

**Edisun Power Europe Ltd.**  
Corporate Governance Report 2009  
Financial Statements 2009



# Editorial



Fiscal year 2009 can best be summarized as yet another year of impressive growth for the Edisun Power Group. While the solar industry had a tough year, we successfully managed to implement our growth strategy. Nonetheless, the Group was still operating below its critical mass and incurred initial ramp-up costs for the market entry in France, and hence net profitability remained negative.

Revenues from sale of electricity increased by 33.4% (36.5% on constant exchange rates), total installed capacity (in kWp) by close to 50% and fixed assets by CHF 19.4m or 47.2%. Although outstanding purchase commitments and modules on stock kept the group from properly reaping the benefit of substantially lower module prices (minus 30 - 40% year on year), the EBITDA margin calculated on the basis of total sales increased

to 30%, up from 21% during the previous year. In line with this operational improvement, our operating profit (EBIT) rebounded from TCHF -21 in 2008 to TCHF 332 this year. On a net profit level adjusted for extraordinary costs (i.e. termination expenses) we broke even. Our cash-flow statement reflects this picture: operating cash flow improved by CHF 3.0m, investing activities led to cash outflows of CHF 22.0m, and financing activities generated CHF 8.8m.

The group is becoming more and more international. While in 2008 almost 60% of the revenues from sale of electricity originated from Switzerland and just 40% from abroad, this year the picture was pretty much reversed. The expansion strategy, accelerated in 2009, has proved successful. Out of total capital expenditures of CHF 21.7m, CHF 20.5m was invested in mid-size photovoltaic plants in France, Spain and Germany. And in view of work in progress totalling CHF 17.7m as at the end of the year, as well as the current project pipeline, this trend looks set to continue in 2010.

From a financing perspective, we managed to raise an additional CHF 9.1m in late summer 2009, which, together with cash-at-hand as of the end of 2008, financed the capital expenditures mentioned above. Moreover, the equity ratio by the end of the year under review is a robust 41.2%, still leaving quite a lot of headroom for additional leverage respectively project realization. Over the mid-term, the continuation of our growth plan will essentially depend on the Group's ability to attract new financing, whether in the form of bonds issued or equity raised.

A handwritten signature in black ink, appearing to read 'M. Ledergerber', written over a light grey rectangular background.

Marc Ledergerber  
CFO Edisun Power Group

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# Corporate Governance Report 2009

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

Corporate governance describes how management is organized and how this is put into practice. It ultimately aims to lead us to success by protecting the interests of our shareholders while at the same time creating value for all stakeholders. The Board of Directors has committed itself to maintaining the highest standards of integrity and transparency in the governance of the company. In this pursuit it is guided by the Swiss Code of Best Practice and the most recent principles of corporate governance.

Good corporate governance seeks to balance entrepreneurship, control and transparency while promoting efficient decision-making processes within the company. Edisun Power's Board of Directors and Management Board strive constantly to improve the quality of the company's corporate governance.

## 1 Executive Summary

### Changes in Share Capital

As of December 31	2009	2008	2007	2006	2005
Ordinary share capital (in CHF)	34 157 600	34 157 600	13 839 100	5 624 500	300 000
Total shares	341 576	341 576	138 391	56 245	3 000
Authorized capital (in CHF)	3 000 000	3 000 000	-	-	-
Authorized shares	30 000	30 000	-	-	-

### Significant Shareholders as of December 31

	2009 Number of Shares	2009 in %	2008
New Energies Invest AG	58 200	17 %	18 %
Coopera Sammelstiftung	10 750	3 %	1 %

### Auditors

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

### Compensation in CHF

	2009
Total compensation of the Board of Directors	195 797
Total compensation of the Management Board	538 626

### Highest total compensation in CHF

	2009
Board of Directors: Pius Hüsler, a cash payment of CHF	73 000
Management Board: Mirjana Blume, a cash payment of CHF	245 272

### Shareholders participation rights

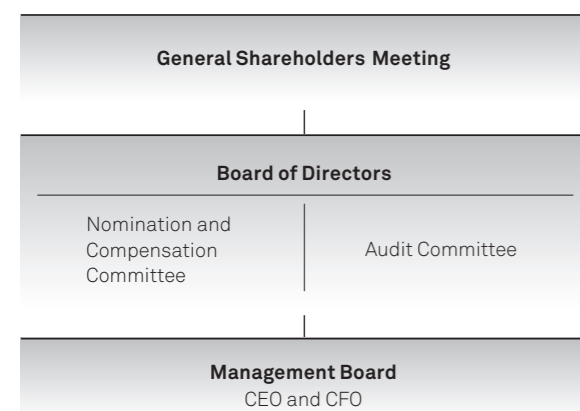
- Voting rights restrictions: registration in the share register as a shareholder with voting rights is limited to 5% of the share capital;
- Voting rights representation: in exercising his or her voting rights, no shareholder may unite, by a combination of own and represented shares, more than 5% of the shares of the company;
- An Extraordinary Shareholders Meeting is convened by the Board of Directors if shareholders representing at least 10% of the share capital request such a meeting.

## 2 Group structure

### Operational Group structure

The headquarter of Edisun Power Group is in Zurich, Switzerland. It is active in four countries (Switzerland, Germany, Spain and France) by way of its national subsidiaries. Edisun Power Europe Ltd., the parent company, is listed on the main segment of the SIX Swiss Exchange.

The following chart shows the Operational Group structure as of December 31, 2009:



### Listed companies

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

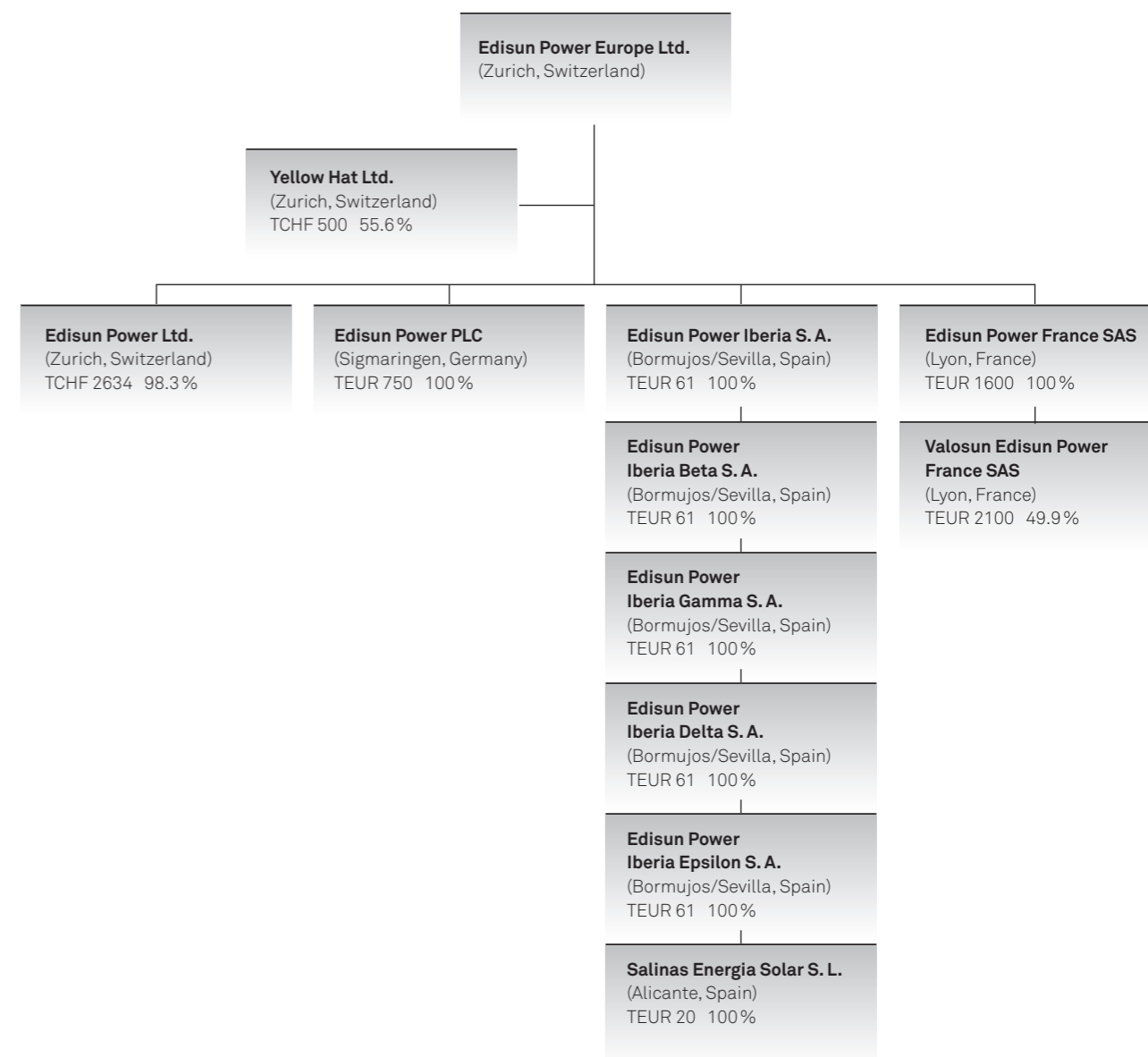
Key data for the shares of Edisun Power Europe Ltd. as of December 31:

	2009	2008
Market capitalization (in CHF m)	32	32
In % of equity	104.9%	106.2%
Share price (in CHF)	93.40	94.10

Registered office: 8006 Zurich, Switzerland  
 Listing: SIX Swiss Exchange  
 Security no.: 2473640  
 ISIN: CH002473640  
 Ticker symbol: ESUN  
 Par value: CHF 100.00

### Non-listed companies

The following organizational chart shows all companies of the Edisun Power Group as of 31 December 2009 (registered office, share capital in local currency and share of ownership in %):



## 3 Shareholders

### Registered shareholders

As of December 31, the shares held by of registered shareholders were distributed as follows:

Number of shares	2009	2008
1 – 100	697	635
101 – 1 000	511	502
1 001 – 10 000	22	25
10 000 – 100 000	2	2
<b>Total registered shareholders</b>	<b>1 232</b>	<b>1 164</b>

### Significant shareholders

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

	2009 Number	2009 in %	2008 in %
New Energies Invest AG	58 200	17 %	18 %
Coopera Sammelstiftung PUK	10 750	3 %	3 %
Registered shareholders with interests below 3 %	237 670	70 %	70 %
Not registered	34 956	10 %	9 %
<b>Total shares</b>	<b>341 576</b>	<b>100 %</b>	<b>100 %</b>

There were no significant shareholder notifications during 2009.

If applicable, significant shareholder notification can be accessed on the SIX website ([www.six-swiss-exchange.com/shares/companies/major\\_shareholders\\_en](http://www.six-swiss-exchange.com/shares/companies/major_shareholders_en)).

### Shareholder structure

The following overview lists shareholders by type as of 31 December:

Type	2009	2008
Individual shareholders	64 %	63 %
Legal entities	22 %	24 %
Nominees, fiduciaries	4 %	4 %
Not registered	10 %	9 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

The following overview lists shareholders by origin as of 31 December:

Origin	2009	2008
Switzerland	87 %	89 %
Europe (ex Switzerland)	3 %	2 %
Not registered	10 %	9 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

### Cross-shareholdings

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

## 4 Capital structure

As of 31 December 2009 Edisun Power Europe Ltd.'s capital comprises the following:

Ordinary capital (in CHF)	34 157 600
Total shares	341 576
Authorized capital (in CHF)	3 000 000
Authorized shares	30 000

### Authorized capital

The General Shareholders Meeting held 9 May 2007 approved the creation of authorized share capital of 30 000 registered shares with a par value of CHF 100.00 per share. The Board of Directors is authorized to use them for acquisition of companies, parts of companies, equity stakes or employee benefit programmes. The authorization granted to the Board of Directors to augment the company's share capital with the authorized share capital created expires on 9 May 2010. Edisun Power Europe Ltd. has no conditional capital.

### Changes in Capital

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

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

The authorized share capital of 30 000 registered shares created 9 May 2007, has not yet been used. In previous years, the share capital was annually increased by issuing ordinary shares with a par value of CHF 100 – in 2006 by 53 245 shares, in 2007 by 82 146 shares, and in 2008 by 203 185 shares.

### Shares and participating certificates

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

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

### Profit-sharing certificates

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

### Limitations on transferability and nominee registrations

To be recognized as a shareholder with comprehensive rights, the acquirer of shares must place an application for entry in the share register. The Corporation may refuse the entry in the share register if the applicants do not explicitly declare that they have acquired and will hold the shares in their own name and on their own account. The registration in the share register as a shareholder with voting rights is limited to 5% of the share capital (art. 6 para. 1 of the Articles of Association). Parties who act together are considered one person. The Board of Directors may approve exceptions with good reason; no special quorum is required for such decisions.

### 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

Edisun Power Europe Ltd. does not explicitly stipulate the conditions under which a nominee may apply for entry in the share register.

### Procedures and conditions for cancelling statutory privileges and limitations on transferability

The absolute majority of the votes represented at the General Shareholders Meeting is sufficient to abolish this regulation.

### Convertible bonds and warrants/options

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

## 5 Board of Directors

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

### Pius Hüsser, Chairman of the Board

born 1955, Swiss national  
non-executive member

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

### Heinrich Bruhin, Vice Chairman of the Board

born 1948, Swiss national  
non-executive member

Heinrich Bruhin has been a member of the Board of Directors of Edisun Power AG since 2000, Chairman of the Board since 2003 and a member of the Board of Directors of the company since its foundation. An electrical engineer (dipl. Elektroingenieur FH from the University of Applied Sciences in Zurich), he has extensive experience in plant construction, in particular the infrastructure of constructions. This knowledge was acquired with Sulzer, where from 1989 to 2007 he was charged with construction infrastructure, and from 2008 on was responsible for large-scale projects with SIX Group (former Telekurs). Since 1997 he has acted as a member of the foundation board of the Telekurs Holding AG staff pension fund with CHF 920m of assets under management.

### Peter Toggweiler, Member of the Board

born 1956, Swiss national  
non-executive member

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

### Giuseppina Togni, Member of the Board

born 1962, Swiss national  
non-executive member

Giuseppina Togni has been a member of the Board of Directors of the company since 2007. She is dipl. Phys. ETH and fed. dipl. Counsel for energy matters. She has extensive experience as an energy planner for communities and as counsel for energy specializing within the field of efficiency. She is the President of the Agency for energy efficiency (S.A.F.E.), since 1998 a member of the board of directors of Erdgas Zurich AG, and from 1996 to 2008 a member of the federal committee for energy research (CORE).

### Georg Fankhauser, Member of the Board

born 1950, Swiss national  
non-executive member

Georg Fankhauser has been a member of the Board of Directors of the company since 2008. He studied economics at the University of Basel and worked for F. Hoffmann-La Roche AG. Since 1986 he has been a partner, director and M&A-consultant at Remaco Merger AG in Basel. In this function he has been responsible for the investment advisory of New Energies Invest AG since its founding in 2000. New Energies Invest AG is a private equity investment company and a major shareholder of the company. He is a member of the supervisory board of Solarwatt AG in Dresden, Germany.

### Christian Androschin, Member of the Board

born 1967, Austrian national  
non-executive member

Christian Androschin has been a member of the Board of Directors of the company since 2009. He studied economics at the University of St. Gallen (lic. oec. HSG) and worked for 13 years as consultant with Roland Berger Strategy Consultants, last as a partner. He is a founding Member and Managing Partner of Androschin & Partner Management Consulting GmbH, St. Gallen, which was founded in 2005. Furthermore, he is a member of several advisory boards of companies active in the machine and plant engineering industry and automation technology.

### Dominique Fässler, Member of the Board

born 1949, Swiss national  
non-executive member

Dominique Fässler has been a member of the Board of Directors of the company since 2009. He studied economics at the University of St. Gallen (lic. oec. HSG) and worked for many years in the fields of asset management with Vontobel Asset Management (Member of the Management Committee) and Managing Director with Credit Suisse Asset Management. He has been a founding Member and Managing Partner of Crescendo Management AG, Zurich, since its founding in 2008. Furthermore, he is a member of the Board of Directors of OLZ Partners AG, Murten, Member of the Board of Comlab AG, Ittigen, and from 2002 to 2009 served as member of the Board of Directors of Carlo Gavazzi Holding AG, Steinhausen.

### Election procedure and limits on the terms of office

The Articles of Association of Edisun Power Europe Ltd. provide that the Board of Directors consist of three to nine members. As of 31 December 2009 the Board of Directors consists of seven members.

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

### Allocation of tasks within the Board of Directors

The Board of Directors appoints itself and names its chair, one or more Vice Chairs and its secretary. The secretary need not be a member of the Board of Directors or a shareholder. Since 19 November 2007 Christian Witschi, legal counsel to the company, has been secretary of the Board of Directors.

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

The division of assignments between Board of Directors and CEO is defined in the Edisun Power Europe Ltd. Organizational Regulations, in accordance with which the Board has also appointed an Audit Committee and a Nomination and Compensation Committee.

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

The duties and authorities of the committees are defined in the Committee Charters of the Board of Directors of Edisun Power Europe Ltd.. The committees report to the Board on their activities and findings. The overall responsibility for duties delegated to the committees remains with the Board. The committees were established during the initial public offering in September 2008, until which point the entire Board of Directors had been charged with the relevant duties.

#### Audit Committee

Since 2009, members of the Audit Committee are Heinrich Bruhin (Chairman), Christian Androschin and Dominique Fässler. All members are independent, which ensures the objectivity required for the exercise of their functions. The Audit Committee meets at least three times a year, and as often as required. In the year under review, three regular meetings of the Audit Committee were held every four months. All of the meetings were attended by all members of the committee as well as the CEO and CFO as guests. Furthermore, two meetings were also attended by the lead auditor. The average duration of a meeting was 2.4 hours.

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

### Nomination and Compensation Committee

Since 2008 members of the Nomination and Compensation Committee are Pius Hüsler (Chairman), Giuseppina Togni and Georg Fankhauser. The Nomination and Compensation Committee meets at least once a year, and as often as required. In 2009 the Committee met four times. Three meetings were attended by all members of the committee, one member was excused from one meeting. Three meetings were also attended by the CEO as a guest, insofar as she was not herself affected by the items on the agenda. The average duration of each meeting was 1.5 hours.

The primary task of this Committee is to review and propose to the Board of Directors the structure and amount of compensation for the Board of Directors and the members of the Management Board, and to select and propose to the Board of Directors suitable candidates for election to the Board of Directors and, upon recommendation of the CEO, for appointment to the Management Board. The Committee submits the relevant proposals and nominations to the Board of Directors. Details of the Nomination and Compensation Committee Charter may be found on our website at [www.edisunpower.com/en/home-en/investors-en/corporate-governance-en/board-of-directors-and-executive-board](http://www.edisunpower.com/en/home-en/investors-en/corporate-governance-en/board-of-directors-and-executive-board).

### Working methods of the Board of Directors and its committees

The Board of Directors convenes an ordinary meeting as often as the business and the affairs of the company require. Additional meetings or telephone conferences are held as needed. The Board of Directors may pass resolutions if the majority of its members is present (including presence via phone or electronic media), except with respect to resolutions regarding the implementation of capital increases for which no quorum must be met. In 2009, the Board of Directors held nine meetings. Most ordinary meetings of the Board of Directors last half a day. The CEO and CFO of the Group regularly take part in meetings of the Board of Directors to report on special projects in their areas of responsibility. In addition, the Board of Directors receives quarterly written reports on business performance and budget variances.

### Definition of areas of responsibility

The Board of Directors has delegated the day-to-day management of Edisun Power to the Executive Management (comprising CEO and CFO), except as otherwise provided by law and the Articles of Association. The CEO heads the operative business and has the necessary competence to fulfill his or her duties, except as otherwise provided by law, the Articles of Association or the organizational regulations. The specific tasks and areas of authority are specified in the organizational regulations and in the annex to the company's organizational regulations. Interested parties may find the respective documents on our website at [www.edisunpower.com/en/home-en/investors-en/corporate-governance-en/board-of-directors-and-executive-board](http://www.edisunpower.com/en/home-en/investors-en/corporate-governance-en/board-of-directors-and-executive-board). The primary tasks reserved for the Board of Directors are the definition of principles and decisions concerning the subjects of corporate strategy, financial planning, organizational structure, human resources policy and oversight of top management. The



Board of Directors is also responsible for the preparation of the annual report, the preparation of the shareholders meeting, and the implementation of the resolutions adopted at shareholders meetings. Last but not least, the board approves the formal risk assessment 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 Chair and/or other members of the Board of Directors may attend the bi-weekly meetings of the Management Board. During the Board and committee meetings, the Management Board reports regularly on the Board of Directors about the course of business. In case of extraordinary events, the Management Board is to inform the Board of Directors immediately. In connection with meetings of the Board of Directors, the individual members of the Management Board report to the Board of Directors on their respective business areas.

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

Risk management analyses the Group's overall risk exposure and supports the strategic decision-making process, and is therefore closely linked with the Group's strategic management process. The types of risks considered are market, business environment, operations, financial (including currency, interest, cash-flow and liquidity risks), compliance and reputation. For further information on financial risks please refer to pages 37 to 38 of the financial report. The examination of risk exposure is, however, not restricted to an analysis of threats, but also identifies possible opportunities. The Board of Directors analyses the Group's risks at least once a year and discusses them with the Management Board at a strategic meeting.

## 6 Management Board

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

#### **Mirjana Blume, Chief Executive Officer since 2009**

born 1975, Swiss national

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

#### **Marc Ledergerber, Chief Financial Officer since 2009**

born 1972, Swiss national

Marc Ledergerber has worked for the company as Chief Financial Officer since August 2009. Before joining the Group, he worked for six years with Barry Callebaut (the world's largest chocolate company) as Head of Group Controlling, Group Risk Manager, Head of Corporate Development and Business Incubation. Prior to that he spent four years with Ernst & Young / Arthur Andersen as audit manager and member of the transaction support task force. Marc Ledergerber holds a degree in Business Administration from the University of Applied Sciences Zurich and is a Swiss Chartered Public Accountant (Swiss CPA). He resigned in November 2009 and will leave the group by the end of May 2010.

## 7 Compensation and shareholdings

### Content and determination of compensation

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

#### Fixed salary

The fixed salary is intended to give each employee a regular and predictable salary that does not depend on the annual performance of the employee or the Edisun Power Europe Group. Salary levels are a function of job characteristics, market competitiveness and the skills of each employee. The fixed salary component is reviewed yearly and its evolution depends on the individual performance of the employee in question.

#### Variable salary

In 2009 the Group introduced a variable salary component to middle and top management in the range of 10 to 20% of fixed salary depending on job characteristics and management level. The objectives to be met to achieve a given variable salary are typically defined for each employee at the beginning of the financial year. The actual payout is a function of the performance of the employee in question in view of the individual objectives agreed upon at the beginning of the financial year, as well as the overall performance of the Edisun Power Group. Once thus determined, the variable salaries of the CEO and CFO must be approved by the NCC.

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

#### Board of Directors

All members of the Board of Directors receive a fixed fee. In addition, the Chair of the Board of Directors and members of the Audit Committee and Nomination and Compensation Committee are entitled to supplementary compensation. In 2009 the Chair of the Board of Directors received an extraordinary fee in the amount of CHF 25 000, approved by the Board of Directors on 7 July 2009, as compensation for his exceptional efforts in the first six months of the year. In 2008, those members of the Board of Directors who had acted as members of the Board of Directors of the old holding company (i.e. Edisun Power AG) received extraordinary compensation in the form of Edisun Power Europe shares in recognition of their efforts.

Compensation of the Board of Directors is reviewed by the Nomination and Compensation Committee once a year and adjusted as necessary. Changes require the approval of the Board of Directors.

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

	Financial year	Fixed fee	Social benefits (employer's contribution)	Total cash compensation	Value of extraordinary share compensation	Total compensation
Pius Hüsser Chairman	2009	73 000	0	73 000	0	73 000
	2008	47 500	783	48 283	12 955	61 238
Heinrich Bruhin Vice Chairman	2009	22 500	1 361	23 861	0	23 861
	2008	15 000	2 464	17 464	25 730	43 194
Peter Toggweiler Member	2009	20 000	0	20 000	0	20 000
	2008	15 000	0	15 000	30 923	45 923
Giuseppina Togni Member	2009	23 750	1 436	25 186	0	25 186
	2008	15 000	907	15 907	0	15 907
Georg Fankhauser Member	2009	23 750	0	23 750	0	23 750
	2008	15 000	0	15 000	0	15 000
Christian Androschin New Member	2009	15 000	0	15 000	0	15 000
	2008	0	0	0	0	0
Dominique Fässler New Member	2009	15 000	0	15 000	0	15 000
	2008	0	0	0	0	0
Robert Kröni Former Member	2009	0	0	0	0	0
	2008	0	0	0	28 990	28 990

#### Management Board

The Management Board of Edisun Power Europe Ltd. consists of the CEO and CFO. Their annual financial compensation consists of fixed and (since 2009) variable salary components capped at CHF 40 000 each, customary social benefits (employers contribution) and expenses. The fixed salary is paid in cash on a monthly basis (including pay for the "13th month" in December) and the variable salary (if any) is paid in cash at the beginning of the next fiscal year. Financial compensation of the Management Board, which is subject to periodic benchmarking, is set by the Nomination and Compensation Committee, whose decision is noted by the Board of Directors as a whole.

Contractually, individual bonuses are entirely at the discretion of the Nomination and Compensation Committee. Moreover, employees are only entitled to such a bonus if as of 31 December their employment is not under notice of termination. For 2009, members of the Management Board have received neither a bonus nor compensation in Group shares or options.

The employment contracts of the CEO and CFO are concluded for an indefinite period of time and may be terminated with six months notice. Neither of these contracts of employment includes severance compensation. In April 2009, however, a severance compensation of CHF 100 000 (gross) was paid to Mr. Robert Kröni, former CEO and member of the Board of Directors, as approved by the Board of Directors on 12 February 2009.

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

	Financial year	Fixed salary	Variable salary	IPO bonus	Severance payment	Social benefits	Expenses	Total compensation
Mirjana Blume CEO <sup>1)</sup>	2009	218 420	0	0	0	21 452	5 400	245 272
	2008	128 333	0	50 000	0	12 769	2 291	193 393
Marc Ledergerber CFO (since Aug. 09)	2009	94 658	0	0	0	10 678	937	106 273
	2008	0	0	0	0	0	0	0
Robert Kröni Former CEO	2009	39 511	0	27 000	100 000	15 994	4 576	187 081
	2008	155 655	0	28 900	0	18 243	6 000	208 798

<sup>1)</sup> Former CFO, appointed as CEO in March 2009.

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

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

### Related-party transactions

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

Purchase of Service	2009	2008
An entity controlled by a board member	56 779	206 500

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

## 8 Shareholders' participation rights

### Voting rights and representation restrictions

To be recognized as a shareholder with comprehensive rights, the acquirer of shares must place an application for entry in the share register. The registration in the share register as a shareholder with voting rights is limited to 5% of the share capital (art. 6 para. 1 of the Articles of Association). Linked parties are considered to be one person.

### Granting exceptions in the year under review

No exceptions were granted in the year under review.

### Statutory rules on participation in the General Shareholders Meeting

In exercising his or her voting rights, no shareholder may unite, by a combination of own and represented shares, more than 5% of the total number of shares of the company shown in the share register (art. 12 para. 2 of the Articles of Association). Restrictions on voting rights do not apply to independent proxy holders or a depository.

### Statutory quorums

The General Shareholders Meeting passes its resolutions and carries out its elections with an absolute majority of the share votes represented, notwithstanding alternative provisions by law or as set out in the Articles of Association.

### Convocation of the General Shareholders Meeting

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

Extraordinary General Shareholders Meetings may be called as often as necessary, in particular as required by law.

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

### Agenda

Shareholders with voting rights and representing at least 10% of the share capital may request items to be added to the agenda by communicating the relevant proposals. Such requests must be addressed in writing to the Chair of the Board of Directors no later than 45 days prior to the scheduled date of the meeting.

### Share register close

For participation in this year's General Shareholders Meeting the deadline is April 8<sup>th</sup>, 2010.

### Changes of control and defence measures

There are no clauses relating to changes of control or defence measures.

## 9 Auditors

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

PricewaterhouseCoopers AG was first appointed auditor of Edisun Power Europe Ltd. and Edisun Power Group at the Annual General Shareholders Meeting of 9 May 2008, to succeed Ecovis ws&p AG, which had until then been charged with the statutory audit. PricewaterhouseCoopers was appointed, following a proposal process, mainly for its level of competence, its independence and its reputation as one of the "Big 4". PricewaterhouseCoopers was elected for a term of one year, and Patrick Balkanyi has acted as lead auditor since. In accordance with Swiss law, a lead auditor's term of office is limited to seven years.

### Fees

The following overview shows the cost of all services performed by PricewaterhouseCoopers for the Edisun Power Group and invoiced during financial years 2009 and 2008 (in CHF):

CHF	2009	2008
Audit services	71500	45500
Related services to IPO	0	260000
Tax services	0	109434
<b>Total</b>	<b>71500</b>	<b>414934</b>

Audit services are defined as the standard audit work to be performed each year in order to issue opinions of the Edisun Power Group's Consolidated Financial Statements and of its local statutory accounts.

In 2008, CHF 260 000 were charged in connection with services related to the company's initial public offering. Tax services consist of tax compliance and tax advice.

### Information instruments pertaining to the external audit

Prior to the start of the annual audit, PricewaterhouseCoopers presents to the Audit Committee a detailed annual audit plan including the proposed audit fees. At the end of the audit, PricewaterhouseCoopers presents to the Audit Committee a detailed report on the conduct of the financial statements audit, the findings (if any) on significant financial accounting and reporting issues, and 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 and reports its findings to the Board of Directors; both reviews and reports occur on a regular basis.

## 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 foster an open dialogue based on mutual respect and trust with our most important stakeholders, which in turn enables us to promote understanding of our objectives, strategy and business activities, and to ensure a high profile for our company.

As a listed company, Edisun Power Europe Ltd. is obliged to disclose 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 Management Board are subject to SIX rules on the disclosure of management transactions, which can be accessed on the SIX website ([www.six-swiss-exchange.com](http://www.six-swiss-exchange.com)).

The most important information tools are the annual and semi-annual reports, the website ([www.edisunpower.com](http://www.edisunpower.com)), the newsletter, media releases, meetings for financial analysts and investors, investor information events and the Annual General Shareholders Meeting. Those wishing to receive regular information can subscribe at [www.edisunpower.com/en/home-en/investors-en/ad-hoc-press-release/subscribe-en](http://www.edisunpower.com/en/home-en/investors-en/ad-hoc-press-release/subscribe-en); ad-hoc press releases are available for download at [www.edisunpower.com/en/home-en/investors-en/ad-hoc-press-release](http://www.edisunpower.com/en/home-en/investors-en/ad-hoc-press-release).

## 11 Financial Calendar

### 5 May 2010

Annual General Shareholders Meeting at Hotel Gloggenhof in Zurich

### 23 August 2010

Publication of Semi-Annual Report as of 30 June 2010  
Media and Analysts Information

### April 2011

Publication of the Annual Report as of 31 December 2010  
Media and Analysts Information

### May 2011

Annual General Shareholders Meeting

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Marc Ledergerber

### Share register

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# Consolidated Financial Statements of Edisun Power Europe Ltd.

## Consolidated Balance Sheet

	Notes	31.12.2009	31.12.2008
<b>Assets</b>		<b>TCHF</b>	<b>TCHF</b>
Cash and cash equivalents	10	4 496	14 689
Trade receivables	9	754	1 617
Other receivables and current assets	9	4 109	1 494
Financial assets	8	215	1 625
<b>Total current assets</b>		<b>9 574</b>	<b>19 425</b>
Land, plants and equipment	6	60 580	41 168
Intangible assets	7	401	237
Deferred tax assets	15	1 496	1 176
Financial assets	8	1 707	223
<b>Total non-current assets</b>		<b>64 184</b>	<b>42 804</b>
<b>Total assets</b>		<b>73 758</b>	<b>62 229</b>
<b>Liabilities and equity</b>			
Borrowings	14	2 814	360
Trade payables	13	1 444	602
Other payables	13	1 210	611
Accrued cost		1 399	126
Income tax liabilities	20	213	124
<b>Total current liabilities</b>		<b>7 080</b>	<b>1 823</b>
Borrowings	14	35 112	28 804
Provisions	17	1 101	741
Pension fund liabilities	16	20	33
Deferred tax liabilities	15	106	139
<b>Total non-current liabilities</b>		<b>36 339</b>	<b>29 717</b>
<b>Total liabilities</b>		<b>43 419</b>	<b>31 540</b>
Share capital	12	34 158	34 158
Share premium		-310	-310
Other reserves		-2 725	-2 353
Accumulated deficits		-1 067	-948
		<b>30 056</b>	<b>30 547</b>
Minority interests		283	142
<b>Total equity</b>		<b>30 339</b>	<b>30 689</b>
<b>Total liabilities and equity</b>		<b>73 758</b>	<b>62 229</b>

The notes are an integral part of these financial statements.

## Consolidated Income Statement

	Notes	2009 TCHF	2008 TCHF
Revenues from:			
sale of electricity		4 280	3 208
sale of modules and systems		2 432	3 929
services and other income		415	13
Goods and services purchased		-2 094	-3 922
Personnel expenses	18	-1 254	-732
Rental and maintenance expenses		-265	-188
Administration expenses		-840	-564
Advertising expenses		-225	-118
Other operating expenses		-304	-147
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>		<b>2 145</b>	<b>1 479</b>
Depreciation and amortization	6, 7	-1 813	-1 499
<b>Earnings before interest and taxes (EBIT)</b>		<b>332</b>	<b>-20</b>
Net financial expenses	19	-547	-1 193
Share of loss of associate	11	-67	0
<b>Net loss before income taxes</b>		<b>-282</b>	<b>-1 213</b>
Income taxes	20	162	282
<b>Net loss</b>		<b>-120</b>	<b>-931</b>
Attributable to shareholders of Edisun Power Europe Ltd.		-119	-927
Attributable to minority interest		-1	-4
Earnings per share for loss attributable to the shareholders of Edisun Power Europe Ltd. during the year (expressed in CHF per share):			
Basic and diluted	21	-0.35	-4.45

## Consolidated Statement of Comprehensive Income

<b>Net loss for the year</b>		<b>-120</b>	<b>-931</b>
<b>Other comprehensive income:</b>			
Currency translation differences		-488	-2 811
Related taxes		116	443
<b>Total comprehensive income for the year</b>		<b>-492</b>	<b>-3 299</b>
Attributable to shareholders of Edisun Power Europe Ltd.		-491	-3 295
Attributable to minority interests		-1	-4

The notes are an integral part of these financial statements.

## Consolidated Cash Flow Statement

	Notes	2009 TCHF	2008 TCHF
<b>Net loss</b>		<b>-120</b>	<b>-931</b>
Reversal of non-cash items:			
Depreciation and amortization on plant, equipment, intangible assets and other assets		1 813	1 552
Share-based payments		0	100
Change in accruals and provisions		1 622	-389
Finance expense	20	547	1 109
Income tax income	21	-162	-282
Share of loss of associate	11	67	0
Interest paid <sup>1)</sup>		-794	-697
Income taxes paid		-1	-44
<b>Cash flow before working capital changes</b>		<b>2 972</b>	<b>418</b>
Change in receivables and other assets		-319	-27
Change in payables		367	-405
<b>Cash flow from operating activities</b>		<b>3 020</b>	<b>-14</b>
Investments in plants and equipment <sup>1)</sup>		-20 426	-14 360
Investments in intangible assets	7	-167	0
Acquisition of minority share in Valosun Edisun Power SAS	11	-1 500	0
Disposal of minority share of Yellow Hat Ltd.		54	0
Purchase of shares of Edisun Power Ltd.		-23	0
Repayment from financial assets		29	49
Interest received		79	138
Change in receivable grants outstanding	6	-23	740
<b>Cash flow from investing activities</b>		<b>-21 977</b>	<b>-13 433</b>
Issuance of share capital		0	18 395
Transaction costs		0	-2 266
Issuance of borrowings, net of transaction costs		9 079	7 272
Repayment of borrowings		-310	-2 147
Issuance share capital Yellow Hat Ltd. to minority interest		0	57
Dividends paid to minority interests		0	-4
<b>Cash flow from financing activities</b>		<b>8 769</b>	<b>21 307</b>
<b>Net change in cash and cash equivalents</b>		<b>-10 188</b>	<b>7 860</b>
<b>Cash and cash equivalents at the beginning of the year</b>	10	<b>14 689</b>	<b>7 461</b>
Exchange losses on cash and cash equivalents		-5	-632
<b>Cash and cash equivalents at the end of the year</b>	10	<b>4 496</b>	<b>14 689</b>

<sup>1)</sup> Total interest paid TCHF 1 388 (2008: TCHF 1 101), of which TCHF 594 (2008: TCHF 404) capitalised within investments in plants and equipment.

The notes are an integral part of these financial statements.

## Consolidated Statement of Changes in Equity

TCHF	Attributable to Equity Holders of the company					Minority interests	Total Equity
	Share capital	Share premium	Treasury shares	Other reserves	Accumulated deficits		
<b>1 January 2008</b>	<b>13 839</b>	<b>732</b>	<b>-383</b>	<b>15</b>	<b>-21</b>	<b>323</b>	<b>14 505</b>
Translation exchange				-2 368			-2 368
<b>Comprehensive income</b>				<b>-2 368</b>			<b>-2 368</b>
Net loss					-927	-4	-931
<b>Total received income</b>				<b>-2 368</b>	<b>-927</b>	<b>-4</b>	<b>-3 299</b>
Capital increase	20 319	876					21 195
Cost of capital increase		-1 890					-1 890
Sale of treasury shares			153				153
Dividend payout to minority interests						-4	-4
Purchase minority interests share of Edisun Power Ltd.		-28	230			-230	-28
Issuance share capital Yellow Hat Ltd. to minority shareholders						57	57
<b>31 December 2008</b>	<b>34 158</b>	<b>-310</b>	<b>0</b>	<b>-2 353</b>	<b>-948</b>	<b>142</b>	<b>30 689</b>
Translation exchange				-372			-372
<b>Comprehensive income</b>				<b>-372</b>			<b>-372</b>
Net loss					-119	-1	-120
<b>Total received income</b>				<b>-372</b>	<b>-119</b>	<b>-1</b>	<b>-492</b>
Purchase minority interest share of Edisun Power Ltd.						-23	-23
Disposal minority interest share of Yellow Hat Ltd.						165	165
<b>31 December 2009</b>	<b>34 158</b>	<b>-310</b>	<b>0</b>	<b>-2 725</b>	<b>-1 067</b>	<b>283</b>	<b>30 339</b>

The notes are an integral part of these financial statements.

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

All amounts are in 000 CHF if not otherwise noted

### 1. General Information

Edisun Power Europe Ltd. (the company) and its subsidiaries (together the Group) finance and operate photovoltaic systems (PV) in Europe and sell solar energy to local electricity companies. Its subsidiaries own and operate locally the following photovoltaic facilities:

Edisun Power Ltd., Zurich	98.3%
Edisun Power GmbH, Sigmaringen (Germany)	100%
Edisun Power Iberia S.A., Seville (Spain)	100%
Edisun Power France, Lyon (France)	100%
Yellow Hat Ltd., Zurich	55.6%

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

The company is listed on the SIX Swiss Exchange.

These group consolidated financial statements were authorized for issue by the board of directors on 22 March 2010.

### 2. Summary of Significant Accounting Policies

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

### 2.1 Basis of Preparation of the Consolidated Financial Statements

The consolidated financial statements of Edisun Power Europe Ltd. were prepared in accordance with International Financial Reporting Standards (IFRS) and under the historical cost convention, except as disclosed in the accounting policies below, where a given standard or interpretation calls for a different valuation method.

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

IAS 1 (revised), 'Presentation of financial statements' The revised standard prohibits the presentation of items of income and expenses (that is non-owner changes in equity) in the statement of changes in equity, requiring non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement.

The group has elected to present two statements (the income statement and the statement of comprehensive income). The financial statements have been prepared under the revised disclosure requirements.

All amounts are in 000 CHF if not otherwise noted

IFRS 8, 'Operating segments'. IFRS 8 replaces IAS 14 'Segment reporting'. It requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. The number of reportable segments has changed. However, the previous segment reporting had already been presented in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors.

There has been no further impact on the measurements of the Group's assets and liabilities.

IAS 23 (Amendment), 'Borrowing costs'. The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group had treated borrowing cost this way in prior years, therefore this amendment does not have an impact on the Group's consolidated financial statement.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group:

- IFRS 2 (amendment) 'share-based payment'
- IAS 32 (amendment) 'financial instruments: presentation'
- IFRIC 13 'customer loyalty programmes'
- IFRIC 15 'agreements for the construction of real estate'
- IFRIC 16 'hedges of a net investment in a foreign operation'
- IAS 39 (amendment) 'financial instruments: recognition and measurement'

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009, and have not been prematurely adopted:

IFRS 3 (revised) 'business combinations' and consequential amendments to IAS 27 consolidated and separate financial statements, IAS 28 investments in associates and IAS 31 interests in joint ventures, effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual year under review beginning on or after 1 July 2009. Management is assessing the impact on the Group of the new requirements regarding acquisition accounting, consolidation and associates. The Group does not have any joint ventures.

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. On an acquisition-by-acquisition basis the minority interest in the acquiree may be measured either at fair value or as the minority interests proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) to all business combinations as of 1 January 2010.

IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the Group and company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if such assets have a similar useful economic life. The amendment will not re-

All amounts are in 000 CHF if not otherwise noted

sult in a material impact on the Group or company's financial statement.

IFRIC 17 'distribution of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

IFRIC 18 'transfers of assets from customers', effective for transfers of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

## 2.2 Consolidation

### (a) Subsidiaries

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

They are de-consolidated from the date that control ceases. The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured, as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

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

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

### (b) Transactions and 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 non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity.

### (c) Associates

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

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



All amounts are in 000 CHF if not otherwise noted

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

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

## 2.3 Segment Reporting

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

## 2.4 Foreign Currency Translation

### (a) Functional and Presentation Currency

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

### (b) Transactions and Balances

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

Monetary assets and liabilities in foreign currencies are translated into the functional currency on the balance sheet date at the year-end rates of exchange. Non-mone-

tary 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 them located in a country whose currency reflects a hyperinflationary economy) that perform transactions in a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- (iii) all resulting exchange differences are recognized as a separate component of equity.

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

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

All amounts are in 000 CHF if not otherwise noted

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

	31.12.2009	Average 2009	31.12.2008	Average 2008
<b>1 EUR</b>	<b>1.4877</b>	<b>1.51022</b>	<b>1.4888</b>	<b>1.5720</b>

## 2.5 Land, Plants and Equipment

Land consists of property bought to build PV plants. It is shown at cost. All other plant and equipment are stated at cost less cumulative depreciation. Historical cost includes expenditure directly attributable to the acquisition or construction of the items. Borrowing costs directly attributable to the construction of PV plants are capitalized as part of the cost of the asset in question.

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

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

Plant	20 years <sup>1)</sup>
Furniture, fittings and equipment (FF&E)	3 – 5 years

The Group estimates the residual value of PV-plants at 10 – 13% of its purchase price.

<sup>1)</sup> In Spain plants are depreciated over a period of 25 years without leaving a residual value.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized within "other (losses)/gains – net" in the income statement.

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

## 2.6 Intangible Assets

### (a) Goodwill

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

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

All amounts are in 000 CHF if not otherwise noted

### (b) Trademarks and Licences

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

## 2.7 Impairment of Non-Financial Assets

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

## 2.8 Financial Assets

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

### Loans and Receivables

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

sets. The Group's loans and receivables comprise trade and other receivables, loans, cash, and cash equivalents in the balance sheet.

The Group did not own any financial assets of other categories in the year under review

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

Effective 1 January 2009, the Group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as price) or indirectly (that is, derived from prices) (level 2);
- input for the asset or liability not based on observable market data (that is, unobservable input) (level 3).

## 2.9 Trade Receivables

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

All amounts are in 000 CHF if not otherwise noted

tive interest rate. The amount of the provision is recognized in the income statement.

## 2.10 Cash and Cash Equivalents

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

## 2.11 Share Capital

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

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

## 2.12 Trade Payables and other Payables

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

## 2.13 Borrowing

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

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

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

## 2.14 Current and Deferred Income Tax

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

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

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and the temporary difference is not likely to reverse in the foreseeable future.

All amounts are in 000 CHF if not otherwise noted

## 2.15 Employee Benefits

### (a) Pension obligations

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

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

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

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

### (b) Bonus plans

The Group recognizes a liability and an expense for bonuses, as well as a provision where contractually obliged or where a past practice has created a constructive obligation.

## 2.16 Provisions

Provisions are recognized when the Group has a legal or constructive obligation (e.g. deconstruction cost for PV-plants) as a result of past events, when it is probable 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 deconstruction 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 their present value, are recorded under long-term provisions.

## 2.17 Revenue Recognition

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

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

All amounts are in 000 CHF if not otherwise noted

### (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 fixed-price contract (20 to 25 years) and recognized in the period the delivery took place. In Germany, the amount of compensation is based on the German Renewable Energy Sources Act (EEG) dated 2000 and amended 2004 and 2009. In Spain the current regulatory framework is embodied in the Royal Decree 1578/2008 and in France the Arrêté du 10 juillet 2006 as well as the Décret no. 2000-1196.

### (b) Revenues from Sale of Modules and Systems

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

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

### (c) Interest Income

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

## 2.18 Leases

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

## 2.19 Dividend Distribution

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

## 3 Financial Risk Management Objectives, Policies and Capital Risk Management

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

### (a) Market Risk

#### (i) Foreign Exchange Risk

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

The Group has a stake in foreign operations whose net assets are exposed to foreign currency translation risk. Cur-

All amounts are in 000 CHF if not otherwise noted

rency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

As at 31 December 2009, if the currency had weakened/strengthened by 5% against the euro with all other variables held constant, post-tax profit for the year would have been CHF 18651 higher / lower, mainly as a result of foreign exchange gains / losses on translation of euro-denominated trade receivables, financial assets and borrowings.

#### (ii) Cash Flow and Fair Value Interest Rate Risk

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

#### (b) Credit Risk

Credit risk arises primarily from exposures to local electricity companies owned by federal or provincial government (i.e. federal state, canton or province). Such companies are considered very solvent. For further information regarding receivables refer to note 9.

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

	2009	2008
Zürcher Kantonalbank	2744	289
Alternative Bank ABS	394	2421
GLS Bank, Germany	814	11716
Other	544	263
<b>Total cash and cash equivalents</b>	<b>4496</b>	<b>14689</b>

#### (c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. Edisun aims to maintain flexibility in funding by negotiating credit lines and keeping committed bridge loans available. Information regarding due date of borrowings is included in note 8. Trade and other payables are generally due within 30 days.

#### (d) Capital Risk Management

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

The Edisun Power Europe Ltd. monitors its capital by means of the equity ratio.

	2009 CHF	2008 CHF
Equity	30339	30689
Total assets	73758	62229
<b>Equity ratio in %</b>	<b>41.1</b>	<b>49.3</b>

Edisun Power's goal is a minimum equity ratio of 20%.

## 4 Critical Accounting Estimates and Judgements

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

All amounts are in 000 CHF if not otherwise noted

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

#### (a) Estimated Impairment of Goodwill

The Group tests annually whether goodwill is impaired in accordance with the accounting policy stated in note 2.6. The recoverable amounts of cash-generating units are determined based on value-in-use calculations, which require the use of estimates. The significant assumptions are disclosed in note 7. Changes to the assumptions may result in an impairment loss in subsequent years.

#### (b) Estimated Useful Economic Life of Photovoltaic Plants

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

If the actual useful life of plants and equipment with a 20-year depreciation period differs by five years from management's estimates, the yearly depreciation charge of plant and equipment would be an estimated TCHF 449 higher or TCHF 176 lower.

#### (c) Income Tax

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

## 5 Segmental Information

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

With the exception of the two group companies Yellow Hat Ltd. and Edisun Power Europe Ltd., the Board of Directors takes a geographic perspective on business. Yellow Hat Ltd. is a buying syndicate founded in December 2008 in order to leverage procurement conditions with three other third-party solar players. Edisun Power Europe Ltd. provides services to local group companies as well as construction support to third parties, which is neither a core business (yet) nor financially material. The Board assesses the performance of the operating segments based on a measure of earnings before interest, taxes, depreciation and amortization (EBITDA) as well as earnings before interest and taxes (EBIT). The segments as at 31 December 2009 are:

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

Yellow Hat Ltd. was established in December 2008 and hence is not yet separately disclosed in segment reporting for 2008.

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

All amounts are in 000 CHF if not otherwise noted

The segment results for the year ended 31 December 2009 are as follows:

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	Eliminations	Group
Total segment revenue	1 911	6 872	2 078	120	9 297	1 319	0	21 597
Inter-segment revenue	0	-5 890	0	0	-7 244	-1 336	0	-14 470
<b>Revenue from external customers</b>	<b>1 911</b>	<b>982</b>	<b>2 078</b>	<b>120</b>	<b>2 053</b>	<b>-17</b>	<b>0</b>	<b>7 127</b>
EBITDA	1 197	692	1 285	-489	7	-723	176	2 145
Depreciation and amortization	-773	-379	-193	-207	0	-19	-242	-1 813
<b>Segment EBIT</b>	<b>424</b>	<b>313</b>	<b>1 092</b>	<b>-696</b>	<b>7</b>	<b>-742</b>	<b>-66</b>	<b>332</b>
Finance income / (cost) - net (note 19)	-479	-328	-754	-123	-3	884	256	-547
Share of loss of associate (note 11)	0	0	0	-67	0	0	0	-67
<b>Profit / (loss) before income tax</b>	<b>-55</b>	<b>-15</b>	<b>338</b>	<b>-886</b>	<b>4</b>	<b>142</b>	<b>190</b>	<b>-282</b>
Income tax income / (expense)	12	-20	-86	245	-1	-30	42	162
<b>Profit / (loss) for the year</b>	<b>-43</b>	<b>-35</b>	<b>252</b>	<b>-641</b>	<b>3</b>	<b>112</b>	<b>232</b>	<b>-120</b>

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

parties are summarized in the following table. Internal costs (such as payroll expenses) have not been allocated since there is no detailed information available.

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	Group
Revenue	0	95	284	0	2 053	0	2 432
Goods purchased	0	-89	-95	0	-1 910	0	-2 094

All amounts are in 000 CHF if not otherwise noted

The segment results for the year ended 31 December 2008 are as follows:

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	Eliminations	Group
Total segment revenue	1 996	2 142	1 282	2	0	2 683	0	8 105
Inter-segment revenue	0	0	0	0	0	-955	0	-955
<b>Revenue from external customers</b>	<b>1 996</b>	<b>2 142</b>	<b>1 282</b>	<b>2</b>	<b>0</b>	<b>1 728</b>	<b>0</b>	<b>7 150</b>
EBITDA	1 182	706	128	-188	0	-274	-75	1 479
Depreciation and amortization	-818	-436	-226	0	0	-19	0	-1 499
<b>Segment EBIT</b>	<b>364</b>	<b>270</b>	<b>-98</b>	<b>-188</b>	<b>0</b>	<b>-293</b>	<b>-75</b>	<b>-20</b>
Finance income / (cost) - net (note 19)	-392	-465	83	2	0	-355	-66	-1 193
<b>Profit / (loss) before income tax</b>	<b>-28</b>	<b>-195</b>	<b>-15</b>	<b>-186</b>	<b>0</b>	<b>-648</b>	<b>-141</b>	<b>-1 213</b>
Income tax income / (expense)	8	32	4	62	0	148	28	282
<b>Profit / (loss) for the year</b>	<b>-20</b>	<b>-163</b>	<b>-11</b>	<b>-124</b>	<b>0</b>	<b>-500</b>	<b>-113</b>	<b>-931</b>

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

parties are summarized in the following table. Internal costs (such as payroll expenses) have not been allocated since there is no detailed information available.

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	Group
Revenue	144	1 227	834	0	0	1 724	3 929
Goods purchased	-138	-1 114	-761	0	0	-1 768	-3 781

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

No individual external customer generated 10% or more.

All amounts are in 000 CHF if not otherwise noted

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

Year ended 31 December 2009	Switzerland	Germany	Spain	France	Yellow Hat	EPE	Group
Impairment (note 7)	0	0	0	0	0	0	0
Impairment of goodwill (note 7)	0	0	0	0	0	0	0

Year ended 31 December 2008	Switzerland	Germany	Spain	France	Yellow Hat	EPE	Group
Impairment (note 7)	-3	-3	0	0	0	-2	-8
Impairment of goodwill (note 7)	0	0	0	0	0	0	0

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

Segment liabilities primarily comprise operating liabilities and borrowings including straight bonds.

Capital expenditure comprises additions to land, plants and equipment (note 6) and intangible assets (note 7).

Segment assets and liabilities as at 31 December 2009 and capital expenditure for that year are as follows:

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	Eliminations	Group
Segment assets	16 574	15 640	21 319	15 941	821	61 013	-57 550	73 758
Segment liabilities	13 026	14 531	21 186	14 261	320	29 271	-49 176	43 419
Capital expenditures	921	4 659	7 387	8 494	0	207	0	21 668

Segment assets and liabilities as at 31 December 2008 and capital expenditure for that year are as follows:

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	Eliminations	Group
Segment assets	21 189	11 316	14 861	4 742	0	52 790	-42 669	62 229
Segment liabilities	17 527	10 145	14 766	4 785	0	20 510	-36 193	31 540
Capital expenditures	1 578	0	5 326	6 597	0	11	0	13 512

All amounts are in 000 CHF if not otherwise noted

## 6 Land, Plants and Equipment

	Land	PV Plants	FF&E	Total
<b>Year ended 31 December 2009</b>				
Opening net book amount	1 422	39 726	20	41 168
Exchange differences	-1	-275	0	-276
Additions	0	21 463	38	21 501
Disposals	0	0	0	0
Depreciation	0	-1 788	-25	-1 813
<b>Closing net book amount</b>	<b>1 421</b>	<b>59 126</b>	<b>33</b>	<b>60 580</b>

<b>At 31 December 2009</b>				
Cost or valuation	1 421	62 595	99	64 115
Accumulated depreciation	0	-3 469	-66	-3 535
Net book amount	1 421	59 126	33	60 580

<b>Year ended 31 December 2008</b>				
Opening net book amount	428	31 542	19	31 989
Exchange differences	-152	-2 674	0	-2 826
Additions	1 146	12 346	20	13 512
Disposals	0	-8	0	-8
Depreciation	0	-1 480	-19	-1 499
<b>Closing net book amount</b>	<b>1 422</b>	<b>39 726</b>	<b>20</b>	<b>41 168</b>

<b>At 31 December 2008</b>				
Cost	1 422	41 407	61	42 890
Accumulated depreciation	0	-1 681	-41	-1 722
Net book amount	1 422	39 726	20	41 168

The company issued invoices for grants of TCHF 260 in financial year 2009 (2008: TCHF 237), which have been paid in 2010.

The amount of assets under construction included in PV plants in 2009 is TCHF 17 665 (2008: TCHF 7 920).

Third-party loans are secured by the Group's PV plants. See note 14.

Borrowing costs of CHF 0.6 m (2008: CHF 0.4m) in 2009 have been capitalized. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 4.25% (2008: 4.4%).

All amounts are in 000 CHF if not otherwise noted

## 7 Intangible Assets

	Goodwill	Contracts	Other	Total
<b>Year ended 31 December 2009</b>				
Opening net book amount	148	38	51	237
Exchange differences	0	0	0	0
Additions	0	0	167	167
Disposals	0	0	0	0
Depreciation	0	0	-3	-3
<b>Closing net book amount</b>	<b>148</b>	<b>38</b>	<b>215</b>	<b>401</b>

### At 31 December 2009

Cost	148	41	279	468
Accumulated depreciation	0	-3	-64	-67
Net book amount	148	38	215	401

### Year ended 31 December 2008

Opening net book amount	158	41	59	258
Exchange differences	-10	0	-3	-13
Additions	0	0	0	0
Disposals	0	0	0	0
Depreciation	0	-3	-5	-8
<b>Closing net book amount</b>	<b>148</b>	<b>38</b>	<b>51</b>	<b>237</b>

### At 31 December 2008

Cost	148	41	112	301
Accumulated depreciation	0	-3	-61	-64
Net book amount	148	38	51	237

All amounts are in 000 CHF if not otherwise noted

## Impairment Test for Goodwill

See below for a segment-level summary of goodwill allocation:

	2009	2008
Switzerland	80	80
Germany	68	68
<b>Total</b>	<b>148</b>	<b>148</b>

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

	WACC (before tax)
Switzerland	5.31% (2008: 5.31%)
Germany	6.10% (2008: 6.10%)

Debt financing entails either bond issues or project financing. In both cases existing photovoltaic plants serve as security, which has a positive impact on the debt interest rate.

As of 31 December 2009 the impairment test did not indicate impairment of goodwill, and no impairment charge was recorded. The revenue growth rate of PV plants in operation amounts to 0%.

The Group has also performed a sensitivity analysis. Based on the business model, the main impact comes from the discount rate. The WACC had accordingly been amended such that the interest rate for borrowing has increased and decreased of 0.25%. No impairment was incurred as a result of the test.

All amounts are in 000 CHF if not otherwise noted

## 8 Financial Instruments by Category

31 December 2009	Loans and receivables	Total
<b>Assets as per balance sheet</b>		
Trade and other receivables	3 868	3 868
Finance lease receivable (lessor) <sup>1)</sup>	56	56
Loans	263	263
Other financial assets	2 599	2 599
Cash and cash equivalents	4 496	4 496
<b>Total</b>	<b>11 282</b>	<b>11 282</b>

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

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

	Other financial liabilities	Total
<b>Liabilities as per balance sheet</b>		
Borrowings incl. straight bonds	37 926	37 926
<b>Total</b>	<b>37 926</b>	<b>37 926</b>

31 December 2008	Loans and receivables	Total
<b>Assets as per balance sheet</b>		
Trade and other receivables	3 113	3 113
Finance lease receivable (lessor) <sup>1)</sup>	85	85
Loans	167	167
Other financial assets	1 596	1 596
Cash and cash equivalents	15 242	15 242
<b>Total</b>	<b>20 203</b>	<b>20 203</b>

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

	Other financial liabilities	Total
<b>Liabilities as per balance sheet</b>		
Borrowings incl. straight bonds	29 164	29 164
<b>Total</b>	<b>29 164</b>	<b>29 164</b>

<sup>1)</sup> The gross finance lease receivable amounts to TCHF 56 (2008: TCHF 112), including TCHF 4 (2008: TCHF 27) future finance income. The present value thus amounts to TCHF 56 (2008: TCHF 85). The net investment in finance lease not later than one year amounts to TCHF 31 (2008: TCHF 29) (gross finance lease receivable TCHF 34 [2008: TCHF 34]). The remaining balances of the net investment in finance lease of TCHF 25 (2008: TCHF 56) are between one year and two years (gross finance lease receivable TCHF 26 [2008: TCHF 63]).

All amounts are in 000 CHF if not otherwise noted

The following table shows the contractual liquidity analysis:

31 December 2009	Between 0 and 3 months	3 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings	0	2 814	325	18 509	16 278
Trade payables	1 444	0	0	0	0
Other short-term liabilities	2 822	0	0	0	0
<b>Total</b>	<b>4 266</b>	<b>2 814</b>	<b>325</b>	<b>18 509</b>	<b>16 278</b>

31 December 2008	Between 0 and 3 months	3 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Borrowings	0	360	2 572	7 572	18 660
Trade payables	602	0	0	0	0
Other short-term liabilities	860	0	0	0	0
<b>Total</b>	<b>1 462</b>	<b>360</b>	<b>2 572</b>	<b>7 572</b>	<b>18 660</b>

## 9 Trade and Other Receivables

	2009	2008
Trade receivables	754	1 617
Other receivables	4 175	1 494
Other receivables from related parties	0	0
Less: provision for impairment of trade receivables	-66	0
Trade and other receivables – net	4 863	3 111
<b>Current portion</b>	<b>4 863</b>	<b>3 111</b>

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

	2009	2008
Trade receivables	754	1 617
Other receivables and current assets	4 109	1 494
<b>Total</b>	<b>4 863</b>	<b>3 111</b>



All amounts are in 000 CHF if not otherwise noted

Trade receivables less than three months past due are not considered impaired. As of 31 December 2009, trade receivables of TCHF 444 (2008: TCHF 388) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2009	2008
undue	310	1 229
Up to 3 months	383	289
3 to 6 months	61	99
<b>Total</b>	<b>754</b>	<b>1 617</b>

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

	2009	2008
CHF	806	1 266
EUR	4 057	1 845
<b>Total</b>	<b>4 863</b>	<b>3 111</b>

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

## 10 Cash and Cash Equivalents

	2009	2008
Cash and cash equivalents	4 496	14 689
<b>Total</b>	<b>4 496</b>	<b>14 689</b>

All amounts are in 000 CHF if not otherwise noted

## 11 Investment in Associate

	2009	2008
Beginning of the year	0	0
Founding of subsidiary	1 500	0
Share of loss	-67	0
<b>Total</b>	<b>1 433</b>	<b>0</b>

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

Name and percentage	Country of incorporation	Assets	Liabilities	Revenue	Profit
<b>2009</b>					
Valosun Edisun Power France SAS	France	2019 150	107 398	640	-89 248

## 12 Share Capital

	Number of ordinary shares issued	Number of ordinary shares outstanding
At 1 January 2008	138 391	135 015
Capital increase	0	3 376
Sale of treasury shares	203 185	203 185
<b>At 31 December 2008</b>	<b>341 576</b>	<b>341 576</b>
Capital increase	0	0
<b>At 31 December 2009</b>	<b>341 576</b>	<b>341 576</b>

All amounts are in 000 CHF if not otherwise noted

#### a) Subscribed Share Capital

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

As a result of the listing at SIX Swiss Exchange on 26 September 2008, ordinary shares of 175 186 were issued at a price per share of CHF 105. Only new issued shares were sold to new investors during the listing. The net proceeds of the capital increase amounted to TCHF 16 157, net of transaction costs. In addition to this capital increase, Edisun Power Europe Ltd. increased the share capital of TCHF 2 780 (for detail refer to next chapter b) authorized capital) in March 2008.

The total authorized number of ordinary shares as at 31 December 2009 is 341 576 (2008: 341 576) with a par value of CHF 100 per share (2008: CHF 100 per share). The weighted average number of outstanding shares is 341 576 (2008: 208 420 shares).

#### b) Authorized Capital

The company's authorized share capital in the amount of TCHF 2 800 resolved at the General Meeting of 7 May 2007 was used for an amount of TCHF 2 780 pursuant to the capital increase registered with the commercial register on 29 February 2008. Remaining authorized share capital in the amount of TCHF 100 was cancelled by resolution of the Annual General Meeting of 9 May 2008. At the company's Annual General Meeting of 9 May 2008 and at the Extraordinary General Meeting of 9 September 2008 the shareholders created authorized capital of TCHF 3 000 with an expiry date of 9 May 2010.

#### c) Conditional Capital

The company had no conditional capital outstanding on 31 December 2009.

#### d) Share Premium

Share premium includes the premium related to the capital increases of Edisun Power Europe Ltd. in 2007 less accumulated annual losses, which were offset against the capital reserves in accordance with the resolutions of the General Shareholders' Meeting for the appropriation of available earnings. In addition, share premium includes proceeds from the company's first-time listing on the SIX Swiss Exchange in 2008 adjusted for 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, such as management costs etc., were. This internal cost was charged to the income statement as incurred.

#### e) Own Shares

As of the balance sheet date, Edisun Power Europe Ltd. holds no own shares.

#### f) Other Reserves

Other reserves include the cumulative foreign exchange impact.

#### g) Retained Earnings

Retained earnings comprise accumulated and unappropriated earnings.

#### h) Minority Interests

In 2009, Edisun Power Europe Ltd. acquired a 0.6% (2008: 5.7%) share in Edisun Power Ltd. from its minority shareholders. The purchase price was paid in cash (in the previous year with treasury shares of Edisun Power Europe Ltd.).

All amounts are in 000 CHF if not otherwise noted

### 13 Trade and Other Payables

	2009	2008
Trade payables	1 444	602
Value added taxes	1 135	0
Social security and other taxes	39	50
Other	36	561
<b>Total</b>	<b>2 654</b>	<b>1 213</b>

### 14 Borrowings

	2009	2008
<b>Current</b>		
Loans from third party	325	360
Straight bonds from third party	2 489	0
<b>Total current borrowings</b>	<b>2 814</b>	<b>360</b>

#### Non-current

Loans from third party	2 243	2 999
Loans from shareholder	0	50
Straight bonds from third party	32 869	25 755
<b>Total non-current borrowings</b>	<b>35 112</b>	<b>28 804</b>

#### Loans

Total borrowings include secured liabilities (loans) of TCHF 28 858 (2008: TCHF 28 395). Third-party loans are secured by Group PV plants and related receivables (see separate table).

Currency exchange differences arising from equity loans have been booked through equity in the gross amount of TCHF 548 respectively TCHF 432 net of tax (2008: TCHF 2 474 respectively TCHF 2 031).

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

	2009	2008
< 1 year	2 814	360
1-5 years	20 752	10 144
> 5 years	14 360	18 660
<b>Total</b>	<b>37 926</b>	<b>29 164</b>

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

	2009	2008
CHF	36 528	27 007
EUR	1 398	2 157
<b>Total</b>	<b>37 926</b>	<b>29 164</b>

The Group has the following undrawn credit facilities:

Floating rate:		
- Expiring beyond one year CHF	200	500
- Expiring beyond one year EUR	0	2 978

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

All amounts are in 000 CHF if not otherwise noted

### Straight Bonds

The Group has issued several straight bonds:

Edisun Power Ltd.	Nominal value in 000 local currency	Fair value in 000 CHF	Bookvalue 2009 in 000 CHF
4.0% 2003 – 2013 (CHF)	1 720	1 703	1 720
3.5% 2004 – 2010 (CHF)	1 485	1 491	1 485
4.0% 2004 – 2014 (CHF)	2 015	1 964	2 015
4.5% 2005 – 2010 (CHF)	275	279	275
4.5% 2004 – 2010 (EUR)	490	736	729
5.0% 2004 – 2014 (EUR)	450	648	669

Edisun Power Europe Ltd.	Nominal value in 000 local currency	Fair value in 000 CHF	Bookvalue 2009 in 000 CHF
3.75% 2007 – 2012 (CHF)	3 855	3 838	3 855
4.25% 2007 – 2015 (CHF)	3 280	3 167	3 280
4.50% 2007 – 2019 (CHF)	4 810	4 273	4 810
3.75% 2008 – 2012 (CHF)	1 125	1 120	1 125
4.25% 2008 – 2015 (CHF)	1 730	1 671	1 730
4.50% 2008 – 2019 (CHF)	4 540	4 033	4 540
4.25% 2009 – 2014 (CHF)	9 125	8 985	9 125

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

	2009	2008
To private persons (associates and third party)	511	795
To banks	6 894	746
To bond-holders	20 776	26 112
To firms and foundations	677	742
<b>Total</b>	<b>28 858</b>	<b>28 395</b>

All amounts are in 000 CHF if not otherwise noted

### 15 Deferred Tax Assets and Liabilities

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

	2009	2008
Beginning of the year	1 037	-279
Income statement credit	252	322
Equity statement credit	116	982
Foreign exchange difference	-15	12
<b>Net deferred tax assets at end of year</b>	<b>1 390</b>	<b>1 037</b>

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

	2009	2008
Finance liability	0	33
Tax loss carry-forwards	1 496	1 353
<b>Total deferred income tax assets</b>	<b>1 496</b>	<b>1 386</b>
Plant and equipment	-98	-341
Intangible assets	-8	-8
<b>Total deferred income tax liability</b>	<b>-106</b>	<b>-349</b>
<b>Net deferred income tax asset</b>	<b>1 390</b>	<b>1 037</b>

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

	2009	2008
Deferred tax asset	1 496	1 176
Deferred tax liability	-106	-139

Deferred income tax assets are recognized for tax loss carry-forward if the realization of the related tax benefits through future taxable profits is likely. The Group recognized deferred income tax assets of TCHF 1 496 (2008: TCHF 1 353) related to tax loss carry-forward.

### 16 Pension Fund Liabilities

Pension costs of pension plans are presented below:

	2009	2008
Current service costs	23	15
Interest cost on projected defined benefit obligation	23	21
Expected return on plan assets	-18	-17
Actuarial gains	3	0
<b>Total pension costs</b>	<b>31</b>	<b>19</b>

All amounts are in 000 CHF if not otherwise noted

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

	2009	2008
Present value of funded obligations:		
Balance at beginning of the year	591	787
Current service cost	23	15
Interest cost	23	21
Plan participants contributions	45	15
Actuarial (gain) / loss	-22	50
Benefits received / (paid)	198	-297
<b>Defined benefit obligation at the end of the year</b>	<b>858</b>	<b>591</b>
Fair value of plan assets:		
Balance at beginning of the year	460	713
Expected return on plan assets	18	17
Employer contribution	45	15
Plan participants contributions	45	15
Actuarial gain / (loss) losses	1	-3
Benefits received / (paid)	198	-297
<b>Fair value of plan assets at end of year</b>	<b>767</b>	<b>460</b>
<b>Defined benefit obligations in excess of plan assets</b>	<b>91</b>	<b>131</b>
Unrecognized actuarial losses	-71	-98
<b>Liability in the balance sheet</b>	<b>20</b>	<b>33</b>

All amounts are in 000 CHF if not otherwise noted

Actuarial assumptions (in %)	2009	2008
Discount Rate	3.25	3.25
Expected return on plan assets	3.00	3.00
Future salary increase	2.00	2.00

The actual return on plan assets amounted to TCHF 19 (2008: TCHF 14). The assets of the retirement benefit scheme have been invested under a collective insurance contract in accordance with an affiliation contract concluded with ASGA Pensionskasse. In 2010 Edisun Power Europe Ltd. expects to pay ordinary employer contributions of TCHF 45 (2008: TCHF 15) into the pension plan.

At 31 December	2009	2008	2007
Present value of defined benefit obligation	858	591	787
Fair value of plan assets	767	460	713
<b>Deficit / (surplus) in the plan</b>	<b>91</b>	<b>131</b>	<b>74</b>
<b>Experience adjustments on plan liabilities</b>	<b>-22</b>	<b>-30</b>	<b>12</b>
<b>Experience adjustments on plan assets</b>	<b>1</b>	<b>-3</b>	<b>-2</b>

The table above shows the experience adjustments for the last three years since the Group adopted IFRS standards for the first time in 2008.

## 17 Provisions

	2009	2008
Provision for deconstruction		
At beginning of the year	741	709
Additions	360	61
Foreign exchange difference	0	-29
<b>At end of the year</b>	<b>1 101</b>	<b>741</b>

Provisions for deconstruction of PV plants after termination of the contract with the owner (generally 20 – 25 years after construction of the PV plant) are based on future estimated costs discounted at a rate of 5% (2008: 5%).

## 18 Personnel Expenses

	2009	2008
Wages and salaries	1 045	558
Social security expenses	166	77
Pension costs – defined benefit plans	16	15
Other personnel expenses	27	82
<b>Total personnel expenses</b>	<b>1 254</b>	<b>732</b>
Number of employees	<b>9</b>	<b>7</b>

## 19 Financial Income and Expenses

	2009	2008
Finance cost		
- Borrowings third party	-72	-73
- Straight bonds	-989	-830
Foreign exchange losses	-2	-671
<b>Total finance expenses</b>	<b>-1 063</b>	<b>-1 574</b>
Finance income		
- Interest income on loans	118	257
Foreign exchange gains	398	124
<b>Finance income</b>	<b>516</b>	<b>381</b>
<b>Net finance expenses</b>	<b>-547</b>	<b>-1 193</b>

## 20 Income Tax Expenses

	2009	2008
Current tax expense	90	40
Deferred tax expense / (income)	-252	-322
<b>Total income tax expenses</b>	<b>-162</b>	<b>-282</b>

The applicable tax rate was 21.17% (2008: 21.17%).

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

	2009	2008
Loss before income tax expense	-282	-1 184
Income tax rate	21%	21%
<b>Income tax income at the expected income tax rate</b>	<b>-59</b>	<b>-251</b>
Reconciliation to the effective income tax expense:		
Effect of applicable different tax rates in countries in which the group operates	-96	-25
Other effects	-7	-6
<b>Total income tax income</b>	<b>-162</b>	<b>-282</b>

The impact on the effective tax rate is mainly related to the different profit and loss and the related applicable tax rates in the various jurisdictions.

## 21 Earnings per Share

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

	2009	2008
Loss attributable to equity holders of the Group	-119	-927
Weighted average number of ordinary shares outstanding	341 576	208 420
<b>Basic and diluted earnings per share (CHF per share)</b>	<b>-0.35</b>	<b>-4.45</b>

## 22 Dividends per Share

No dividends were paid out in 2009 and 2008.

## 23 Contingencies

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

All amounts are in 000 CHF if not otherwise noted

## 24 Commitments

Commitments of the Group comprise solar modules of total CHF 4.05m (EUR 2.7m) in 2009 and CHF 14m (EUR 9.4m) in 2008.

## 25 Acquisition and Disposals of Minorities

The company has acquired a further 0.6% of Edisun Power Ltd. and as of 31 December 2009 holds a 98.3% participation in Edisun Power Ltd.'s shares. The shareholders of Edisun Power Ltd. had chose among a cash payment, compensation in shares of Edisun Power Europe Ltd., or both. The fair value of the shares of Edisun Power Europe Ltd. was determined based on the consideration paid in cash.

During 2009, the company disposed 33% of Yellow Hat Ltd. to three different partners in Germany, Spain and Switzerland and, as of 31 December 2009, holds a 55.6% participation in Yellow Hat Ltd.'s shares. Two of the buyers paid in cash, while the other was granted a loan. The shares were transferred at equity value and the disposals thus produced neither a profit nor a loss.

## 26 Related-Party Transactions

The following transactions were carried out with related parties:

	2009	2008
<b>(a) Purchase of services</b>		
Purchase of services		
Entity controlled by a board member	57	207
<b>Total purchase of service</b>	<b>57</b>	<b>207</b>

Services are bought from an entity controlled by a member of the Board on normal commercial terms and conditions.

	2009	2008
<b>(b) Key management and board compensation</b>		
Salaries and other short-term employee benefits	583	577
Social benefits (employer's contribution)	51	35
Termination benefits	100	0
<b>Total compensation</b>	<b>734</b>	<b>612</b>

### (c) Year-end balance arising from sales/purchase of goods/services

Payables to related parties:		
Entity controlled by a board member	8	123
<b>Total balance</b>	<b>8</b>	<b>123</b>

The payables to related parties arise mainly from purchase transactions and are due two months after the date of purchase. The payables bear no interest.

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

## 27 Risk Policy

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

## 28 Events after the Balance-Sheet Date

Since the beginning of 2010, two projects have been grid-connected. One in France (Villenois, 175 kWp) and one in Spain (El Trujillo II, 92 kWp).

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

#### Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Edisun Power Europe AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 24 to 58), for the year ended 31 December 2009.

#### Board of Directors' Responsibility

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

#### Auditor's Responsibility

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

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

PRICEWATERHOUSECOOPERS

#### Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

#### Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG



Patrick Balkanyi  
 Audit expert  
 Auditor in charge

Leandro Perugini  
 Audit expert

Zurich, 22 March 2010

#### Enclosure:

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

# Statutory Financial Statements of Edisun Power Europe Ltd.

## Statutory Balance Sheet

	Notes	31.12.2009 TCHF	31.12.2008 TCHF
<b>Assets</b>			
Cash and cash equivalents		2 118	13 015
Trade receivables			
– Third parties		82	188
– Group companies		488	332
Other receivables			
– Third parties		452	33
– Group companies		925	25 391
Other current assets		14	9
<b>Total current assets</b>		<b>4 079</b>	<b>38 968</b>
Investments in subsidiaries and associates	1	8 235	6 435
Plant and equipment		33	11
Intangible assets		375	50
Financial assets			
– Group companies		47 350	5 012
<b>Total non-current assets</b>		<b>55 993</b>	<b>11 508</b>
<b>Total assets</b>		<b>60 072</b>	<b>50 476</b>
<b>Liabilities and equity</b>			
Trade payables			
– Third parties		229	94
– Group companies		15	0
Other payables		0	214
Accrued expenses		776	691
Provisions		191	0
<b>Total current liabilities</b>		<b>1 211</b>	<b>999</b>
Straight bonds	2	28 455	19 218
<b>Total non-current liabilities</b>		<b>28 455</b>	<b>19 218</b>
<b>Total liabilities</b>		<b>29 666</b>	<b>20 217</b>
Share capital		34 158	34 158
Share premium		1 367	1 367
Accumulated deficits		-5 119	-5 266
<b>Total equity</b>		<b>30 406</b>	<b>30 259</b>
<b>Total liabilities and equity</b>		<b>60 072</b>	<b>50 476</b>

The notes are an integral part of these financial statements.



## Statutory Income Statement

	2009	2008
	TCHF	TCHF
Revenue from goods and services	1 277	2 681
Other revenue	42	1
Goods purchased	0	-1 768
Personnel expenses	-1 216	-715
Rental and maintenance expenses	-95	-57
Administration expenses	-483	-265
Advertising expenses	-191	-105
Other expenses	-50	0
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>-716</b>	<b>-228</b>
Depreciation and amortisation	-19	-19
<b>Earnings before interest and tax (EBIT)</b>	<b>-735</b>	<b>-247</b>
Financial income/(expenses), net	903	-2 553
Extraordinary expenses	31	-2 226
<b>Net profit / (loss) before tax</b>	<b>199</b>	<b>-5 026</b>
Income taxes	-52	-42
<b>Net profit / (loss)</b>	<b>147</b>	<b>-5 068</b>

The notes are an integral part of these financial statements.

Notes to the Statutory Financial Statements  
as per December 31, 2009

## 1 Investments

		Capital	Signed	31 December 2009		31 December 2008	
				Share	CHF	Share	CHF
Investment Edisun Power Ltd.	CHF	2 634 000	100%	98.3%	3 883 473	97.7%	3 860 973
Investment Yellow Hat Ltd.	CHF	500 000	100%	55.6%	277 800	88.6%	442 857
Investment Edisun Power Iberia SA	EUR	61 000	100%	100.0%	90 817	100.0%	90 817
Investment Edisun Power Iberia Beta SA	EUR	61 000	100%	0.0%	0	100.0%	90 817
Investment Edisun Power Iberia Gamma SA	EUR	61 000	100%	0.0%	0	100.0%	90 817
Investment Edisun Power Iberia Delta SA	EUR	61 000	100%	0.0%	0	100.0%	90 817
Investment Edisun Power Iberia Epsilon SA	EUR	61 000	100%	0.0%	0	100.0%	90 817
Investment Edisun Power PLC	EUR	750 000	100%	100.0%	1 603 182	100.0%	90 817
Investment Edisun Power France	EUR	50 000	100%	100.0%	2 380 375	100.0%	74 514
<b>Total Investment</b>					<b>8 235 647</b>		<b>6 435 609</b>

The Spanish companies are located in Burmujos, Sevilla, the French company in Lyon and the German company is located in Sigmaringen. The objectives of these companies are the financing, construction and the operation of solar plants. In 2009, all investments in the Spanish subsidiaries (except Edisun Power Iberia SA) were transferred from Edisun Power Europe Ltd. to Edisun Power Iberia SA.

## 2 Straight Bonds

	31.12.2009	31.12.2008
	CHF	CHF
3.75% Bond 2007 - 2012	3 855 000	3 855 000
4.25% Bond 2007 - 2015	3 280 000	3 280 000
4.50% Bond 2007 - 2019	4 810 000	4 810 000
3.75% Bond 2008 - 2012	1 125 000	1 106 416
4.25% Bond 2008 - 2015	1 720 000	1 701 423
4.50% Bond 2008 - 2019	4 540 000	4 465 005
4.25% Bond 2009 - 2014	9 125 000	0
	<b>28 455 000</b>	<b>19 217 844</b>

### 3 Fire Insurance Value of Fixed Assets

	31.12.2009 CHF	31.12.2008 CHF
	<b>20000</b>	<b>20000</b>

### 4 Pledged Assets as well as Qualified Asset

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

Beneficiary	31.12.2009 CHF	31.12.2008 CHF
Bondholders	20054261	19217844
	<b>20054261</b>	<b>19217844</b>

### 5 Significant Shareholders

Significant shareholders and their direct holdings	31.12.2009 in %	31.12.2008 in %
New Energies Invest AG	17%	18%
Coopera Sammelstiftung	3%	3%

### 6 Own Shares

According to the Swiss Law Art. 659 b OR, shares would be classified as treasury shares if an entity acquires a majority investment in another entity which owns shares in the acquirer entity. In this case, the acquiring entity has to make reserves for these treasury shares. Thus, Edisun Power Europe Ltd., the acquirer of Edisun Power Ltd., must establish reserves for its treasury shares. However, the company has no free available reserves, and thus the future net profit for the year will be unavailable for distribution until the necessary reserve for own shares has been created. Edisun Power Ltd. has sold all treasury shares by the end of 2008.

	Number shares	Transaction value in 000 CHF
Opening balance as of January 1, 2008	3376	383
Sale of own shares	-3376	-383
<b>Period end balance as of December 31, 2008</b>	<b>0</b>	<b>0</b>

## 7 Pension Fund

	31.12.2009 CHF	31.12.2008 CHF
<b>Pension fund liabilities</b>	<b>0</b>	<b>10913</b>

## 8 Risk Policy

The Edison Power Europe Ltd. has established a yearly process evaluating in detail all relevant strategic and operational risks for the entire group.

All identified risks are qualified and quantified (according to their realization probability and impact). This risk overview is objective of an annually repeating discussion process in the group's Board of Directors and Audit Committee. The permanent observation and control of the risks is a management objective.

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

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

## Board of Directors

	Financial year	Fixed fee	Social benefits (employer's contribution)	Value of extra- ordinary share compensation	Total cash compensation
Pius Hüsser Chairman	2009	73 000	0	0	73 000
	2008	47 500	783	12 955	61 238
Heinrich Bruhin Vice Chairman	2009	22 500	1 361	0	23 861
	2008	15 000	2 464	25 730	43 194
Georg Fankhauser Member	2009	23 750	0	0	23 750
	2008	15 000	0	0	15 000
Peter Toggweiler Member	2009	20 000	0	0	20 000
	2008	15 000	0	30 923	45 923
Giuseppina Togni Member	2009	23 750	1 436	0	25 186
	2008	15 000	907	0	15 907
Christian Androschin New Member	2009	15 000	0	0	15 000
	2008	0	0	0	0
Dominique Fässler New Member	2009	15 000	0	0	15 000
	2008	0	0	0	0
Robert Kröni Former Member	2009	0	0	0	0
	2008	0	0	28 990	28 990

The extraordinary share compensation has been paid through Edison Power Ltd. and is related to the board membership of Edison Power Ltd.

## Management Board

	Financial year	Fixed fee	Extraordinary Incentive	Expenses	Social benefits (employer's contribution)	Total compensation
Mirjana Blume CEO <sup>1)</sup>	2009	218 420	0	5 400	21 452	245 272
	2008	128 333	50 000	2 291	12 769	193 393
Marc Ledergerber CFO (since August 2009)	2009	94 658	0	937	10 678	106 273
	2008	0	0	0	0	0
Robert Kröni Former CEO <sup>2)</sup>	2009	39 511	127 000	4 576	15 994	187 081
	2008	155 655	28 900	6 000	18 243	208 798

<sup>1)</sup> Former CFO, appointed as CEO in March 2009.

<sup>2)</sup> Incentive: IPO CHF 27 000 / termination payment CHF 100 000

**Compensation (in CHF)**

	<b>31.12.2009</b>	<b>31.12.2008</b>
Total compensation of members of the Board of Directors	195 797	210 252
Total compensation of the Management Board	538 626	402 191

**Highest Total Compensation (in CHF)**

	<b>31.12.2009</b>	<b>31.12.2008</b>
Board of Directors: Pius Hüsser	73 000	61 238
Management Board: Mirjana Blume a cash payment	245 272	n/a
Management Board: Robert Kröni a cash payment	n/a	208 798

PRICEWATERHOUSECOOPERS

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

#### Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Edisun Power Europe AG, which comprise the balance sheet, income statement and notes (pages 62 to 70), for the year ended 31 December 2009.

##### 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 2009 comply with Swiss law and the company's articles of incorporation.

PRICEWATERHOUSECOOPERS

#### Report on other legal requirements

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

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Patrick Balkanyi  
 Audit expert  
 Auditor in charge

Leandro Perugini  
 Audit expert

Zurich, 22 March 2010

#### Enclosures:

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

The Corporate Governance Report as well as the Financial Statements can be downloaded at: [www.edisunpower.com](http://www.edisunpower.com)

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**Layout & Design:** Crafft Kommunikation AG **Editor:** transan, Anita Niederhäusern **Photographer:** Jürg Waldmeier

**Printed:** in 400 copies by Offsetdruck Goetz AG

Edisun Power Ltd. prints its publications on FSC certified paper.

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