



Edison Power Europe Ltd
Universitätstrasse 51
8006 Zurich

**Consolidated Interim
Financial Statements (unaudited)**

June 30, 2017

Consolidated Interim Balance Sheet (unaudited)

	<u>Notes</u>	<u>30.06.2017</u>	<u>31.12.2016</u>
		TCHF	TCHF
<u>Assets</u>			
Cash and cash equivalents		2'526	8'320
Trade receivables		2'160	1'597
Other receivables and current assets		528	430
Financial assets		8	3
Total current assets		5'222	10'350
Land, plant and equipment	6.1	62'590	58'174
Intangible assets		118	104
Financial assets and other long term assets		811	813
Total non-current assets		63'519	59'091
Total assets		68'741	69'441
<u>Liabilities and equity</u>			
Borrowings	6.2	11'066	5'881
Trade payables		435	262
Other payables		267	287
Accrued cost		980	1'139
Provisions		0	0
Income tax liabilities		381	379
Total current liabilities		13'129	7'948
Borrowings	6.2	44'113	51'630
Provisions		452	435
Total non-current liabilities		44'565	52'065
Total liabilities		57'694	60'013
Share capital		17'950	17'950
Share premium		-2'185	-2'185
Accumulated deficits and currency translation differences		-4'718	-6'337
Total equity		11'047	9'428
Total liabilities and equity		68'741	69'441

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

Consolidated Interim Income Statement (unaudited)

	<u>Notes</u>	<u>01.01.2017 - 30.06.2017</u>	<u>01.01.2016 - 30.06.2016</u>
		TCHF	TCHF
Revenue from:			
sale of electricity		4'799	3'924
Other operating income		34	67
Total revenues	5, 7, 11	4'833	3'991
Personnel expenses		-385	-349
Rental and maintenance expenses		-485	-475
Administration expenses		-192	-177
Advertising expenses		-6	-4
Other operating costs		-217	-192
Earnings before interest, tax, depreciation and amortization (EBITDA)	5, 7, 11	3'548	2'794
Depreciation and amortization	6.1	-1'619	-1'505
Earnings before interest and taxes (EBIT)		1'929	1'289
Financial income		1	31
Financial expense		-1'048	-1'042
Net profit before income tax		882	278
Income tax		-23	-7
Net profit	7	859	271
Attributable to shareholders of Edisun Power Europe Ltd.		859	271
Attributable to non-controlling interests		0	0
Earnings per share (EPS) - expressed in CHF per share:			
Basic earnings per share		2.51	0.79
Diluted earnings per share		2.51	0.79

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

Consolidated Interim Cash-flow Statement (unaudited)

	Notes	01.01.2017 - 30.06.2017	01.01.2016 - 30.06.2016
		TCHF	TCHF
Net profit		859	271
Reversal of non-cash items:			
Depreciation and amortization	6.1	1'619	1'505
Impairment		0	0
Change in accruals and provisions		50	110
Financial income		-1	-31
Financial expense		1'048	1'042
Income tax expense		23	7
Change in receivables and other current assets		-617	-467
Change in payables		142	162
Interest paid		-1'212	-1'352
Taxes paid		-22	-8
Other non-cash items		18	31
Cash-flow from operating activities		1'907	1'270
Investments in plant and equipment		-4'958	-25
Disposal of tangible assets		0	0
Investments in intangible assets		-28	0
Repayment from financial assets		-4	0
Interest received		1	1
Cash-flow from investing activities		-4'989	-24
Issuance of bonds, net of transaction costs	6.2	0	0
Increase of other borrowings	6.2	2'244	5988
Repayment of borrowings	6.2	-5'010	-6'642
Cash-flow from financing activities		-2'766	-654
Net change in cash and cash equivalents		-5'848	592
Cash and cash equivalents at the beginning of the year		8'320	1'426
Exchange effects on cash and cash equivalents		54	9
Cash and cash equivalents at the end of the period		2'526	2'027

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

Consolidated Statement of Changes in Equity

	Attributable to shareholders of the company				Total Equity
	Share capital	Share premium	Accumulated deficits	Currency translation differences	
TCHF					
December 31, 2015	17'950	-2'185	-3'288	-3'729	8'749
Net profit			271		271
Currency translation foreign subsidiaries				195	195
June 30, 2016	17'950	-2'185	-3'016	-3'534	9'215
December 31, 2016	17'950	-2'185	-2'328	-4'010	9'428
Net profit			859		859
Currency translation foreign subsidiaries				760	760
June 30, 2017	17'950	-2'185	-1'469	-3'250	11'047

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

Notes to the Consolidated Interim Financial Statements of Edisun Power Europe Ltd. (unaudited)

(all amounts in TCHF 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 the local electricity companies. The Group is present in Switzerland, Germany, Spain and France.

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

The Company is listed on the "Swiss Reporting Standard" segment of the SIX Swiss Exchange.

2. Basis of preparation and significant accounting policies

The consolidated financial statements cover the unaudited interim results for the six months ending 30 June 2017. They have been prepared in accordance with Swiss GAAP FER (Accounting and Reporting Recommendations). The consolidated interim financial statements for 2017 have been prepared in accordance with FER 31 "Supplementary Recommendation for Listed Companies". Furthermore, the accounting complies with the provisions of the listing rules of the SIX Swiss Exchange and with Swiss company law.

The interim financial statements do not contain all the information and disclosures required in the annual consolidated financial statements. They should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2016. The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016.

The consolidated interim financial statements were approved for issue by the Board of Directors on 24 August 2017.

3. Changes to Group structure

The company added two legal entities in Spain, Smartenergy Sol 20120014 SL and Smartenergy Sol 20120016 SL, in the course of the first half of the year which serve the construction of the new PV plant in Requena near Valencia in Spain (see also note 6).

4. Currency translation rates

The CHF/EUR exchange rates relevant for the consolidated interim financial statements were:

	Closing rate 30.06.2017	Average HY 2017	Closing rate 31.12.2016	Average HY 2016
1 EUR	1.0938	1.0745	1.0720	1.0962

Notes to the Consolidated Interim Financial Statements of Edisun Power Europe Ltd. (unaudited)

(all amounts in TCHF unless otherwise noted)

5. Segment information

HY 2017	Switzerland	Germany	Spain	France	EPE	Group
Total segment revenue	596	546	2'225	1'493	337	5'170
Inter-segment revenue	0	0	0	0	-337	-337
Revenue from external customers	596	546	2'225	1'493	0	4'833
EBITDA	488	416	1'650	1'208	-214	3'548
<i>EBITDA in % of revenue</i>	<i>85.8%</i>	<i>76.1%</i>	<i>74.2%</i>	<i>80.9%</i>		<i>73.4%</i>

HY 2016	Switzerland	Germany	Spain	France	EPE	Group
Total segment revenue	496	525	1'644	1'326	296	4'288
Inter-segment revenue	0	0	0	0	-296	-296
Revenue from external customers	496	525	1'644	1'326	0	3'991
EBITDA	402	420	1'163	1'006	-197	2'794
<i>EBITDA in % of revenue</i>	<i>81.2%</i>	<i>79.9%</i>	<i>70.7%</i>	<i>75.8%</i>		<i>70.0%</i>

6. Balance sheet

The structure of the balance sheet remained largely unchanged compared to the end of the prior year. Total assets amounted to about CHF 69 million driven largely by the value of the PV plants (91.1% of total assets, see also note 6.1). Current assets decreased by about CHF 5 million due to the repayment of a bond at the end of January 2017. On the other hand, the value of land, plant and equipment increased by about CHF 4 million driven by the construction of the new PV plant in Requena near Valencia in Spain.

On the liabilities and equity side, total liabilities decreased by about CHF 2.3 million due mainly to the repayment of financial debt (see also note 6.2). At the same time, the equity increased by about CHF 1.6 million thanks to the half-year profit as well as a positive impact from the strengthening of the Euro against the Swiss franc. With that, equity ratio increased from 13.6% at December 31, 2016 to 16.1% at the end of the first semester of the current year.

6.1 Land, PV-Plants and equipment

HY 2017	Land	PV Plants	Assets under construction	FF&E	Total
Gross values					
Opening gross book amount as at January 1, 2017	1'024	73'875	400	248	75'547
Exchange differences	20	1'358	8	3	1'389
Additions	0	37	4'921	0	4'958
Disposals	0	0	0	0	0
Change in consolidation scope	0	0	0	0	0
Reclassifications	0	0	0	0	0
Closing gross book amount - June 30, 2017	1'044	75'270	5'329	251	81'894
Accumulated depreciation					
Opening amount as at January 1, 2017	611	16'348	168	246	17'373
Exchange differences	12	311	3	2	328
Disposals	0	0	0	0	0
Depreciation charge	0	1'596	5	2	1'603
Reclassifications	0	0	0	0	0
Closing amount - June 30, 2017	623	18'255	176	250	19'304
Net book value January 1, 2017	413	57'527	232	2	58'174
Net book value June 30, 2017	421	57'015	5'153	1	62'590

Notes to the Consolidated Interim Financial Statements of Edisun Power Europe Ltd. (unaudited)

(all amounts in TCHF unless otherwise noted)

HY 2016	Land	PV Plants	Assets under construction	FF&E	Total
Gross values					
Opening gross book amount as at January 1, 2016	1'033	68'293	404	249	69'979
Exchange differences	4	273	2	1	280
Additions	0	25	0	0	25
Disposals	0	0	0	0	0
Change in consolidation scope	0	0	0	0	0
Reclassifications	0	0	0	0	0
Closing gross book amount - June 30, 2016	1'037	68'591	406	250	70'284
Accumulated depreciation					
Opening amount as at January 1, 2016	617	13'790	163	242	14'812
Exchange differences	2	44	2	1	49
Disposals	0	0	0	0	0
Depreciation charge	0	1'498	0	2	1'500
Reclassifications	0	0	0	0	0
Closing amount - June 30, 2016	619	15'332	165	245	16'361
Net book value January 1, 2016	416	54'503	241	7	55'167
Net book value June 30, 2016	418	53'259	241	5	53'923

Total depreciation and amortization in the interim income statement 2017 includes a depreciation charge of TCHF 16 for intangible assets (2016: TCHF 5).

As per June 30, 2017 there were no impairment indicators and therefore no impairment test has been performed.

6.2 Borrowings

Current	30.06.2017	31.12.2016
Loans from third-party	2'766	1'351
Straight bonds from third-party	8'300	4'530
Total current borrowings	11'066	5'881
Non-current	30.06.2017	31.12.2016
Loans from third-party	23'071	22'330
Straight bonds from third-party	21'042	29'300
Total non-current borrowings	44'113	51'630

The increase of current borrowings in the first half of the year is due to the reclassification of the 3.5% bond 2012-2018 with a nominal value of CHF 8.3 million from long- to short-term liabilities. In addition, current loans from third-party include a bridge financing of CHF 1.3 million for the financing of the construction of the new PV plant in Requena near Valencia in Spain. The company intends to refinance current liabilities with the issuance of a new bond 2017-2022 with a nominal value of CHF 8.3 million as per 1 December 2017 and an increase of the share capital in the amount of CHF 5 million.

In terms of non-current borrowings, the first semester of the year was driven by the reclassification of the bond 2012-2018 mentioned above.

Notes to the Consolidated Interim Financial Statements of Edisun Power Europe Ltd. (unaudited)

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7. Income statement

The increase in total revenues by about 21% compared to the first semester of 2016 was mainly due to both the acquisition the company made at the end of 2016 in Spain with an impact of +11% on overall growth and good weather conditions (+11%). In addition, favourable market conditions in Spain with increasing market prices also supported the increase of revenues (+3%). The Euro had a slightly negative impact on revenues in the first semester of the year (-2%).

On the cost side, expenses increased acquisition-driven by about TCHF 90 vs. H1 2016 to roughly CHF 1.3 million. Thanks to the revenue growth, EBITDA nevertheless increased by almost 27% to CHF 3.55 million. EBIT climbed by almost 50% to CHF 1.93 million despite an acquisition-driven increase of depreciations.

On the bottom-line, net result more than tripled from TCHF 271 to TCHF 859 thanks to the stabilization of financial expenses.

8. Dividends per share

No dividends were paid out as of 30 June 2017 and 2016, respectively.

9. Commitments

As of 30 June 2017 and 2016, respectively, the company had no outstanding commitments.

10. Related-party transactions

There were no related party transactions in the period under review.

11. Seasonality

The solar electricity business is a seasonal business depending on the sun radiation. Typically, the first semester of the year has a slightly higher production (approx. 50-55%) than the second half of the year (approx. 45-50%). Due to the fixed-cost nature of the company's business, the pattern of this seasonality is also visible on the earnings side.

12. Events after the balance-sheet date

On July 24, 2017, the share capital of Edisun Power Europe Ltd. was reduced from TCHF 17'950 to TCHF 10'247 in order to compensate losses on the balance sheet by reducing the nominal share value from CHF 52.55 to CHF 30.00 per share.