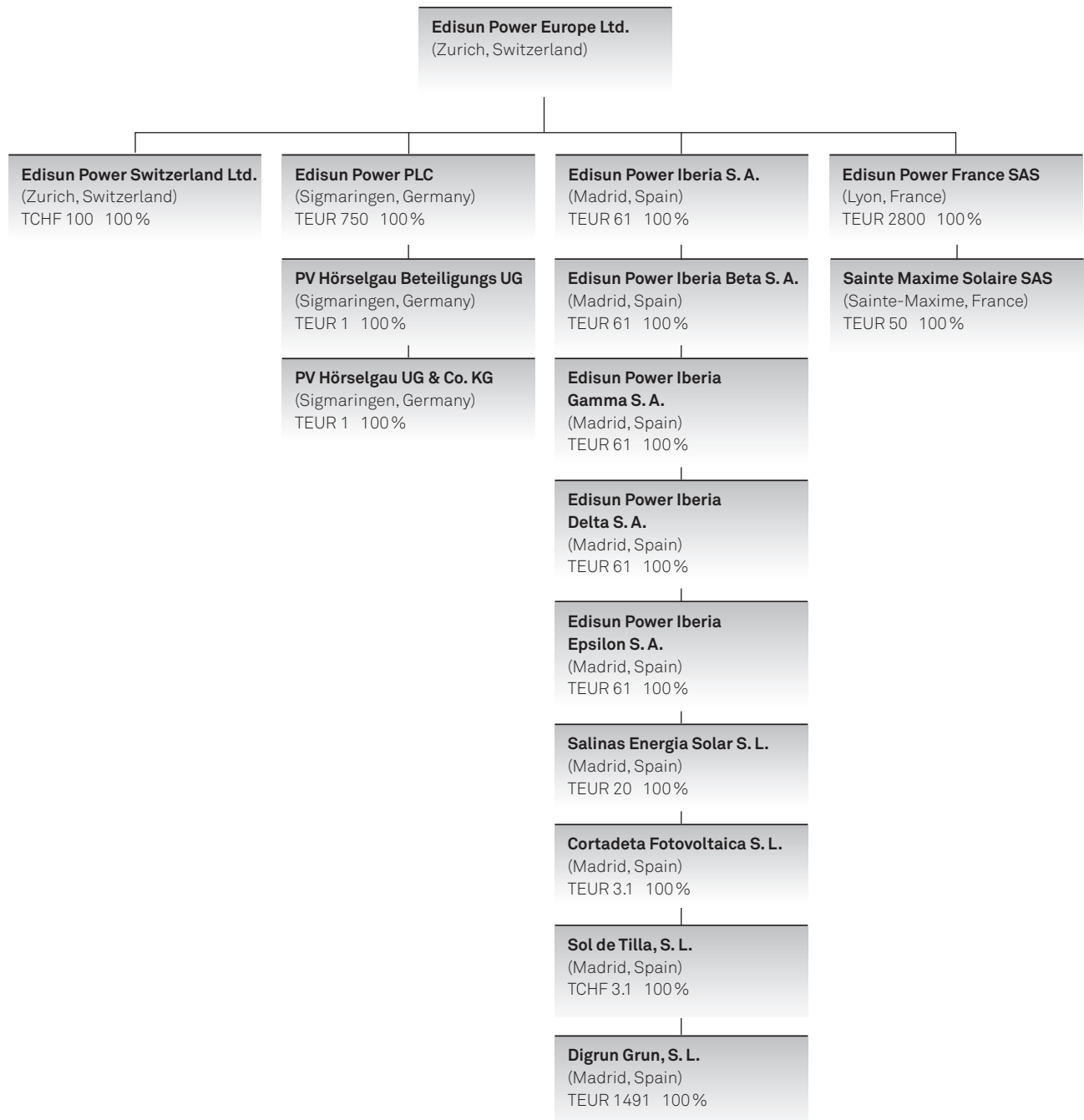
Key data for the shares of Edisun Power Europe Ltd. as of December 31:

| | 2015 | 2014 | 2013 |
|-------------------------------|-------|-------|-------|
| Market capitalization (CHF m) | 14.5 | 12.0 | 9.5 |
| As a % of equity | 165.9 | 98.4 | 75.7 |
| Share price (CHF) | 42.50 | 35.00 | 27.75 |

| | |
|--------------------|--------------------------|
| 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, 2015 (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 | 2015 | 2014 |
|--------------------------------------|------------|------------|
| 1 – 100 | 385 | 408 |
| 101 – 1 000 | 304 | 315 |
| 1 001 – 10 000 | 24 | 25 |
| 10 001 – 100 000 | 4 | 4 |
| Total registered shareholders | 717 | 752 |

Significant shareholders

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

| | 2015 shares | 2015 % of total | 2014 % of total |
|---|----------------|-----------------|-----------------|
| Nef Hans ¹⁾ | 76 914 | 22.5 % | 18.4 % |
| Eberhard Martin | 41 900 | 12.3 % | 12.5 % |
| Group of shareholders with Hansjürg Leibundgut and B35 AG ¹⁾ | 20 850 | 6.1 % | 6.0 % |
| CoOpera Sammelstiftung PUK | 10 750 | 3.1 % | 3.1 % |
| Registered shareholders with holdings of less than 3 % | 161 338 | 47.3 % | 49.2 % |
| Not registered | 29 824 | 8.7 % | 10.8 % |
| 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 2015:

- On January 14, 2015, the group of shareholders with Hans Nef, Hansjürg Leibundgut and B35 AG notified the exit of Hans Nef.
- On January 14, 2015, Hans Nef notified his individual possession of holding 65 127 shares (19.07%).
- On January 14, 2015, the remaining group of share-

holders with Hansjürg Leibundgut and B35 AG (comprising Hansjürg Leibundgut, Ursula Leibundgut and Martin Schmutz) announced that they hold on that date 20 800 shares (6.1%).

- On July 28, 2015, Hans Nef acquired shares in Edisun Power and therefore had a new total of 68 323 shares (20.002%).

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 | 2015 | 2014 |
|-------------------------|--------------|--------------|
| Individual shareholders | 82 % | 80 % |
| Legal entities | 6 % | 7 % |
| Nominees, fiduciaries | 3 % | 2 % |
| Not registered | 9 % | 11 % |
| Total | 100 % | 100 % |

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

| Origin | 2015 | 2014 |
|---------------------------------|--------------|--------------|
| Switzerland | 90 % | 88 % |
| Europe (other than Switzerland) | 1 % | 1 % |
| Not registered | 9 % | 11 % |
| Total | 100 % | 100 % |

Cross-shareholdings

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

4 Capital Structure

On December 31, 2015, the capital of Edisun Power Europe Ltd. was as follows:

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

Authorized share capital

The General Assembly of Shareholders held May 29, 2015, approved the creation of authorized share capital of 95 147 registered shares with a par value of CHF 52.55 per share. The Board of Directors decides on the conditions of the capital increase. According to the General Assembly of Shareholders of May 29, 2015, the subscription rights of shareholders may only be limited for the acquisitions of companies, parts of companies, equity stakes or employee benefit programs. The authorization granted to the Board of Directors to increase the company's share capital with the authorized share capital created, expires on May 29, 2017.

Changes in share capital

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

| Changes in share capital | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--------------------------------|---------------|---------------|---------------|------------|------------|------------|------------|
| Ordinary share capital (CHF) | 17 949 818.80 | 17 949 818.80 | 17 949 818.80 | 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 share capital (CHF) | 5 000 000.00 | - | - | - | - | - | 3 000 000 |
| Authorized shares | 95 147 | - | - | - | - | - | 30 000 |

The authorized share capital of 95 147 registered shares created on May 29, 2015, at the General Assembly of Shareholders has not been used in 2015.

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 Assembly of Shareholders 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 Assembly of Shareholders 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 Assembly 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 General Assembly of Shareholders 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.

The Articles of Association restrict the number of group-external mandates for each member of the Board to 5 mandates for listed companies and 15 for other legal entities. Further, a maximum of 10 honorary positions in non-profit organizations are allowed.

The CEO/CFO Rainer Isenrich was elected Chairman of the Board at the General Assembly of Shareholders on May 29, 2015, and is therefore an executive member of the Board. The other members of the Board of Directors have not been members of the Executive Board during the three years prior to the reporting period, nor do any of them have material business relationships with companies in the Edisun Power Group.

Rainer Isenrich, Chairman of the Board

born 1960, Swiss national
executive member

Rainer Isenrich has been a member of the company's Board of Directors since May 29, 2015, and has been elected by the General Assembly of Shareholders to serve as the Chairman from that date.

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.

He is member of the board of Verpama AG.

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 until May 29, 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.

Fulvio Micheletti, Member of the Board

born 1957, Swiss and Italian
non-executive member

Fulvio Micheletti has been a member of the company's Board of Directors since May 29, 2015.

Fulvio Micheletti began his career in 1973 with a commercial apprenticeship at the Swiss Bank Corporation, and went on to spend almost 40 years at the bank, (which became UBS following a merger in 1998), in various management positions. Most recently, as director for corporate clients, he had overall responsibility for the bank's business customers in Switzerland. He studied at the American Institute of Banking and Finance in New York (1982-1984), at the Swiss Finance Institute in Zürich (1991-1994) as well as at the Wharton Business School (University of Pennsylvania) in Philadelphia (1996). In subsequent years he attended numerous internal training seminars on leadership and management within UBS. Fulvio Micheletti has been an independent business consultant since 2012 and

has taken on directorships at several medium-sized Swiss companies. He is also an established expert financial specialist and coach for the Swiss Economic Forum.

Fulvio Micheletti was a board director and the CEO of the Federation of Swiss Finance Directors (VSF) (2007-2011) and a non-executive director of Würth Finance International B.V. (2007-2011). Since 2012 he has served on the boards of Priora Holding AG and AgricoGas AG

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, 2015, the Board of Directors had three members. The members of the Board of Directors are elected individually at the General Assembly of Shareholders. All members are elected for a period of one year. The term ends on the day of the General Assembly of Shareholders. 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 Assembly of Shareholders, 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, head of Finance and Accounting of the Group, 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, 2015, the Audit Committee had three members: Fulvio Micheletti (Chairman of the Committee), Hans Nef and Rainer Isenrich. All members are independent, which ensures the degree of objectivity required for them to exercise their functions. The Audit Committee meets at least twice a year, or as often as required. In the year under review, two 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 head of Finance and Accounting as a guest. Furthermore, all 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, 2015, the Nomination and Compensation Committee, which was elected at the General Assembly of Shareholders, had three members: Hans Nef (Chairman of the Committee), Fulvio Micheletti and Rainer Isenrich. The Nomination and Compensation Committee meets at least once a year, or as often as required. In 2015 the Committee met three times during a regular Board meeting with an average duration of 0.3 hour. The meetings were attended by all members of the Committee. Rainer Isenrich abstained from decisions on the compensation of the Management Board.

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 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 nine meetings and no telephone conference in 2015. 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, the preparation for the General Assembly of Shareholders and the implementation of the resolutions adopted at General Assemblies of Shareholders. 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 restrict the number of group-external mandates for each member of the Management Board to 2 mandates for listed companies and 8 for other legal entities. Further, a maximum of 10 honorary positions in non-profit-organizations are allowed.

Rainer Isenrich, CEO/CFO

born 1960, Swiss national

Rainer Isenrich has been CEO/CFO of Edisun Power since March 1, 2012. Since May 29, 2015 he additionally was elected to be Chairman of the Board of Directors.

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.

He is member of the board of Verpama 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. As of 2016, the variable salary component will be determined by the Nomination and Compensation Committee based on qualitative and quantitative yearly objectives.

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

Each year, at the General Assembly of Shareholders, a decision is made on the maximum total remuneration of the Board of Directors for the period until the next General Assembly of Shareholders, and on the compensation of the Management Board for the coming financial year.

If members join the Management Board during a period for which the remuneration has already been decided, or if they take on additional responsibilities, then the company is authorized to increase the total remuneration already agreed by a maximum of 37%.

The company does not grant credit or loans to members of the Board of Directors or the Management Board.

Board of Directors

According to the Articles of Association, all members of the Board of Directors receive a fixed fee. The total compensation of CHF 80 000 for the compensation until the next General Assembly has been approved by the General Assembly 2015. The total compensation includes all social benefits as well as other possible compensations. The Nomination and Compensation Committee sets the individual fixed fee for the Chairman and the members of the Board.

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 ex-

penses. 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.

According to the Articles of Association the total compensation of CHF 300 000 for the year under review has

been approved by the General Assembly 2015. For 2015, a total Management Board bonus of CHF 20 000 was granted. 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 pages 18-19 are subject to the audit by the external auditors.

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 |
|-------------------------------|----------------|-----------|---|----------------------------|-----------------------|
| Rainer Isenrich ¹⁾ | 2015 | 14 583 | 2 582 | 17 165 | 17 165 |
| Chairman from 29.5.2015 | 2014 | 0 | 0 | 0 | 0 |
| Hans Nef | 2015 | 18 975 | 96 | 19 071 | 19 071 |
| Vice-Chairman from 29.5.2015 | 2014 | 5 000 | 0 | 5 000 | 5 000 |
| Fulvio Micheletti | 2015 | 11 667 | 729 | 12 396 | 12 396 |
| Member from 29.5.2015 | 2014 | 0 | 0 | 0 | 0 |
| Hansjürg Leibundgut | 2015 | 2 533 | 91 | 2 624 | 2 624 |
| Chairman until 20.2.2015 | 2014 | 6 667 | 0 | 6 667 | 6 667 |
| Elmar Ledergerber | 2015 | 6 250 | 82 | 6 332 | 6 332 |
| Member until 29.5.2015 | 2014 | 5 000 | 0 | 5 000 | 5 000 |
| Giatgen Peder Fontana | 2015 | 0 | 0 | 0 | 0 |
| Chairman until 28.8.2014 | 2014 | 23 333 | 0 | 23 333 | 23 333 |
| Martin Eberhard | 2015 | 0 | 0 | 0 | 0 |
| Vice-Chairman until 28.8.2014 | 2014 | 16 667 | 1 042 | 17 709 | 17 709 |
| Theodor Scheidegger | 2015 | 0 | 0 | 0 | 0 |
| Member until 28.8.2014 | 2014 | 16 667 | 0 | 16 667 | 16 667 |

¹⁾ Due to the additional position of Chairman since May 29, 2015, the salary is split into a Board of Directors compensation and a Management Board compensation.

| | 2015 | 2014 |
|--|--------|--------|
| Total compensation of the Board of Directors in CHF | 57 588 | 74 376 |

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

| | Financial year | Fixed salary | Variable salary | Social benefits (employer's contribution) | Expenses | Total compensation |
|-------------------------------|----------------|--------------|-----------------|---|----------|--------------------|
| Rainer Isenrich ¹⁾ | 2015 | 210 417 | 20 000 | 47 103 | 11 800 | 289 320 |
| CEO/CFO | 2014 | 225 000 | 30 000 | 42 907 | 11 800 | 309 707 |

¹⁾ Due to the additional position of Chairman since May 29, 2015, the salary is split into a Board of Directors compensation and a Management Board compensation.

| | 2015 | 2014 |
|---|---------|---------|
| Total compensation of the Management Board in CHF | 289 320 | 309 707 |

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):

| | 2015 | 2014 |
|-------------|------|-------|
| Funding fee | 0 | 6 467 |

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

Related parties transactions

There were no transactions with related parties in 2015 or in 2014 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
Zurich

We have audited of the accompanying remuneration report of Edisun Power Europe AG (pages 18 - 19) for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the 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 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 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 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 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 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 remuneration report of Edisun Power Europe AG for the year ended 31 December 2015 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Thomas Wallmer

Audit expert
Auditor in charge



Daniel Sutter

Zurich, 14 April 2016

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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 General Assembly of Shareholders 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 Assembly of Shareholders for resolutions to be passed and elections to be conducted.

Convocation of the General Assembly of Shareholders

The General Assembly of Shareholders is held within six months after the financial year is closed.

Extraordinary General Assemblies of Shareholders can be called as often as necessary, particularly in cases required by law.

General Assemblies of Shareholders are convened by the Board of Directors and, if necessary, by the auditors. Extraordinary General Assemblies of Shareholders 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 General Assembly of Shareholders for registered shareholders to be entered in the share register will be given each time in the invitation to the General Assembly of Shareholders.

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 General Assembly of Shareholders 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. Due to the mandatory rotation of the lead auditor pursuant to the law OR Art. 730a Abs. 2, Patrick Balkanyi, who has been the lead auditor since 2008, has been followed by Thomas Wallmer. In accordance with Swiss law, the lead auditor can serve for a maximum term of seven years.

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.

Fees

The fees charged by PricewaterhouseCoopers to the Edisun Power Group during the financial years 2015 and 2014, were as follows (in CHF):

| | 2015 | 2014 |
|----------------|---------------|---------------|
| Audit services | 54 100 | 53 300 |
| Total | 54 100 | 53 300 |

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.

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 General Assembly of Shareholders.

11 Financial Calendar

May 20, 2016

General Assembly of Shareholders of Edisun Power Europe Ltd. at Hotel Glockenhof in Zurich

August 26, 2016

Publication of Semi-Annual Report as of June 30, 2016
Media Information

April 2017

Publication of the Annual Report as of December 31, 2016
Media Information

May 2017

General Assembly of Shareholders of Edisun Power Europe Ltd.

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Investor Relations

Rainer Isenrich

Share register

SIX SIS AG
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Switzerland

Consolidated Financial Statements of Edisun Power Europe Ltd.

Consolidated Balance Sheet

| | Notes | 31.12.2015 TCHF | 31.12.2014 TCHF |
|---|-------|--------------------|--------------------|
| Assets | | | |
| Cash and cash equivalents | 7 | 1 426 | 2 181 |
| Trade receivables | 6 | 1 381 | 573 |
| Other receivables and current assets | 6 | 384 | 1 011 |
| Financial assets | | 3 | 30 |
| Total current assets | | 3 194 | 3 795 |
| Land, plant and equipment | 4 | 55 167 | 52 112 |
| Intangible assets | 5 | 52 | 27 |
| Financial and other long term assets | | 882 | 1 018 |
| Total non-current assets | | 56 101 | 53 157 |
| Total assets | | 59 295 | 56 952 |
| Liabilities and equity | | | |
| Borrowings | 10 | 6 643 | 2 390 |
| Trade payables | 9 | 264 | 192 |
| Other payables | 9 | 281 | 81 |
| Accrued cost | 9 | 972 | 1 075 |
| Provisions | 12 | 0 | 0 |
| Income tax liabilities | | 159 | 0 |
| Total current liabilities | | 8 319 | 3 738 |
| Borrowings | 10 | 41 833 | 40 708 |
| Provisions | 12 | 394 | 358 |
| Total non-current liabilities | | 42 227 | 41 066 |
| Total liabilities | | 50 546 | 44 804 |
| Share capital | 8 | 17 950 | 17 950 |
| Share premium | 8.1 | - 2 185 | - 2 185 |
| Accumulated deficits and currency translation differences | 8.3 | - 7 016 | - 3 617 |
| Total equity | | 8 749 | 12 148 |
| Total liabilities and equity | | 59 295 | 56 952 |

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

Consolidated Income Statement

| | Notes | 2015 TCHF | 2014 TCHF |
|---|-------|--------------|--------------|
| Revenue from: | | | |
| sale of electricity | 3 | 7 481 | 7 356 |
| Other operating income | | 175 | 519 |
| Total revenues | | 7 656 | 7 875 |
| Personnel expenses | 13 | - 653 | - 834 |
| Rental and maintenance expenses | | - 869 | - 962 |
| Administration expenses | | - 445 | - 475 |
| Advertising expenses | | - 8 | - 55 |
| Other operating costs | | - 455 | - 491 |
| Earnings before interest, tax, depreciation, amortization and deconsolidation (EBITDA) | | 5 226 | 5 058 |
| Depreciation and amortization | 4, 5 | - 2 636 | - 2 967 |
| Impairment | 4 | 172 | 365 |
| Operating profit (EBIT) | | 2 762 | 2 456 |
| Financial income | 14 | 29 | 4 |
| Financial expenses | 14 | - 2 022 | - 2 042 |
| Net profit before income tax | | 769 | 418 |
| Income tax | 15 | - 52 | - 9 |
| Net profit | | 717 | 409 |
| attributable to shareholders of Edisun Power Europe Ltd. | | 717 | 409 |
| Earnings per share attributable to shareholders of Edisun Power Europe Ltd. during the year (expressed in CHF per share): | | | |
| basic and diluted | 16 | 2.10 | 1.20 |

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

Consolidated Cash Flow Statement

| | Notes | 2015 TCHF | 2014 TCHF |
|---|-------|----------------|----------------|
| Net profit | | 717 | 409 |
| Reversal of non-cash items: | | | |
| Depreciation and amortization on plant, equipment, intangible assets and other assets | 4, 5 | 2 636 | 2 967 |
| Impairment | 4 | - 172 | - 365 |
| Change in accruals and provisions | | - 228 | - 277 |
| Financial income | 14 | - 29 | - 4 |
| Financial expenses | 14 | 2 022 | 2 042 |
| Income tax expense | 15 | 52 | 9 |
| (Profit)/Loss on disposal of tangible assets | | 0 | - 16 |
| Change in receivables and other current assets | | 70 | 263 |
| Change in payables | | - 161 | - 272 |
| Interest paid | | - 1 917 | - 1 954 |
| Taxes paid | | - 9 | - 3 |
| Other non-cash items | | 65 | 204 |
| Cash flow from operating activities | | 3 046 | 3 002 |
| Investments in plant and equipment | 4 | - 61 | - 381 |
| Disposal of tangible assets | 4 | 11 | 356 |
| Business acquisition, incl. capitalized cost | 4 | - 1 366 | 0 |
| Repayment from financial assets | | 23 | 18 |
| Interest received | | 2 | 4 |
| Cash flow from investing activities | | - 1 391 | - 3 |
| Issuance of bonds, net of transaction costs | | 3 865 | 4 589 |
| Increase of other borrowings | | 4 597 | 0 |
| Repayment of borrowings | | - 10 653 | - 12 873 |
| Cash flow from financing activities | | - 2 191 | - 8 284 |
| Net change in cash and cash equivalents | | - 536 | - 5 285 |
| Cash and cash equivalents at the beginning of the year | 7 | 2 181 | 7 502 |
| Exchange losses on cash and cash equivalents | | - 219 | - 36 |
| Cash and cash equivalents at the end of the year | 7 | 1 426 | 2 181 |

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 premium | Accumulated deficits | Currency translation differences | |
| December 31, 2013 | 17950 | -2 185 | -4 414 | 1 175 | 12 526 |
| Net profit | | | 409 | | 409 |
| Currency translation foreign subsidiaries | | | | -787 | - 787 |
| December 31, 2014 | 17950 | -2 185 | -4 005 | 388 | 12 148 |
| Net profit | | | 717 | | 717 |
| Currency translation foreign subsidiaries | | | | -4 116 | -4 116 |
| December 31, 2015 | 17950 | -2 185 | -3 288 | -3 729 | 8 749 |

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

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

All amounts are in CHF 000 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, 2016. 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 2015 | Ownership 2014 | Activity ¹⁾ |
|--|-------------------|-------------------|------------------------|
| Switzerland | | | |
| Edisun Power Europe Ltd., Zurich | | | ● |
| Edisun Power Switzerland 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., Madrid | 100.0 % | 100.0 % | ■ |
| Edisun Power Iberia Beta S.A., Madrid | 100.0 % | 100.0 % | ■ |
| Edisun Power Iberia Gamma S.A., Madrid | 100.0 % | 100.0 % | ■ |
| Edisun Power Iberia Delta S.A., Madrid | 100.0 % | 100.0 % | ■ |
| Edisun Power Iberia Epsilon S.A., Madrid | 100.0 % | 100.0 % | ■ |
| Salinas Energia Solar S.L., Madrid | 100.0 % | 100.0 % | ■ |
| Cortadeta Fotovoltaica S.L., Madrid | 100.0 % | 100.0 % | ■ |
| Sold de Tilla S.L., Madrid | 100.0 % | 100.0 % | ■ |
| Digrun Grun S.L., Madrid | 100.0 % | 0 % | ■ |
| France | | | |
| Edisun Power France SAS, Lyon | 100.0 % | 100.0 % | ■ |
| Sainte Maxime Solaire SAS, Sainte-Maxime | 100.0 % | 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.

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.

All amounts are in CHF 000 unless otherwise noted

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.

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:

| | 31.12.2015 | Average 2015 | 31.12.2014 | Average 2014 |
|--------------|---------------|---------------|---------------|---------------|
| 1 EUR | 1.0817 | 1.0741 | 1.2027 | 1.2150 |

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 appropri-

All amounts are in CHF 000 unless otherwise noted

ate, 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 |
| <u>Furniture, fittings and equipment (FF&E)</u> | <u>3–4 years</u> |

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.

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 purposes of assessing impairment, assets are grouped at the

All amounts are in CHF 000 unless otherwise noted

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.

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.

All amounts are in CHF 000 unless otherwise noted

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.

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

All amounts are in CHF 000 unless otherwise noted

the circumstances that have given rise to the revision become known by management.

(c) Interest Income

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

2.16 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, 2015, are as follows:

| | Switzerland | Germany | Spain | France | EPE | Group |
|--|--------------|--------------|--------------|--------------|-------------|--------------|
| Total segment revenue | 1 088 | 1 037 | 3 255 | 2 276 | 395 | 8 051 |
| Inter-segment revenue | 0 | 0 | 0 | 0 | -395 | -395 |
| Revenue from external customers | 1 088 | 1 037 | 3 255 | 2 276 | 0 | 7 656 |
| EBITDA | 894 | 882 | 2 341 | 1 700 | -591 | 5 226 |
| <i>EBITDA in % of revenue</i> | 82.2% | 85.1% | 71.9% | 74.7% | | 68.3% |

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

| | Switzerland | Germany | Spain | France | EPE | Group |
|--|--------------|--------------|--------------|--------------|-------------|--------------|
| Total segment revenue | 1 224 | 1 364 | 2 635 | 2 645 | 509 | 8 377 |
| Inter-segment revenue | 0 | 0 | 0 | 0 | -502 | -502 |
| Revenue from external customers | 1 224 | 1 364 | 2 635 | 2 645 | 7 | 7 875 |
| EBITDA | 911 | 1 132 | 1 777 | 2 019 | -781 | 5 058 |
| <i>EBITDA in % of revenue</i> | 74.5% | 83.0% | 67.4% | 76.3% | | 64.2% |

All amounts are in CHF 000 unless otherwise noted

4 Land, Plant and Equipment

| 2015 | Land | PV Plants | Assets under construction | FF&E | Total |
|--|--------------|---------------|---------------------------|------------|---------------|
| Gross value | | | | | |
| Opening gross book amount - January 1, 2015 | 1 149 | 63 914 | 450 | 262 | 65 775 |
| Exchange differences | - 116 | - 5 757 | - 46 | - 13 | - 5 932 |
| Additions | 0 | 61 | 0 | 0 | 61 |
| Disposals | 0 | - 11 | 0 | 0 | - 11 |
| Change in consolidation scope | 0 | 10 080 | 0 | 0 | 10 080 |
| Reclassifications | 0 | 6 | 0 | 0 | 6 |
| Closing gross book amount - December 31, 2015 | 1 033 | 68 293 | 404 | 249 | 69 979 |
| Accumulated depreciation | | | | | |
| Opening amount - January 1, 2015 | 686 | 12 375 | 373 | 229 | 13 663 |
| Exchange differences | - 69 | - 1 173 | - 38 | - 10 | - 1 290 |
| Disposals | 0 | - 2 | 0 | 0 | - 2 |
| Depreciation charge | 0 | 2 584 | 0 | 23 | 2 607 |
| Impairment | 0 | 0 | - 172 | 0 | - 172 |
| Reclassification | 0 | 6 | 0 | 0 | 6 |
| Closing amount - December 31, 2015 | 617 | 13 790 | 163 | 242 | 14 812 |
| Net book value - January 1, 2015 | 463 | 51 539 | 77 | 33 | 52 112 |
| Net book value - December 31, 2015 | 416 | 54 503 | 241 | 7 | 55 167 |
| 2014 | | | | | |
| | 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 |
| Change in consolidation scope | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | - 604 | 0 | 92 | - 512 |
| Closing gross book amount - December 31, 2014 | 1 149 | 63 914 | 450 | 262 | 65 775 |

All amounts are in CHF 000 unless otherwise noted

| | Land | PV Plants | Assets under construction | FF&E | Total |
|---|------------|---------------|---------------------------|------------|---------------|
| Accumulated depreciation | | | | | |
| Opening amount - January 1, 2014 | 699 | 10 771 | 380 | 117 | 11 967 |
| Exchange differences | - 13 | - 178 | - 7 | - 2 | - 200 |
| Disposals | 0 | - 11 | 0 | 0 | - 11 |
| Change in consolidation scope | 0 | 0 | 0 | 0 | 0 |
| 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 |

Third-party loans are secured by PV plants belonging to the Group (see note 10.1). In 2015 no borrowing costs were capitalized. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 4.0% (2014: 4.0%).

company to reverse part (TCHF 172) of the earlier recorded impairment.

4.1 Impairment of PV Plants

The Company performed a detailed impairment test for each PV plant individually as per December 31, 2015.

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

| | 2015 | 2014 |
|-------------|------|------|
| Spain | 6.7% | 6.6% |
| Germany | 4.7% | 5.2% |
| Switzerland | 4.9% | 5.3% |
| France | 5.3% | 5.9% |

In Spain, it was possible to rent out land including project rights for a PV plant to a third party which allowed the

4.2 Purchase and sale of PV Plants / Subsidiaries

As per 31 March 2015, the Company acquired 100% of the shares of the company Digrun Grun S.L., domiciled in Madrid, Spain, which owns and operates a 1.755 MW PV system in Mallorca.

In addition, the Group bought 100% of the shares of the company Sainte Maxime Solaire SAS, domiciled in Sainte-Maxime in France, as per 31 December 2015. Sainte Maxime Solaire SAS owns and operates a 1.0 MW PV plant at the Cote d'Azur.

The two acquisitions consist of the following positions:

| | Digrun Grun | Sainte Maxime Solaire |
|------------------------------|--------------------|----------------------------------|
| Cash and cash equivalents | 35 | 496 |
| Land, plant and equipment | 5 975 | 4 105 |
| Other assets | 435 | 481 |
| Interest-bearing liabilities | 4 643 | 2 925 |
| Other liabilities | 824 | 1 291 |
| Net assets acquired | 978 | 866 |
| Acquisition price | 978 | 866 |

Consequently, no goodwill was acquired through these acquisitions.

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.

All amounts are in CHF 000 unless otherwise noted

5 Intangible Assets

| 2015 | Total |
|--|------------|
| Gross value | |
| Opening gross book amount - January 1, 2015 | 502 |
| Exchange differences | 0 |
| Additions | 54 |
| Disposals | 0 |
| Reclassifications | 0 |
| Closing gross book amount - December 31, 2015 | 556 |
| Accumulated depreciation | |
| Opening amount - January 1, 2015 | 475 |
| Exchange differences | 0 |
| Disposals | 0 |
| Depreciation charge | 29 |
| Impairment | 0 |
| Reclassification | 0 |
| Closing amount - December 31, 2015 | 504 |
| Net book value - January 1, 2015 | 27 |
| Net book value - December 31, 2015 | 52 |
| 2014 | |
| 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 |

All amounts are in CHF 000 unless otherwise noted

| | Total |
|---|--------------|
| 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 |

Intangible Assets include capitalized software expenses and licenses.

6 Trade and Other Receivables

| | 31.12.2015 | 31.12.2014 |
|---|-------------------|-------------------|
| Trade receivables (gross) | 1 525 | 636 |
| Other receivables and current assets | 384 | 1 011 |
| Less: provision for impairment of trade receivables | - 144 | - 63 |
| Trade and other receivables – net | 1 765 | 1 584 |
| Current portion | 1 765 | 1 584 |

7 Cash and Cash Equivalents

| | 31.12.2015 | 31.12.2014 |
|--------------|-------------------|-------------------|
| Cash on hand | 0 | 0 |
| Banks | 1 426 | 2 181 |
| Total | 1 426 | 2 181 |

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 Annual General Shareholders Meeting held on May 29, 2015 the Board of Directors has been granted the right to increase the share capital of Edisun Power Europe Ltd. until May 28, 2017 by a maximum aggregate amount of CHF 5 million (95 147 fully paid registered shares with a par value of CHF 52.55 each).

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

All amounts are in CHF 000 unless otherwise noted

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 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 hold their own shares.

8.3 Accumulated Deficits and Currency Translation Differences

Accumulated deficits comprise accumulated and unappropriated earnings.

The consolidated accumulated deficits include non-distributable legal reserves of TCHF 408 (2014: TCHF 339).

Total currency translation differences amount to TCHF -4 116 (2014: -787), of which TCHF -3 976 (2014: -834) are arising from equity loans.

9 Trade and Other Payables

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

| | 2015 | 2014 |
|---------------------------------|------------|------------|
| Trade payables | 264 | 192 |
| Value added tax | 12 | 7 |
| Social security and other taxes | 49 | 37 |
| Other | 220 | 37 |
| Total | 545 | 273 |

The following table provides details on accrued costs:

| | 2015 | 2014 |
|------------------------|------------|--------------|
| Interest on borrowings | 666 | 732 |
| Other accrued cost | 306 | 342 |
| Total | 972 | 1 075 |

10 Borrowings

| | 2015 | 2014 |
|-------------------------------------|---------------|---------------|
| Current | | |
| Loans from third-parties | 838 | 660 |
| Straight bonds from third-parties | 5 805 | 1 730 |
| Total current borrowings | 6 643 | 2 390 |
| Non-current | | |
| Loans from third-parties | 14 171 | 8 303 |
| Straight bonds from third-parties | 27 662 | 32 405 |
| Total non-current borrowings | 41 833 | 40 708 |

All amounts are in CHF 000 unless otherwise noted

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

| | 2015 | 2014 |
|--------------|---------------|---------------|
| CHF | 33 467 | 34 135 |
| EUR | 15 009 | 8 963 |
| Total | 48 476 | 43 098 |

10.1 Loans from third-parties

The following tables provide details on the conditions of the loans from third-parties:

2015

| Maturity | Interest rate | amount |
|-----------------|----------------------|---------------|
| 2017 | 4.9% | 414 |
| 2020 | 4.5% | 1 133 |
| 2025 | 5.8–5.9% | 375 |
| 2026 | 4.6–6.1% | 11 826 |
| 2027 | 4.2–5.1% | 1 261 |
| Total | | 15 009 |

2014

| Maturity | Interest rate | amount |
|-----------------|----------------------|---------------|
| 2017 | 4.9% | 514 |
| 2020 | 4.5% | 1 397 |
| 2025 | 5.8–5.9% | 447 |
| 2026 | 4.6–6.1% | 5 114 |
| 2027 | 4.2–5.1% | 1 491 |
| Total | | 8 963 |

All amounts are in CHF 000 unless otherwise noted

10.2 Straight Bonds

The Group has issued several straight bonds:

| | | 31.12.2015 | 31.12.2014 |
|--------------------------|--|------------------------------|------------------------------|
| | Nominal value in local currency (000) | Bookvalue in TCHF | Bookvalue in TCHF |
| Edisun Power Europe Ltd. | | | |
| 4.00 % 2008 – 2015 (CHF) | 0 | 0 | 1 728 |
| 3.75 % 2010 – 2016 (CHF) | 5 805 | 5 789 | 5 771 |
| 3.50 % 2011 – 2017 (CHF) | 1 295 | 1 290 | 1 286 |
| 3.50 % 2012 – 2018 (CHF) | 8 300 | 8 243 | 11 090 |
| 4.50 % 2007 – 2019 (CHF) | 4 820 | 4 820 | 4 820 |
| 4.50 % 2008 – 2019 (CHF) | 4 530 | 4 508 | 4 502 |
| 4.50 % 2014 – 2024 (CHF) | 5 000 | 4 945 | 4 938 |
| 2.25 % 2015 – 2023 (CHF) | 3 980 | 3 872 | 0 |
| Total | | 33 467 | 34 135 |

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 | |
|--|---|--------------------------|------------|--|---|--|-----------|
| | 31.12.2015 | 31.12.2015 | 31.12.2014 | | | 2015 | 2014 |
| Pension schemes with funding surplus/deficit Switzerland | 0 | 0 | 0 | 0 | 51 | 51 | 47 |
| 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 | 51 | 51 | 47 |

| | 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 |

The employees of Edisun Power Europe Ltd. are insured under a collective pension plan. Consequently, due to its joint and several nature, the information to be disclosed cannot be determined on the basis of the individual participation agreement. The level of coverage of the collective plan as a whole, however, amounted to 110.9% at the end of 2015.

All amounts are in CHF 000 unless otherwise noted

12 Provisions

| | Restructuring provisions | Provision for dismantling | Other provisions | Total |
|-------------------------------------|-----------------------------|------------------------------|---------------------|------------|
| Year ended December 31, 2015 | | | | |
| At beginning of the year | 0 | 300 | 58 | 358 |
| Exchange differences | 0 | -22 | -6 | -28 |
| Additions | 0 | 15 | 0 | 15 |
| Use | 0 | 0 | 0 | 0 |
| Reversal | 0 | 0 | 0 | 0 |
| Change in consolidation scope | 0 | 49 | 0 | 49 |
| At the end of the year | 0 | 342 | 52 | 394 |
| thereof short-term | 0 | 0 | 0 | 0 |
| thereof long-term | 0 | 342 | 52 | 394 |
| 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 |

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% (2014: 5%).

Other provisions (long-term) include a provision in the amount of TCHF 52 (2014: TCHF 58) 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 are still accurate for this case.

All amounts are in CHF 000 unless otherwise noted

13 Personnel Expenses

| | 2015 | 2014 |
|-----------------------|-------------|-------------|
| Wages and salaries | -525 | -674 |
| Social security costs | -91 | -104 |
| Other personnel costs | -37 | -56 |
| Total | -653 | -834 |

14 Financial Income and Expenses

| | 2015 | 2014 |
|---------------------------|---------------|---------------|
| Interest income on loans | 1 | 3 |
| Other financial income | 0 | 1 |
| Foreign exchange gains | 28 | 0 |
| Financial income | 29 | 4 |
| Borrowings third-party | -448 | -485 |
| Straight bonds | -1 447 | -1 519 |
| Foreign exchange losses | -69 | -15 |
| Other financial expenses | -58 | -23 |
| Financial expenses | -2 022 | -2 042 |
| Net finance cost | -1 993 | -2 038 |

15 Income Tax Expenses

| | 2015 | 2014 |
|--|-------|-------|
| Profit before tax | 769 | 418 |
| Expected Income tax rate | 32.1% | 42.4% |
| Expected Income tax amount | -247 | -177 |
| Impact of changes in tax loss carry forwards | 259 | 67 |
| Other | -64 | 101 |
| Reported tax amount | -52 | -9 |
| Reported tax rate | 6.8% | 2.1% |

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

As of December 31, 2015, the Group has tax losses for which no deferred tax asset has been recognized with an amount of TCHF 37 261 (2014: 36 533).

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.

| | 2015 | 2014 |
|---|-------------|-------------|
| Profit/loss attributable to equity holders of the Group | 717 | 409 |
| Weighted average number of ordinary shares outstanding | 341 576 | 341 576 |
| Basic and diluted loss per share (CHF per share) | 2.10 | 1.20 |

17 Dividends per Share

No dividends were paid out in 2015 or in 2014.

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 and Collaterals

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

| | 31.12.2015 | 31.12.2014 |
|-----------------|-------------------|-------------------|
| To banks | 13 444 | 10 555 |
| To bond-holders | 9 350 | 10 600 |
| Total | 22 794 | 21 155 |

There were no other commitments as of December 31, 2015 and December 31, 2014, respectively.

20 Related-Party Transactions

Key Management and Board Compensation:

| | 2015 | 2014 |
|--|-------------|-------------|
| Salaries and other short-term employee benefits | 296 | 340 |
| Social benefits (employer's contribution) | 51 | 44 |
| Termination benefits | 0 | 0 |
| Total compensation | 347 | 384 |

21 Events after the Balance-Sheet Date

On March 15, 2016, the Company has signed financing contracts for its two Spanish PV plants Cortadeta (on Mallorca) and Huelva (on the south coast of Spain) with the Spanish subsidiary of the Dutch Triodos Bank NV. The financing amounts to EUR 5.6 million and runs for 15 years.

The Company decided to use the majority of these funds to reduce the EUR-CHF currency imbalance between the liabilities and the investments of the Group by paying back debt denominated in CHF.

There are no other relevant events after the balance sheet date which would have a significant impact on the 2015 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 accompanying 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 24 – 48), for the year ended 31 December 2015.

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 2015 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.

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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




Thomas Wallmer

Audit expert
Auditor in charge




Daniel Sutter

Zurich, 14 April 2016

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Statutory Financial Statements of Edisun Power Europe Ltd.

Statutory Balance Sheet

| | Notes | 31.12.2015 TCHF | 31.12.2014 TCHF |
|--|---------|--------------------|--------------------|
| Assets | | | |
| Cash and cash equivalents | | 114 | 609 |
| Other current receivables | | | |
| due from third parties | | 21 | 32 |
| due from group companies | 2.2/3.1 | 14 649 | 11 942 |
| Accrued income and deferred expenses | | 41 | 35 |
| Total current assets | | 14 825 | 12 618 |
| Investments in subsidiaries and associates | 2.4/3.2 | 8 916 | 8 916 |
| Plant and equipment | | 3 | 4 |
| Accrued income and deferred expenses | | 264 | 267 |
| Financial assets | | | |
| Loans to group companies | 2.3/3.1 | 25 394 | 32 012 |
| Total non-current assets | | 34 577 | 41 199 |
| Total assets | | 49 402 | 53 817 |
| Liabilities and equity | | | |
| Short-term interest-bearing liabilities | | | |
| due from third parties | 2.7/3.3 | 5 805 | 1 730 |
| due from group companies | | 3 064 | 2 862 |
| Trade payables | | | |
| due from third parties | | 81 | 37 |
| Other short-term liabilities | | | |
| due from third parties | | 8 | 0 |
| Accrued expenses and deferred income | | 755 | 827 |
| Total current liabilities | | 9 713 | 5 456 |
| Long-term interest-bearing liabilities | | | |
| due from third parties | 2.7/3.3 | 27 925 | 32 645 |
| Total non-current liabilities | | 27 925 | 32 645 |
| Total liabilities | | 37 638 | 38 101 |
| Share capital | | 17 950 | 17 950 |
| Loss brought forward | | - 2 233 | - 1 266 |
| Loss for the year | | - 3 953 | - 967 |
| Total equity | | 11 764 | 15 716 |
| Total liabilities and equity | | 49 402 | 53 817 |

The notes are an integral part of these financial statements.

Statutory Income Statement

| | Notes | 31.12.2015 TCHF | 31.12.2014 TCHF |
|--|-------|--------------------|--------------------|
| Revenue from sales of services | 2.10 | 395 | 505 |
| Personnel expenses | | - 653 | - 848 |
| Rental and maintenance expenses | | - 56 | - 65 |
| Administration expenses | | - 239 | - 295 |
| Advertising expenses | | - 8 | - 55 |
| Other operating expenses | | 0 | - 11 |
| Earnings before interest, tax, depreciation and amortization (EBITDA) | | - 561 | - 769 |
| Depreciation and amortization | | - 120 | - 174 |
| Earnings before interest and tax (EBIT) | | - 681 | - 943 |
| Financial income | | 3 738 | 2 537 |
| Financial expenses | | - 6 979 | - 2 414 |
| Earnings before taxes (EBT) | | - 3 922 | - 820 |
| Non-operating income | | 0 | 4 |
| Extraordinary expenses | | 0 | - 120 |
| Net loss before tax | | - 3 922 | - 936 |
| Taxes | | - 31 | - 31 |
| Net loss | | - 3 953 | - 967 |

The notes are an integral part of these financial statements.

Notes to the Financial Statements

1 General Information

1.1 Legal form, registered office and capital

Edisun Power Europe Ltd., which is listed on the SIX Swiss Exchange in Zurich (Switzerland), is the holding company of the Edisun Power Group. The company was established on December 1, 2005 as a stock corporation and is domiciled in Zurich.

The share capital of Edisun Power Europe Ltd. amounts to CHF 17 949 818.80 and consists of 341 576 registered shares with a par value of CHF 52.55 each.

2 Key accounting and valuation principles

2.1 Accounting principles applied in the preparation of the financial statements

These financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013). Where not prescribed by law, the significant accounting and valuation principles applied are described below. Previous year's figures were prepared according to the new financial reporting law in order to achieve a consistent representation and breakdown of the figures.

Edisun Power Europe Ltd. is presenting consolidated financial statements according to Swiss GAAP FER. As a result, these financial statements and notes do not include additional disclosures, cash flow statement and management report.

2.2 Trade and other current receivables

Trade and other short-term receivables mainly include receivables from subsidiaries and are carried at their nominal value. Impairment charges are calculated for these assets on an individual basis.

2.3 Financial assets

Financial assets mainly include loans to subsidiaries and are carried at their nominal value. Impairment charges are calculated for these assets on an individual basis.

2.4 Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less impairment charges. Impairment charges are calculated on an individual basis.

2.5 Property, plant and equipment

Tangible fixed assets are valued at acquisition or manufacturing costs less accumulated depreciation. The straight-line depreciation method is used for tangible fixed assets according to their expected useful life.

2.6 Accrued income and deferred expenses

Accrued income and deferred expenses mainly include capitalized borrowing costs. Capitalized costs are amortized using the straight-line method over the contractual duration of the financing.

2.7 Interest-bearing liabilities

Interest-bearing liabilities are valued at their nominal value. Issuing costs of bonds are carried in accrued income and deferred expenses and are amortised using the straight-line method over the term of the bond.

2.8 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classi-

fied as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. All leasing contracts are terminable within 12 months of the balance sheet date.

2.9 Foreign currency items

The currency in which Edisun Power Europe Ltd. operates is CHF. Transactions in foreign currencies are converted into the currency in which the company operates (CHF) at the exchange rate on the day the transaction takes place.

Monetary assets and liabilities in foreign currencies are converted into the currency in which the company operates (CHF) at the exchange rate on the balance sheet date. Any profits or losses resulting from the exchange are recorded in the income statement.

Exchange rate applied on balance sheet 31.12.2015: EUR 1.0817 (31.12.2014: 1.2027)

2.10 Revenue recognition

Edisun Power Europe Ltd. records the gross invoice amount from the sale of services as revenues from sales of services. Edisun Power Europe Ltd. recognizes revenue when the amount of revenue can be reliably measured and it is likely that future economic benefits will flow to the entity. The sale of services is invoiced twice a year at the end of each semester.

3 Information relating to items on the balance sheet and profit and loss accounts

3.1 Intercompany borrowings

| | 31.12.2015 TCHF | 31.12.2014 TCHF |
|--|---------------------------|---------------------------|
| Other receivables from group companies (gross amount) | 14 894 | 12 187 |
| Impairment | - 245 | - 245 |
| Other receivables from group companies (net amount) | 14 649 | 11 942 |
| Loans to group companies (gross amount) | 37 668 | 44 286 |
| Impairment | - 12 274 | - 12 274 |
| Loans to group companies (net amount) | 25 394 | 32 012 |

3.2 Equity participations

| | | Capital | Signed | 31.12.2015 | | 31.12.2014 | |
|------------------------------------|------|---------|--------|------------|-------------|------------|-------------|
| | | | | Share | TCHF | Share | TCHF |
| Edisun Power Switzerland Ltd. | TCHF | 100 | 100% | 100.0% | 3346 | 100.0% | 3346 |
| Edisun Power Iberia S.A. | TEUR | 61 | 100% | 100.0% | 91 | 100.0% | 91 |
| Edisun Power PLC | TEUR | 750 | 100% | 100.0% | 1603 | 100.0% | 1603 |
| Edisun Power France SAS | TEUR | 2800 | 100% | 100.0% | 3876 | 100.0% | 3876 |
| Total equity participations | | | | | 8916 | | 8916 |

The Swiss Company is located in Zurich, the Spanish Company in Madrid, the French Company in Lyon and the German Company in Sigmaringen. The purpose of these companies is the financing, construction and operation of PV solar plants.

3.3 Straight bonds

| | 31.12.2015 | 31.12.2014 |
|------------------------------------|--------------|--------------|
| | TCHF | TCHF |
| 4.00% Bond 2008 - 2015 | 0 | 1730 |
| 3.75% Bond 2010 - 2016 | 5805 | 0 |
| Total Short-term borrowings | 5805 | 1730 |
| 4.50% Bond 2007 - 2019 | 4820 | 4820 |
| 4.50% Bond 2008 - 2019 | 4530 | 4530 |
| 3.75% Bond 2010 - 2016 | 0 | 5805 |
| 3.50% Bond 2011 - 2017 | 1295 | 1295 |
| 3.50% Bond 2012 - 2018 | 8300 | 11195 |
| 4.50% Bond 2014 - 2024 | 5000 | 5000 |
| 2.25% Bond 2015 - 2023 | 3980 | 0 |
| Total Long-term borrowings | 27925 | 32645 |

3.4 Collateral for third-party liabilities

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

| Beneficiary | 31.12.2015 TCHF | 31.12.2014 TCHF |
|---|---------------------------|---------------------------|
| Bondholders | 9350 | 10600 |
| | 9350 | 10600 |
| | 31.12.2015 TEUR | 31.12.2014 TEUR |
| Joint security given in order to secure bank financings for Edisun Power France SAS | 9724 | 8776 |
| | 9724 | 8776 |

3.5 Pension fund

| | 31.12.2015 TCHF | 31.12.2014 TCHF |
|---------------------------------|---------------------------|---------------------------|
| Pension fund liabilities | 21 | 0 |

4 Other information not visible in the balance sheet or income statement

4.1 Significant shareholders

| Significant shareholders and their direct holdings | 31.12.2015 in % | 31.12.2014 in % |
|--|---------------------------|---------------------------|
| Nef Hans ^{1) 2)} | 22.5 % | 18.4 % |
| Eberhard Martin | 12.3 % | 12.5 % |
| Group of shareholder with Hansjürg Leibundgut, B35 AG and M. Schmutz ²⁾ | 6.1 % | 6.0 % |
| 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. 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.

4.2 Shares held by management and administrative bodies

Board of Directors

| | 31.12.2015 | 31.12.2014 |
|---------------------------------------|-------------------|-------------------|
| Hansjürg Leibundgut ^{1), 2)} | 20 850 | 20 530 |
| Hans Nef ³⁾ | 76 914 | 62 949 |
| Elmar Ledergerber ⁴⁾ | 0 | 875 |
| Fulvio Micheletti ⁵⁾ | 500 | 0 |
| Rainer Isenrich ⁵⁾ | 1 000 | 1 000 |
| Total | 99 264 | 85 354 |

¹⁾ Member of the Board of Directors until February 19, 2015

²⁾ Group of shareholders with Hansjürg Leibundgut and B35 AG

³⁾ Member of the Board of Directors since August 28, 2014

⁴⁾ Member of the Board of Directors until May 29, 2015

⁵⁾ Member of the Board of Directors since May 29, 2015

Management Board

| | 31.12.2015 | 31.12.2014 |
|-----------------|-------------------|-------------------|
| Rainer Isenrich | 1 000 | 1 000 |
| Total | 1 000 | 1 000 |

4.3 Full-time equivalents

The number of full-time equivalents did not exceed 10 on an annual average basis.

4.4 Subsequent events

Edisun Power Europe Ltd. evaluated subsequent events from December 31, 2015 through April 14, 2016, the date the consolidated financial statements were issued.

On March 15, 2016, the Company announced to prematurely pay back its 4.50% 2007 - 2019 bond in the amount of CHF 4.82 million as per 30 April 2016.

Besides that, no other subsequent events have occurred that would require recognition or disclosure in the consolidated financial statements.

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 (pages 52 – 58), which comprise the balance sheet, income statement and notes, for the year ended 31 December 2015.

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 2015 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 blue ink signature of Thomas Wallmer is written over a light blue grid background. To the right of the signature is a red circular icon containing a white Swiss cross.

Thomas Wallmer

Audit expert
Auditor in charge

A blue ink signature of Daniel Sutter is written over a light blue grid background. To the right of the signature is a red circular icon containing a white Swiss cross.

Daniel Sutter

Zurich, 14 April 2016

*PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zurich, Switzerland
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