

Edisun Power Europe Ltd.
Corporate Governance Report 2010
Financial Statements 2010



Editorial



Edisun Power Group looks back on an eventful 2010. While we were able to post a striking increase in sales despite massive delays in connecting our French plants to the grid, one-off write downs and currency losses saw the Group close the year with a net loss.

One-off effects weigh on a good result

The solar markets of relevance to our business developed positively during the year in review, and Edisun Power Group was able to build on this basis to post a marked increase in sales. Total sales rose year on year by 120%, while sales of electricity rose 23% (30% at constant exchange rates). Total installed capacity (in kWp) rose by 32.3% (40.2% gross including sales). Despite this striking growth, tangible assets diminished by CHF 2.9 million with the sales of a 610-kWp facility in Germany.

EBITDA rose by 36% to CHF 2.9 million (2009: CHF 2.1 million). The operating result (EBIT) dropped by 82% to TCHF 60 (2009: TCHF 331). The Group result after taxes, weighed down by the financial result and one-off write downs on projects and solar panels in storage, was TCHF -1073. Net loss, adjusted for extraordinary write downs of TCHF 728 and exchange rate losses, comes to TCHF -116.

Cash flow analysis reflects the above: operative cash flow amounted to TCHF 992, capital expenditures occasioned liquidity outflows of CHF 7.1 million, and financing activities brought in CHF 6.2 million.

International profile strengthened

Electricity sales abroad accounted for 64% of total revenues, as compared to 57% in 2009. As a result, the Group has become more dependent on the development of the euro. So as to reduce the attendant risk, we have for some time been building facilities abroad only with guaranteed local financing, thus ensuring a natural hedge. Our sale of the 610-kWp facility in 2010 was a first step in the direction of plant construction for third parties, and we will be developing this division in 2011 further in keeping with our new corporate strategy.

At year's end a bond issue brought us an additional CHF 5.8 million and bolstered our financing; in addition, two projects were refinanced to the tune of CHF 2.9 million. As per balance-sheet day the Group enjoyed a solid equity ratio of 31% (2009: 41%) and is thus well equipped to meet the future.

A handwritten signature in black ink, appearing to read 'M Blume', written in a cursive style.

Mirjana Blume
CEO and CFO, Edisun Power Group

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Corporate Governance Report 2010

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

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

1 Executive Summary

Changes in share capital

As of December 31	2010	2009	2008	2007	2006	2005
Ordinary share capital (in CHF)	34 157 600	34 157 600	34 157 600	13 839 100	5 624 500	300 000
Total shares	341 576	341 576	341 576	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

	2010	2010	2009
	Number of Shares	in %	in %
Multina AG	41 720	12 %	-
New Energies Invest AG	0	-	17 %
Coopera Sammelstiftung	10 750	3 %	3 %

Auditors

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

Shareholders' participation rights

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

Compensation in CHF

	2010
Total compensation of the Board of Directors	137 406
Total compensation of the Management Board	503 275

Highest total compensation in CHF

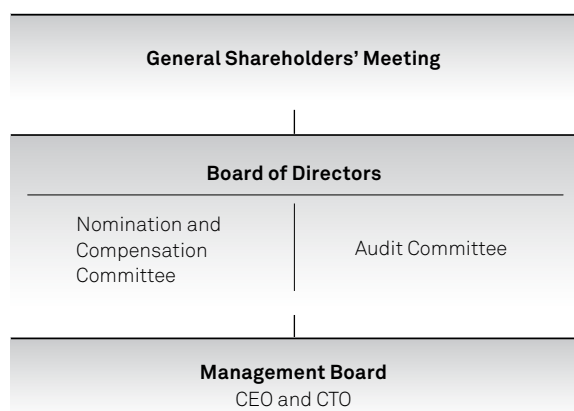
	2010
Board of Directors: Pius Hüsler, a cash payment	40 000
Management Board: Mirjana Blume, a cash payment	280 197

2 Group structure

Operational Group structure

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

The following chart shows the operational Group structure as of December 31, 2010:



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:

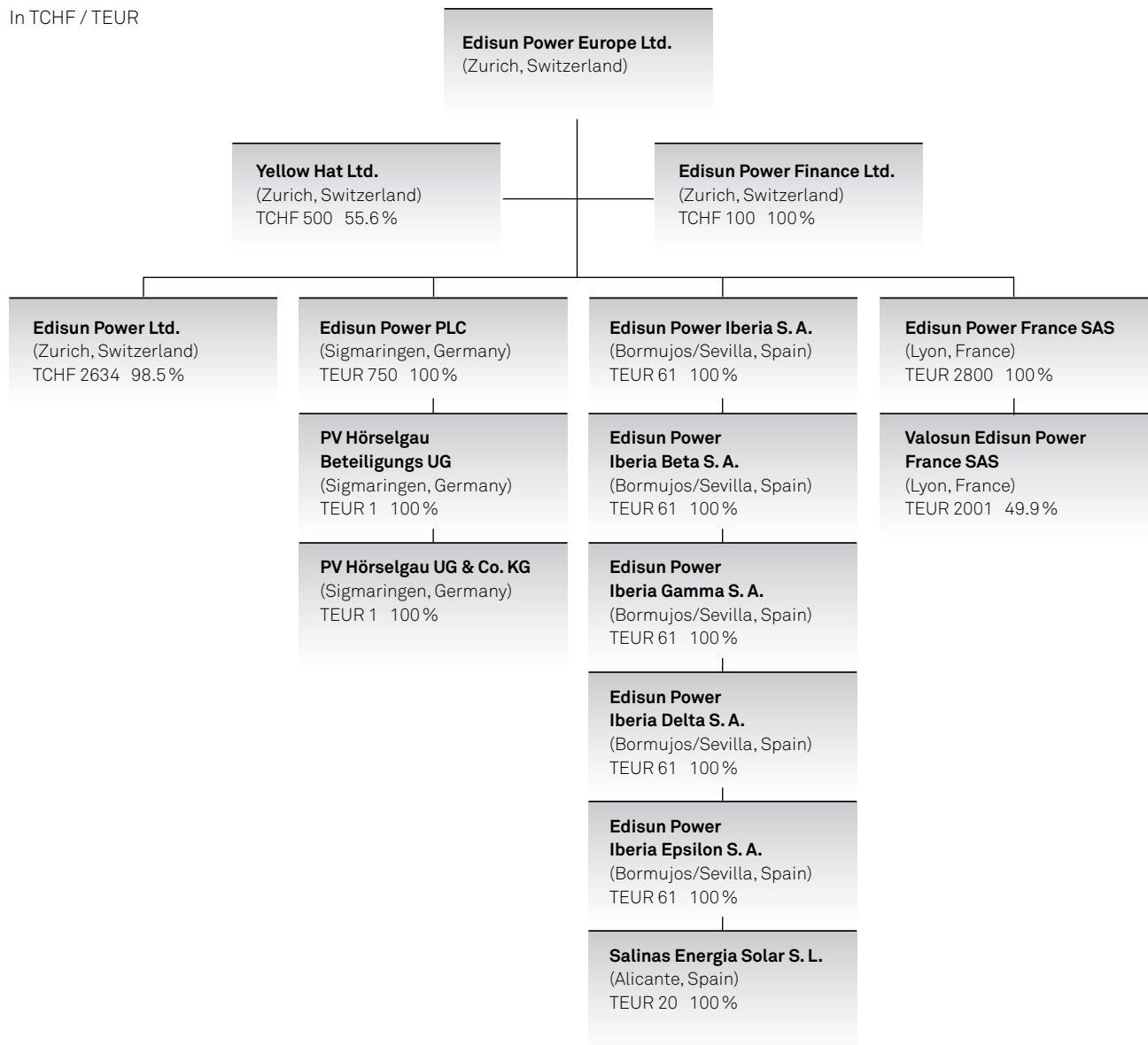
	2010	2009
Market capitalization (in CHF m)	19	32
In % of equity	89.54 %	104.9 %
Share price (in CHF)	57.00	93.40

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 December 31, 2010 (registered office, share capital in local currency and share of ownership in %):

In TCHF / TEUR



3 Shareholders

Registered shareholders

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

Number of shares held	2010	2009
1 – 100	690	697
101 – 1 000	510	511
1 001 – 10 000	27	22
10 000 – 100 000	2	2
Total registered shareholders	1 229	1 232

Significant shareholders

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

	2010 Number	2010 in %	2009 in %
Multina AG	41 720	12 %	0 %
New Energies Invest AG	0	0 %	17 %
Coopera Sammelstiftung PUK	10 750	3 %	3 %
Registered shareholders with interests below 3 %	246 725	72 %	70 %
Not registered	42 381	13 %	10 %
Total shares	341 576	100 %	100 %

There were the following significant shareholder notifications during 2010:

- June 14, 2010 Multina AG announced its acquisition dated June 9, 2010 of 12.15 % (41 500 shares) of the shares of Edisun Power.
- June 16, 2010 New Energies Invest AG notified the reduction of their share in Edisun Power to below 3 %. This is due to a share transaction (sale) dated June 9, 2010.

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

Shareholder structure

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

Type	2010	2009
Individual shareholders	77 %	64 %
Legal entities	7 %	22 %
Nominees, fiduciaries	4 %	4 %
Not registered	12 %	10 %
Total	100 %	100 %

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

Origin	2010	2009
Switzerland	85 %	87 %
Europe (ex Switzerland)	3 %	3 %
Not registered	12 %	10 %
Total	100 %	100 %

Cross-shareholdings

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

4 Capital structure

As of December 31, 2010 the capital of Edisun Power Europe Ltd. comprises the following:

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

Authorized capital

The General Shareholders' Meeting held May 9, 2007, approved the creation of authorized share capital of 30 000 registered shares with a par value of CHF 100.00 per share. The authorization granted to the Board of Directors to augment the company's share capital with the authorized share capital created expired on May 9, 2010. Edisun Power Europe Ltd. has no conditional capital.

Changes in capital

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

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

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

Shares and participation certificates

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

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

Profit sharing certificates

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

Limitations on transferability and nominee registrations

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

Granting exceptions in the year under review

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

Admissibility of nominee registration

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

Procedures and conditions for cancelling statutory privileges and limitations on transferability

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

Convertible bonds and warrants/options

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

5 Board of Directors

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

Heinrich Bruhin, Chairman of the Board

born 1948, Swiss national
non-executive member

Heinrich Bruhin has been a member of the Board of Directors of Edisun Power Ltd. since 2000, Chairman of the Board since 2003, a member of the Board of Directors of the Company since its foundation and the Chairman of the Board since August 2010. 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 and from 1989 to 2007 as the person in charge of the construction infrastructure and from 2008 on as the responsible person for large-scale projects with SIX Group (former Telekurs). Since 1997 he acts as a member, thereof six years as the president of the investment committee, of the foundation board of the Telekurs Holding AG staff pension fund with CHF 996 m of assets under management.

Peter Toggweiler, Vice-Chairman of the Board

born 1956, Swiss national
non-executive member

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

Pius Hüsser, Member of the Board

born 1955, Swiss national
non-executive member

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

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 is 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 consists of three to nine members. As of December 31, 2010 the Board of Directors consists of 4 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 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 Chairman, one or more vice chairman and its secretary. The secretary need not be a member of the Board of Directors or a shareholder. Since November 19, 2007, Christian Witschi, legal counsel to the company, has been secretary of the Board of Directors.

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

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

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

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

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

Audit Committee

Since 2010, members of the Audit Committee are Dominique Fässler (Chairman), Peter Toggweiler and Pius Hüssler. All members are independent, which ensures the degree of objectivity required for them to exercise their functions. The Audit Committee meets at least three times a year, but as often as required. In the year under review, three regular meetings of the Audit Committee were held every 4 months. All of the meetings were attended by all members of the committee as well as the CEO/CFO and the CTO as guests. Furthermore, two meetings were also attended by the lead auditor. The average duration of the meetings was 2.15 hours.

Within the context of its overall remit, the Audit Committee assesses on behalf of the Board of Directors the work

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

Nomination and Compensation Committee

Since Mai 2010 the Nomination and Compensation Committee has been integrated in the Board of Directors. Therefore, all members of the Board are now also members of the Nomination and Compensation Committee. The Nomination and Compensation Committee meets at least once a year, but as often as required. In 2010 the Committee met three times and had furthermore several job interviews with candidates in the first months of 2010. The meetings were attended by all members of the committee. The average duration of each meeting was 1 hours.

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

may be found on our website at www.edisunpower.com/en/home-en/investors-en/corporate-governance-en/board-of-directors-and-executive-board.

Working methods of the Board of Directors and its committees

The Board of Directors convenes an ordinary meeting as often as the business and the affairs of the Company require. Additional meetings or telephone conferences are held as needed. The Board of Directors may pass resolutions if the majority of its members is present (including presence via phone or electronic media), except with respect to resolutions regarding the implementation of capital increases for which no quorum must be met. In 2010, the Board of Directors held seven meetings and two telephone conferences. Most ordinary meetings of the Board of Directors last half a day. The CEO/CFO and CTO of the Group regularly take part in meetings of the Board of Directors to report on special projects in their areas of responsibility. In addition, the Board of Directors receives 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/CFO and CTO), except as otherwise provided by law and the Articles of Association. The CEO heads the operative business and has the necessary competence to fulfill her duties, except as otherwise provided by law, the Articles of Associa-

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

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

The Chairman and/or other members of the Board of Directors may attend the bi-weekly meetings of the Management Board. During the Board and committee meetings, the Management Board reports regularly 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 standardized quarterly reporting of the Group consists of management reporting and consolidated accounting. This data is compiled for the Group and compared to the previous year and the budget. The resulting analysis and action taken are analyzed quarterly by the Management Board. Complete consolidated financial statements under IFRS are prepared on a semi-annual basis. The quarterly reports and the financial statements are submitted to the Board of Directors.

Risk management analyzes the Group's overall risk exposure and supports the strategic decision-making process. Therefore, it is closely linked with the Group's strategic management process. The types of risks considered are market, business environment, operations, financial (including currency, interest, cash-flow and liquidity risks), compliance and reputational aspects. For further information on financial risks please refer to pages 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 analyzes the Group's risks at least once a year and discusses them with the Management Board in the context of a strategic meeting.

6 Management Board

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

Mirjana Blume, 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 has been appointed to Chief Executive Officer in March 2009. She has broad experience in accounting, controlling and finance, inter alia with PricewaterhouseCoopers, Swissôtel Management and 7 years as CFO in the pharmaceutical sector with MediService and Novartis Oncology Switzerland. Mirjana Blume completed her degree in Business Administration at the HWZ University of Applied Sciences Zurich and holds an Executive MBA from the University of St. Gallen.

Markus Kohler, Chief Technical Officer since 2010

born 1972, Swiss national

Markus Kohler has been working for the Company as Chief Technical Officer since April 2010. Before joining the Group, he worked for 10 years with Multi-Contact as product manager where he was mainly responsible for the development of the photovoltaic division. Markus Kohler holds a degree as Electronical Engineer (El. Eng. HTL from the University of Applied Sciences in Biel) as well an Executive Master BEM from the University of Applied Sciences in Basel.

7 Compensation and shareholdings

Content and method of determining the compensation

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

Fixed salary

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

Variable salary

In 2009 the Group introduced a variable salary component to middle and top management in the range of 10 to 20% of fixed salary depending on job characteristics and management level. In 2010 only the CTO and the CEO/CFO were entitled to a variable salary component. The objectives to achieve the variable salary are typically defined for each employee at the beginning of the financial year. The actual payout subsequently depends on the performance achieved by the employee compared with the individual objectives agreed upon at the beginning of the

financial year (CEO/CFO: employee retention, revision of financial reporting, implementation of consolidation tool – CTO: development of technical department, ensure full project pipeline, availability of photovoltaic installations) as well as the overall performance of the Edisun Power Group (achievement of EBIT-target and project IRR target). Following that mechanism, the variable salary of the CEO/CFO and CTO will be approved by the NCC.

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

Board of Directors

All members of the Board of Directors receive a fixed fee. In addition, the Chairman of the Board of Directors and members of the Audit Committee or the Nomination and Compensation Committee are paid supplementary compensations. In 2009 the Chairman of the Board of Directors received an extraordinary fee as compensation for his exceptional efforts in the first six month of the year in the amount of CHF 25 000, which has been approved by the Board of Directors on 7 July 2009.

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

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

	Financial year	Fixed fee	Social benefits (employer's contribution)	Total cash compensation	Total compensation
Heinrich Bruhin Chairman	2010	31 500	1 906	33 406	33 406
	2009	22 500	1 361	23 861	23 861
Peter Toggweiler Vice-Chairman	2010	22 667	0	22 667	22 667
	2009	20 000	0	20 000	20 000
Pius Hüsser Member	2010	40 000	0	40 000	40 000
	2009	73 000	0	73 000	73 000
Dominique Fässler Member	2010	23 500	0	23 500	23 500
	2009	15 000	0	15 000	15 000
Giuseppina Togni Former Member	2010	7 500	0	7 500	7 500
	2009	23 750	1 436	25 186	25 186
Georg Fankhauser Former Member	2010	0	0	0	0
	2009	23 750	0	23 750	23 750
Christian Androschin Former Member	2010	10 333	0	10 333	10 333
	2009	15 000	0	15 000	15 000

Management Board

The Management Board of Edisun Power Europe AG consists of the CEO/CFO and CTO. Their annual financial compensation consists of a fixed and (since 2009) a variable salary of maximum CHF 40 000 for the CEO/CFO and CHF 16 000 for the CTO, customary social benefits (employer's contribution) and expenses. The fixed salary is paid in cash on a monthly basis (1/13th with the 13th salary in December) and the variable salary (if any) is paid in cash in the beginning of the next fiscal year. The financial compensation of the Management Board is set by the Nomination and Compensation Committee and the decision is noted by the Board of Directors as a whole. A benchmarking takes place periodically. Contractually the individual bonuses fully depend on the discretionary of the Nomination and Compensation Com-

mittee. Moreover, employees are only entitled if as of December 31, the employment is not under notice of termination. For 2010, management board has been paid a cash bonus of CHF 20 000 for the CEO/CFO. No further compensation in shares or options of the group was granted.

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

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

	Financial year	Fixed salary	Variable salary	IPO bonus	Severance payment	Social benefits	Expenses	Total compensation
Mirjana Blume CEO&CFO ¹⁾	2010	227 400	20 000	0	0	27 397	5 400	280 197
	2009	218 420	0	0	0	21 452	5 400	245 272
Markus Kohler CTO since April 10	2010	101 255	0	0	0	11 974	3 600	116 829
	2009	0	0	0	0	0	0	0
Marc Ledergerber Former CFO	2010	94 667	0	0	0	10 570	1 042	106 279
	2009	94 658	0	0	0	10 678	937	106 273
Robert Kröni Former CEO	2010	0	0	0	0	0	0	0
	2009	39 511	0	27 000	100 000	15 994	4 576	187 081

¹⁾ Former CFO, appointed as CEO in March 2009.

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

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

Related parties transactions

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

Purchase of Service	2010	2009
An entity controlled by a board member	-	56 779

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

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

Statutory quorums

The General Shareholders' Meeting passes its resolutions and carries out its elections with an absolute majority of the share votes represented, to the extent that neither the law or Articles of Association provide otherwise.

Convocation of the General Shareholders' Meeting

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

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

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

Agenda

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

Changes of control and defense measures

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

9 Auditors

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

During the Annual General Shareholders' Meeting of May 9, 2008 PricewaterhouseCoopers AG was first appointed as auditors of Edisun Power Europe Ltd. and Edisun Power Group. They were elected following a diligent proposal process and mainly due to their level of competence, independence respectively reputational standing as one of the Big 4. Before that Ecovis ws&p AG was in charge of the statutory audit. PricewaterhouseCoopers was elected for a term of one year, with Patrick Balkanyi acting as lead auditor since then. In accordance with Swiss law, the maximum term the lead auditor can be in charge, amounts to seven years.

Fees

The following overview shows all cost which PricewaterhouseCoopers charged to the Edisun Power Group during the financial year 2010 and 2009 in CHF:

	2010	2009
Audit services	67 900	71 500
Total	67 900	71 500

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

Information instruments pertaining to the external audit

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

10 Information Policy

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

As a listed company, Edisun Power Europe Ltd. is committed to 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 the Management Board are subject to SIX rules on the disclosure of management transactions. These can be accessed on the SIX website (www.six-swiss-exchange.com).

The most important information tools are the annual and semi-annual reports, the website (www.edisunpower.com), the trimestrial news letter, media releases, meetings for financial analysts and investors, investor information events as well as the Annual General Shareholders' Meeting.

11 Financial Calendar

May 4, 2011

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

September 1, 2011

Publication of Semi-Annual Report as of June 30, 2011
Media and Analysts Information

April 2012

Publication of the Annual Report as of December 31, 2011
Media and Analysts Information

May 2012

Annual General Shareholders' Meeting of Edisun Power Europe Ltd.

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Consolidated Financial Statements of Edisun Power Europe Ltd.

Consolidated Balance Sheet

	Notes	31.12.2010	31.12.2009
Assets		TCHF	TCHF
Cash and cash equivalents	10	4 149	4 496
Trade receivables	9	1 222	754
Other receivables and current assets	9	2 345	4 109
Financial assets	8	248	215
Total current assets		7 964	9 574
Land, plants and equipment	6	57 713	60 580
Intangible assets	7	581	401
Deferred tax assets	15	1 945	1 496
Financial assets	8	1 238	1 707
Total non-current assets		61 477	64 184
Total assets		69 441	73 758
Liabilities and equity			
Borrowings	14	430	2 814
Trade payables	13	506	1 444
Other payables	13	910	1 210
Accrued cost		957	1 399
Income tax liabilities	20	258	213
Total current liabilities		3 061	7 080
Borrowings	14	42 762	35 112
Provisions	17	1 671	1 101
Pension fund liabilities	16	23	20
Deferred tax liabilities	15	180	106
Total non-current liabilities		44 636	36 339
Total liabilities		47 697	43 419
Share capital	12	34 158	34 158
Share premium		-310	-310
Other reserves		-10 239	-2 725
Accumulated deficits		-2 101	-1 067
		21 508	30 056
Non-controlling interests		236	283
Total equity		21 744	30 339
Total liabilities and equity		69 441	73 758

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

Consolidated Income Statement

	Notes	2010 TCHF	2009 TCHF
Revenues from:			
sale of electricity		5 252	4 280
sale of modules and systems	5	10 086	2 432
services and other income	5	365	415
Goods and services purchased			
Personnel expenses	18	-1 007	-1 254
Rental and maintenance expenses		-555	-265
Administration expenses		-894	-840
Advertising expenses		-101	-225
Other operating costs		-84	-304
Earnings before interest, taxes, depreciation and amortization (EBITDA)		2 920	2 145
Depreciation and amortization	6, 7	-2 132	-1 813
Impairment	6	-728	0
Operating profit (EBIT)		60	332
Net financial cost	19	-1 464	-547
Share of loss of associate	11	-25	-67
Net loss before income taxes		-1 429	-282
Income taxes	20	356	162
Net loss		-1 073	-120
attributable to shareholders of Edison Power Europe Ltd.		-1 034	-119
attributable to non-controlling interests		-39	-1
Earnings per share for loss attributable to the shareholders of Edison Power Europe Ltd. during the year (expressed in CHF per share):			
basic and diluted	21	-3.03	-0.35

Consolidated Statement of Comprehensive Income

Net loss for the year		-1 073	-120
Other comprehensive income:			
Currency translation differences		-7 514	-488
Related taxes		0	116
Total comprehensive income for the year		-8 587	-492
attributable to shareholders of Edison Power Europe Ltd.		-8 548	-491
attributable to non-controlling interests		-39	-1

Consolidated Cash Flow Statement

	Notes	2010 TCHF	2009 TCHF
Net loss		-1 073	-120
Reversal of non-cash items:			
Depreciation and amortization on plant, equipment, intangible assets and other assets		2 132	1 813
Impairment		728	0
Change in accruals and provisions		-438	1 622
Finance expense	20	1 464	547
Income tax income	21	-356	-162
Share of loss of associate	11	25	67
Profit on disposal of tangible assets		-171	0
Interest paid ¹⁾		-1 368	-794
Income taxes paid		-59	-1
Cash flow before working capital changes		884	2 972
Change in receivables and other assets		770	-319
Change in payables		-662	367
Cash flow from operating activities		992	3 020
Investments in plants and equipment ¹⁾		-8 977	-20 426
Disposal of tangible assets		2 029	0
Investments in intangible assets	7	-265	-167
Acquisition of shares in Valosun Edisun Power SAS	11	0	-1 500
Repayment from financial assets		34	29
Interest received		17	79
Change in receivable grants outstanding	6	23	-23
Cash flow from investing activities		-7 139	-22 008
Issuance of borrowings, net of transaction costs		8 931	9 079
Repayment of borrowings		-2 761	-310
Disposal of non-controlling interests of Yellow Hat Ltd.		0	54
Purchase of non-controlling interests of Edisun Power Ltd.		-8	-23
Cash flow from financing activities		6 162	8 800
Net change in cash and cash equivalents		15	-10 188
Cash and cash equivalents at the beginning of the year	10	4 496	14 689
Exchange losses on cash and cash equivalents		-362	-5
Cash and cash equivalents at the end of the year	10	4 149	4 496

¹⁾ Total interest paid TCHF 1'716 (2009: TCHF 1'388), of which TCHF 349 (2009: TCHF 594) capitalized within investments in plants and equipment.

Consolidated Statement of Changes in Equity

TCHF	Attributable to Equity Holders of the company					Non-controlling interests	Total Equity
	Share capital	Share premium	Treasury shares	Other reserves	Accumulated deficits		
1 January 2009	34 158	-310	0	-2 353	-948	142	30 689
Deferred taxes				116			116
Translation exchange				-488			-488
Comprehensive income				-372			-372
Net loss					-119	-1	-120
Total received income				-372	-119	-1	-492
Purchase non-controlling interests of Edisun Power Ltd.						-23	-23
Disposal non-controlling interests of Yellow Hat Ltd.						165	165
31 December 2009	34 158	-310	0	-2 725	-1 067	283	30 339
Translation exchange				-7 514			-7 514
Comprehensive income				-7 514			-7 514
Net loss					-1 034	-39	-1 073
Total received income				-7 514	-1 034	-39	-8 587
Purchase non-controlling interests of Edisun Power Ltd.						-8	-8
31 December 2010	34 158	-310	0	-10 239	-2 101	236	21 744

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

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

All amounts are in 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 the local electricity companies. Its subsidiaries own and operate locally the following photovoltaic facilities:

Edisun Power Ltd., Zurich	98.5 %
Edisun Power PLC, Sigmaringen (Germany)	100 %
Edisun Power Iberia S.A., Seville (Spain)	100 %
Edisun Power France SAS, Lyon (France)	100 %
Yellow Hat Ltd., Zurich	55.6 %
Edisun Power Finance Ltd., Zurich	100 %

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

The Company is listed on the SIX Swiss Exchange.

These Group consolidated financial statements were authorized for issue by the Board of Directors on March 28, 2011.

2. Summary of Significant Accounting Policies

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

2.1 Basis of Preparation of the Consolidated Financial Statements

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

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2010.

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', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after July 1, 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through

All amounts are in 000 CHF if not otherwise noted

the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and such transactions no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognized in profit or loss. There has been no impact of IAS 27 (revised) on the current period.

(b) Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning January 1, 2010, but are either not currently relevant or have no significance to the Group:

- IFRIC 17, 'Distributions of non-cash assets to owners'
- IFRIC 18, 'Transfers of assets from customers'
- IFRIC 9, 'Reassessment of embedded derivatives and IAS 31, Financial instruments: Recognition and measurement'
- IFRIC 16, 'Hedges of a net investment in a foreign operation'
- IAS 1 (amendment), 'Presentation of financial statements'
- IAS 36 (amendment), 'Impairment of assets'
- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions'
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'

(c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning January 1, 2010, and have not been early adopted:

IFRS 9, 'Financial instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until January 1, 2013, but is available for early adoption. The Group has yet to assess IFRS 9's full impact. The Group has not yet decided when to adopt IFRS 9.

Revised IAS 24, 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised IAS 24 is required to be applied beginning January 1, 2011.

'Classification of rights issues' (Amendment to IAS 32), issued in October 2009. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after February 1, 2010.

'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual

All amounts are in 000 CHF if not otherwise noted

periods beginning January 1, 2011. The amendments should be applied retrospectively to the earliest comparative period presented.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after July 1, 2010.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls a given entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The Group 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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the ac-

quisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this 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 between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

(b) Transactions and Non-controlling interests

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

(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.

All amounts are in 000 CHF if not otherwise noted

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 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 oper-

ates ('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-monetary items are translated using the exchange rate prevailing on the transaction date. Translation differences are recorded in the income statement.

(c) Group Companies

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

- (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 desig-

All amounts are in 000 CHF if not otherwise noted

nated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

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

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

	31.12.2010	Average 2010	31.12.2009	Average 2009
1 EUR	1.24645	1.3670	1.4877	1.51022

2.5 Land, Plants and Equipment

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

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

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

Plants	25 years
Furniture, fittings and equipment (FF&E)	3 – 5 years

The assets' residual values and useful lives have been reviewed at the balance-sheet date. The useful lives of plants have been increased to 25 years. This change has been funded in experienced date of the Company and new technical development.

At December 31, 2010, if the previous useful lives was applied, the depreciation was deferred by CHF 329 706.

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

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

2.6 Intangible Assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of

All amounts are in 000 CHF if not otherwise noted

subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

(b) Trademarks and Licences

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

2.7 Impairment of Non-Financial Assets

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

2.8 Financial Assets

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

Loans and Receivables

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

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

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

Effective as of January 1, 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).

All amounts are in 000 CHF if not otherwise noted

2.9 Trade Receivables

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

2.10 Cash and Cash Equivalents

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

2.11 Share Capital

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

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

2.12 Trade Payables and other Payables

Trade payables 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 re-

All amounts are in 000 CHF if not otherwise noted

lated deferred income tax asset is realized or the deferred income tax liability is settled.

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

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

2.15 Employee Benefits

(a) Pension obligations

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

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

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

Past-service costs are recognized immediately in income, unless the changes to the pension plan are conditional on a given 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. The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.16 Provisions

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

2.17 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in

All amounts are in 000 CHF if not otherwise noted

the ordinary course of the Group's activities. Revenue is shown net of value-added tax and after eliminating sales within the Group.

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

(a) Revenues from Sale of Electricity

The Group sells solar energy to local electricity firms. These sales are in general based on a long-term (20 to 25-year) fixed-price contract and recognized in the period the delivery took place. In Germany, the amount of the compensation is based on the German Renewable Energy Sources Act (EEG) dated 2000 and amended 2004, 2009 and 2010. In Spain the current regulatory framework is embodied in the Royal Decree 1578/2008 as well as in the RD 6/2009. The compensation in France is based on the Arrêté du 10 juillet 2006 as well as on the Decrees 2000-1196 and 2009-252.

(b) Revenues from Sale of Modules and Systems

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

If circumstances arise that may change the original esti-

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

(c) Interest Income

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

2.18 Leases

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

2.19 Dividend Distribution

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

3 Financial Risk Management Objectives, Policies and Capital Risk Management

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

All amounts are in 000 CHF if not otherwise noted

ing in the relevant foreign currencies.

(a) Market Risk

(i) Foreign Exchange Risk

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

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

At December 31, 2010, 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 36 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 values of fixed rate instruments refer to note 14.

(b) Credit Risk

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

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

	2010	2009
Zürcher Kantonalbank	500	2 744
Alternative Bank ABS	2 535	394
GLS Bank, Germany	277	814
Other	837	544
Total cash and cash equivalents	4 149	4 496

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

(d) Capital Risk Management

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

Company monitors its capital by means of the equity ratio.

	2010 CHF	2009 CHF
Equity	21 744	30 339
Total assets	69 441	73 758
Equity ratio in %	31.3	41.1

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

All amounts are in 000 CHF if not otherwise noted

4 Critical Accounting Estimates and Judgements

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

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

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

If the actual useful lives of plants and equipment with a 25-year depreciation period differs by five years from management's estimates, the yearly depreciation charge of such plants and equipment would be an estimated TCHF 316 higher or TCHF 211 lower.

(c) Income Tax

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

5 Segmental Information

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

The Board of Directors considers the business from a geographic perspective, except for the three Group companies Yellow Hat Ltd., Edisun Power Finance Ltd. and Edisun Power Europe Ltd. Yellow Hat Ltd is a buying syndicate founded in December 2008 in order to leverage procurement conditions with three other third-party solar players. Edisun Power Finance Ltd., founded in June 2010, is the Group's finance company and provides Group companies with the necessary debt financing. Edisun Power Europe Ltd provides services to local Group companies as well as construction support to third parties, which is neither a core business nor financially material. The Board assesses the performance of the operating segments based on a measure of earnings before interest, taxes, depreciation and amortization (EBITDA) as well as earnings before interest and taxes (EBIT). The segments at December 31, 2010, are:

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

The reported operating segments derive their revenue from the sale of solar power to local electricity companies and 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 December 31, 2010, are as follows:

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Eliminations	Group
Total segment revenue	2079	1397	1885	791	12106	1361	2108	0	21727
Inter-segment revenue	0	-249	0	0	-2321	-1346	-2108	0	-6024
Revenue from external customers	2079	1148	1885	791	9785	15	0	0	15703
EBITDA	1291	1062	1212	304	-42	-636	0	-271	2920
Impairment	0	-308	-78	-342	0	0	0	0	-728
Depreciation / amortization	-753	-403	-586	-310	0	-80	0	0	-2132
Segment profit / (loss) (EBIT)	538	351	548	-348	-42	-716	0	-271	60
Finance income / (cost) – net (note 19)	-357	-598	-848	-338	-81	872	0	-114	-1464
Share of loss of associate	0	0	0	-25	0	0	0	0	-25
Profit / (loss) before income tax	181	-247	-300	-711	-123	156	0	-385	-1429
Income tax income / (expense)	-105	61	30	306	26	0	0	38	356
Profit / (loss) for the year	76	-186	-270	-405	-97	156	0	-347	-1073

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	EPFin	Group
Revenue	167	328	4	152	9785	15	0	10451
Goods purchased	-137	-53	0	-229	-9723	0	0	-10142

All amounts are in 000 CHF if not otherwise noted

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

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Eliminations	Group
Total segment revenue	1911	6872	2078	120	9297	1319	0	0	21 597
Inter-segment revenue	0	-5890	0	0	-7244	-1336	0	0	-14 470
Revenue from external customers	1911	982	2078	120	2053	-17	0	0	7127
EBITDA	1197	692	1285	-489	7	-723	0	176	2145
Depreciation	-773	-379	-193	-207	0	-19	0	-242	-1813
Segment profit / (loss) (EBIT)	424	313	1092	-696	7	-742	0	-66	332
Finance income / (cost) – net (note 19)	-479	-328	-754	-123	-3	884	0	256	-547
Share of loss of associate	0	0	0	-67	0	0	0	0	-67
Profit / (loss) before income tax	-55	-15	338	-886	4	142	0	190	-282
Income tax income / (expense)	12	-20	-86	245	-1	-30	0	42	162
Profit / (loss) for the year	-43	-35	252	-641	3	112	0	232	-120

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

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Group
Revenue	0	95	284	0	2053	0	0	2432
Goods purchased	0	-89	-95	0	-1910	0	0	-2094

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

No individual external customer generated 10% or more of the total revenue.

All amounts are in 000 CHF if not otherwise noted

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

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

Year ended December 31, 2009	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Group
Impairment (note 6)	0	0	0	0	0	0	0	0
Impairment of goodwill (note 7)	0	0	0	0	0	0	0	0

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

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

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

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

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

The segment assets and liabilities at December 31, 2009, and capital expenditure for the year then ended are as follows:

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Eliminations	Group
Non-current segment assets	14 549	14 244	19 256	14 184	0	56 657	0	-56 202	62 688
Segment liabilities	13 026	14 531	21 186	14 261	320	29 271	0	-49 176	43 419
Capital expenditures	921	4 659	7 387	8 494	0	207	0	0	21 668

All amounts are in 000 CHF if not otherwise noted

6 Land, Plants and Equipment

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

At December 31, 2010

Cost or valuation	1 190	61 552	99	62 841
Accumulated depreciation	0	-5 041	-87	-5 128
Net book amount	1 190	56 511	12	57 713

Year ended December 31, 2009

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 charge	0	-1 788	-25	-1 813
Closing net book amount	1 421	59 126	33	60 580

At December 31, 2009

Cost	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

The Company issued invoices for grants of TCHF 0 in financial year 2010 (2009: TCHF 260).

The amount of assets under construction included in PV plants in 2010 is TCHF 8 266 (2009: TCHF 17 665).

Third-party loans are secured by PV plants belonging to the Group. See note 14.

In 2010 borrowing costs of CHF 0.3 million (2009: CHF 0.6 million) were capitalized. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 4.25% (2009: 4.25%).

An impairment of CHF 0.7 million (2009: CHF 0) was booked in 2010. This was occasioned by stopped projects in Spain and France and the impairment of photovoltaic components bought in prior years for use on new projects.

All amounts are in 000 CHF if not otherwise noted

7 Intangible Assets

	Goodwill	Contracts	Other	Total
Year ended December 31, 2010				
Opening net book amount	148	38	215	401
Exchange differences	-16	0	0	-16
Additions	0	21	244	265
Disposals	0	0	0	0
Amortization	0	-1	-68	-69
Closing net book amount	132	58	391	581
At December 31, 2010				
Cost	132	62	523	717
Accumulated depreciation	0	-4	-132	-136
Net book amount	132	58	391	581
Year ended December 31, 2009				
Opening net book amount	148	38	51	237
Exchange differences	0	0	0	0
Additions	0	0	167	167
Disposals	0	0	0	0
Amortization	0	0	-3	-3
Closing net book amount	148	38	215	401
At December 31, 2009				
Cost	148	41	279	468
Accumulated amortization	0	-3	-64	-67
Net book amount	148	38	215	401

Other includes capitalized software expenses.

All amounts are in 000 CHF if not otherwise noted

Impairment Test for Goodwill

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

	2010	2009
Switzerland	80	80
Germany	52	68
Total	132	148

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	5.73% (2009: 5.31%)
Germany	5.97% (2009: 6.1%)

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

As of December 31, 2010, the impairment test did not indicate that goodwill is impaired and no impairment charge was recorded. The revenue growth rate of PV plants under operation amounts to 0%.

The Group has also performed a sensitivity analysis. Based on the business model, the main impact comes from the discount rate. The WACC had accordingly been amended such that the interest rate for borrowing has increased and decreased of 0.5. 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

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

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

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

December 31, 2010	Other financial liabilities	Total
Liabilities as per balance-sheet		
Borrowings incl. straight bonds	43 192	43 192
Total	43 192	43 192

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

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

December 31, 2009	Other financial liabilities	Total
Liabilities as per balance sheet		
Borrowings incl. straight bonds	37 926	37 926
Total	37 926	37 926

¹⁾ The gross finance lease receivable amounts to TCHF 25 (2009: TCHF 56), including TCHF 1 (2009: TCHF 4) future finance income.

The present value thus amounts to TCHF 24 (2009: TCHF 52). The net investment in finance lease not later than one year amounts to TCHF 25 (2009: TCHF 31); gross finance lease receivable TCHF 26 (2009: TCHF 34). The remaining balances of the net investment in finance lease of TCHF 0 (2009: TCHF 25) are between one year and two years (gross finance lease receivable TCHF 0 (2009: TCHF 26)).

All amounts are in 000 CHF if not otherwise noted

The following table shows the contractual liquidity analysis:

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

At December 31, 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
Total	4 266	2 814	325	18 509	16 278

9 Trade and Other Receivables

	2010	2009
Trade receivables	1 291	754
Other receivables and current assets	2 345	4 175
Other receivables from related parties	0	0
Less: provision for impairment of trade receivables	-69	-66
Trade and other receivables – net	3 567	4 863
Current portion	3 567	4 863

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

	2010	2009
Trade receivables	1 222	754
Other receivables and current assets	2 345	4 109
Total	3 567	4 863

All amounts are in 000 CHF if not otherwise noted

Trade receivables less than three months past due are not considered impaired. As of December 31, 2010, trade receivables of TCHF 455 (2009: TCHF 444) 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:

	2010	2009
undue	767	310
up to 3 months	311	383
greater 3 months	144	61
Total	1 222	754

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

	2010	2009
CHF	334	806
EUR	888	4 057
Total	1 222	4 863

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

	2010	2009
Cash and cash equivalents	4 149	4 496
Total	4 149	4 496

All amounts are in 000 CHF if not otherwise noted

11 Investment in Associate

	2010	2009
Beginning of the year	1 433	0
Founding of subsidiary	0	1 500
Exchange differences	-250	0
Share of loss	-25	-67
Total	1 158	1 433

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

Name and percentage	Country of incorporation	Assets	Liabilities	Revenue	Loss
2010					
Valosun Edisun Power France SAS	France	1 901 263	29 746	41	-129 483
2009					
Valosun Edisun Power France SAS	France	2 019 150	107 398	640	-89 248

12 Share Capital

	Number of ordinary shares issued	Number of ordinary shares outstanding
At January 1, 2009	341 576	341 576
Sale of treasury shares	0	0
Capital increase	0	0
At December 31, 2009	341 576	341 576
Sale of treasury shares	0	0
Capital increase	0	0
At December 31, 2010	341 576	341 576

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.

The total authorized number of ordinary shares as at December 31, 2010, is 341 576 (2009: 341 576) with a par value of CHF 100 per share (2009: CHF 100 per share).

The weighted average number of outstanding shares is 341 576 shares (2009: 341 576 shares).

b) Authorized Capital

The Company's authorized share capital in the amount of TCHF 3 000 resolved at the General Meeting of May 9, 2008, was cancelled by resolution of the Annual General Meeting of May 9, 2010.

c) Conditional Capital

The company had no conditional capital outstanding on 31 December 2010.

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 the incremental costs of TCHF 1 890, net of tax. The incremental cost includes only third-party expenses with respect to the listing and capital increase (net of tax). No internal expenses from management etc. were included in this cost. This internal cost has been charged to the income statement as incurred.

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) Non-Controlling Interests

In 2010, Edisun Power Europe Ltd. acquired a 0.2% (2009: 0.6%) share in Edisun Power Ltd. from its non-controlling interest. The purchase price was paid in cash.

All amounts are in 000 CHF if not otherwise noted

13 Trade and Other Payables

	2010	2009
Trade payables	506	1 444
Value added taxes	605	1 135
Social security and other taxes	137	39
Other	168	36
Total	1 416	2 654

14 Borrowings

	2010	2009
Current		
Loans from third party	430	325
Straight bonds from third party	0	2 489
Total current borrowings	430	2 814
Non-current		
Loans from third party	4 644	2 243
Loans from shareholder	0	0
Straight bonds from third party	38 118	32 869
Total non-current borrowings	42 762	35 112

Loans

Total borrowings include secured liabilities (loans) of TCHF 24 375 (2009: TCHF 28 858). 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 7 143 and TCHF 7 143 respectively net of tax (2009: TCHF 548 and TCHF 432 respectively).

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

	2010	2009
< 1 year	430	2 814
1–5 years	24 082	20 752
> 5 years	18 680	14 360
Total	43 192	37 926

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

	2010	2009
CHF	39 697	36 528
EUR	3 495	1 398
Total	43 192	37 926

The Group has the following undrawn credit facilities:

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

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 2010 in 000 CHF
4.0% 2003 – 2013 (CHF)	1 720	1 762	1 720
4.0% 2004 – 2014 (CHF)	2 015	2 052	2 015
5.0% 2004 – 2014 (EUR)	450	570	561

Edisun Power Europe Ltd.	Nominal value in 000 local currency	Fair value in 000 CHF	Bookvalue 2010 in 000 CHF
3.75% 2007 – 2012 (CHF)	3 855	3 925	3 855
4.25% 2007 – 2015 (CHF)	3 280	3 339	3 280
4.50% 2007 – 2019 (CHF)	4 810	4 682	4 810
3.75% 2008 – 2012 (CHF)	1 125	1 146	1 125
4.25% 2008 – 2015 (CHF)	1 730	1 761	1 730
4.50% 2008 – 2019 (CHF)	4 540	4 420	4 540
4.25% 2009 – 2014 (CHF)	9 125	9 373	9 125
3.75% 2010 – 2016 (CHF)	5 825	5 721	5 825

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:

	2010	2009
To private persons (associates and third party)	638	511
To banks	206	6 894
To bond-holders	23 137	20 776
To firms and foundations	394	677
Total	24 375	28 858

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:

	2010	2009
Beginning of the year	1 390	1 037
Income statement credit	434	252
OCI statement credit	0	116
Foreign exchange difference	-59	-15
Net deferred tax assets at end of year	1 765	1 390

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

	2010	2009
Finance liability	0	0
Tax loss carry-forwards	1 945	1 496
Total deferred income tax assets	1 945	1 496
Plants and equipment	-180	-98
Intangible assets	0	-8
Total deferred income tax liability	-180	-106
Net deferred income tax asset	1 765	1 390

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:

	2010	2009
Deferred tax asset	1 945	1 496
Deferred tax liability	-180	-106

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 1 945 (2009: TCHF 1 496) related to tax loss carry-forward.

As of December 31, 2010 the group has unrecognized tax losses with an amount of TCHF 7 375. The respective deferred income tax assets with the applicable tax rate of 21.17% would be TCHF 1 561.

16 Pension Fund Liabilities

	2010	2009
Pension costs of pension plans are presented below:		
Current service costs	46	23
Interest cost on projected defined benefit obligation	25	23
Expected return on plan assets	-21	-18
Actuarial gains	0	3
Total pension costs	50	31

All amounts are in 000 CHF if not otherwise noted

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

	2010	2009
Present value of funded obligations:		
Balance at beginning of the year	858	591
Current service cost	46	23
Interest cost	25	23
Plan participants contributions	46	45
Actuarial (gain) / loss	-36	-22
Benefits received / (paid)	-231	198
Defined benefit obligation at the end of the year	708	858
Fair value of plan assets:		
Balance at beginning of the year	767	460
Expected return on plan assets	21	18
Employer contribution	46	45
Plan participants contributions	46	45
Actuarial gain / (loss) losses	-30	1
Benefits received / (paid)	-230	198
Fair value of plan assets at end of year	620	767
Defined benefit obligations in excess of plan assets	88	91
Unrecognized actuarial losses	-65	-71
Liability in the balance sheet	23	20

All amounts are in 000 CHF if not otherwise noted

Actuarial assumptions (in %)	2010	2009
Discount Rate	3.00	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 21 (2009: TCHF 19). 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 2011 Edisun Power Europe Ltd. expects to pay ordinary employer contributions of TCHF 46 (2009: TCHF 45) into the pension plan.

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

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

All amounts are in 000 CHF if not otherwise noted

17 Provisions for Other Liabilities and Charges

	2010	2009
Provision for dismantling		
At beginning of the year	1 101	741
Additions	652	360
Foreign exchange difference	-82	0
At end of the year	1 671	1 101

Provisions for dismantling PV plants after termination of the contract with the owner (generally 20 – 25 years after construction of the PV plant) are based on future estimated costs discounted at a rate of 5% (2009: 5%).

18 Personnel Expenses

	2010	2009
Wages and salaries	726	1 045
Social security costs	183	166
Pension costs – defined benefit plans	51	16
Other personnel costs	47	27
Total	1 007	1 254
Number of employees	13	9

19 Financial Income and Expenses

	2010	2009
Finance cost		
- Borrowings third party	-76	-72
- Straight bonds	-1 406	-989
Finance income		
- Interest income on loans	17	118
Foreign exchange losses	1	396
Net finance cost	-1 464	-547

20 Income Tax Expenses

	2010	2009
Current tax expense	78	90
Deferred tax expense / (income)	-434	-252
Total income tax expenses	-356	-162

The applicable tax rate was 21.17% (2009: 21.17%).

All amounts are in 000 CHF if not otherwise noted

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:

	2010	2009
Loss before income tax expense	-1 429	-282
Income tax rate	21%	21%
Income tax income at the expected income tax rate	-300	-59
Reconciliation to the effective income tax expense:		
Effect of applicable different tax rates in countries in which the group operates	-74	-96
Other effects	18	-7
Total income tax income	-356	-162

The impact on the effective tax rate is mainly related to the various profit and loss and 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).

	2010	2009
Loss attributable to equity holders of the Group	-1 034	-119
Weighted average number of ordinary shares outstanding	341 576	341 576
Basic and diluted earnings per share (CHF per share)	-3.03	-0.35

22 Dividends per Share

No dividends were paid out in 2010 and 2009.

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

As of December 31, 2010, the Company had no outstanding commitments to buy solar modules compared to CHF 4.05 million (EUR 2.7 million) in 2009.

25 Acquisition and Disposals of Non-controlling Interests

The Company has acquired a further 0.2% of Edisun Power Ltd. and as of December 31, 2010, holds 98.5% of Edisun Power Ltd.'s shares. The shareholders of Edisun Power Ltd. 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.

26 Related-Party Transactions

The following transactions were carried out with related parties:

	2010	2009
(a) Purchase of services		
Purchase of services		
an entity controlled by a board member	0	57
Total purchase of service	0	57

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

	2010	2009
(b) Key management and board compensation		
Salaries and other short-term employee benefits	453	583
Social benefits (employer's contribution)	50	51
Termination benefits	0	100
Total compensation	503	734

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

Payables to related parties:		
Entity controlled by a board member	0	8
Total balance	0	8

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.

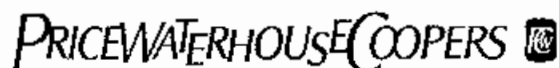
A detailed overview of the compensation of the Board of Directors and Management Board may be found in the notes to the statutory financial statement of Edisun Power Europe Ltd.

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

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



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Report of the statutory auditor
 to the general meeting of
 Edison 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 Edison 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 2010.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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



Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

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

Patrick Balkanyi
Audit expert
Auditor in charge

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

Reto Gall
Audit expert

Zurich, 28 March 2011

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	31.12.2010 TCHF	31.12.2009 TCHF
Assets			
Cash and cash equivalents		2 740	2 118
Trade receivables			
Third parties		46	82
Group companies		29	488
Other receivables			
Third parties		281	452
Group companies		3 842	925
Other current assets		51	14
Total current assets		6 989	4 079
Investments in subsidiaries and associates	1	9 846	8 235
Plants and equipment		31	33
Intangible assets		634	375
Financial assets			
Group companies	3	41 960	47 350
Total non-current assets		52 471	55 993
Total assets		59 460	60 072
Liabilities and equity			
Trade payables			
Third parties		166	229
Group companies		0	15
Other payables			
Third parties		238	0
Group companies		774	0
Accrued expenses		746	776
Provisions		200	191
Total current liabilities		2 124	1 211
Borrowings	2	34 280	28 455
Total non-current liabilities		34 280	28 455
Total liabilities		36 404	29 666
Share capital		34 158	34 158
Share premium		1 367	1 367
Accumulated deficits		-12 469	-5 119
Total equity		23 056	30 406
Total liabilities and equity		59 460	60 072

The notes are an integral part of these financial statements.

Statutory Income Statement

	Notes	31.12.2010 TCHF	31.12.2009 TCHF
Revenue from goods and services		1359	1277
Other revenue		2	42
Personnel expenses		-1099	-1216
Rental and maintenance expenses		-70	-95
Administration expenses		-488	-483
Advertising expenses		-100	-191
Other cost		-12	-50
Earnings before interest, tax, depreciation and amortisation (EBITDA)		-408	-716
Depreciation and amortisation		-80	-19
Earnings before interest and tax (EBIT)		-488	-735
Financial income, net		893	903
Impairment on intercompany borrowings	3	-7696	0
Extraordinary income, net		0	31
Net profit / (loss) before tax		-7291	199
Income taxes		-59	-52
Net profit / (loss)		-7350	147

The notes are an integral part of these financial statements.

Notes to the Statutory Financial Statements as per December 31, 2010

1 Investments

	Capital	Signed	31 December 2010		31 December 2009	
			Share	CHF	Share	CHF
Investment Edisun Power Ltd.	CHF 2 634 000	100%	98.5%	3 898 473	98.3%	3 883 473
Investment Yellow Hat Ltd.	CHF 500 000	100%	55.6%	277 800	55.6%	277 800
Investment Edisun Power Finance Ltd.	CHF 100 000	100%	100.0%	100 000	0.0%	0
Investment Edisun Power Iberia SA	EUR 61 000	100%	100.0%	90 817	100.0%	90 817
Investment Edisun Power PLC	EUR 750 000	100%	100.0%	1 603 182	100.0%	1 603 182
Investment Edisun Power France SAS	EUR 2 800 000	100%	100.0%	3 876 115	100.0%	2 380 375
Total Investment				9 846 387		8 235 647

The Spanish companies are located in Bormujos, Sevilla, the French company in Lyon and the German company in Sigmaringen. The objectives of these companies are the financing, construction and operation of solar plants.

2 Straight Bonds

	31.12.2010	31.12.2009
	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	1 125 000
4.25% Bond 2008 - 2015	1 720 000	1 720 000
4.50% Bond 2008 - 2019	4 540 000	4 540 000
4.25% Bond 2009 - 2014	9 125 000	9 125 000
3.75% Bond 2010 - 2016	5 825 000	0
	34 280 000	28 455 000

3 Impairment of intercompany borrowings

	31.12.2010 CHF	31.12.2009 CHF
Loans to group companies (gross amount)	49 655 955	47 350 465
Impairment	-7 696 217	0
Loans to group companies (net amount)	41 959 738	47 350 465

As at December 31, 2010, the exchange rate used for EUR/CHF was 1.24645. If the currency had weakened/strengthened by 5% against the Euro the impairment would have been CHF 1.818m higher or 1.909m lower.

4 Fire insurance value of fixed assets

	31.12.2010 CHF	31.12.2009 CHF
	100 400	20 000

5 Sureties, guarantees and pledges given on behalf of third parties

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

Beneficiary	31.12.2010 CHF	31.12.2009 CHF
Bondholders	18 732 342	20 054 261
	18 732 342	20 054 261

	31.12.2010 CHF	31.12.2009 CHF
Joint security given in order to secure a bank financing for Edisun Power France SAS	6 705 000	0
	6 705 000	0

6 Significant shareholders

Significant shareholders and their direct holdings	31.12.2010 in %	31.12.2009 in %
New Energies Invest AG	0%	17%
Multina AG	12%	0%
Coopera Sammelstiftung	3%	3%

7 Own Shares

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

8 Pension Fund

	31.12.2010 CHF	31.12.2009 CHF
Pension fund liabilities	0	0

9 Risk Policy

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

All identified risks are qualified and quantified (according to their realization probability and impact). This risk overview is neutral as to the annual discussion process within the Group's Board of Directors and Audit Committee. The permanent observation and control of the risks is a management objective.

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

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

Board of Directors

	Financial year	Fixed fee	Social benefits (employer's contribution)	Total cash compensation
Heinrich Bruhin Chairman ¹⁾	2010	31 500	1 906	33 406
	2009	22 500	1 361	23 861
Pius Hüsler Member ²⁾	2010	40 000	0	40 000
	2009	73 000	0	73 000
Peter Toggweiler Vice-Chairman	2010	22 667	0	22 667
	2009	20 000	0	20 000
Dominique Fässler Member	2010	23 500	0	23 500
	2009	15 000	0	15 000
Georg Fankhauser Member (until 2010)	2010	0	0	0
	2009	23 750	0	23 750
Giuseppina Togni Member (until 2010)	2010	7 500	0	7 500
	2009	23 750	1 436	25 186
Christian Androschin Member (until 2010)	2010	10 333	0	10 333
	2009	15 000	0	15 000

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

²⁾ Former Chairman until August 2010

Management Board

	Financial year	Fixed fee	Incentive	Expenses	Social benefits (employer's contribution)	Total compensation
Mirjana Blume CEO ¹⁾	2010	227 400	20 000	5 400	27 397	280 197
	2009	218 420	0	5 400	21 452	245 272
Markus Kohler CTO (since April 2010)	2010	101 255	0	3 600	11 974	116 829
	2009	-	0	0	0	0
Marc Ledergerber CFO (08.2009 – 05.2010)	2010	94 667	0	1 042	10 570	106 279
	2009	94 658	0	937	10 678	106 273
Robert Kröni Former CEO ²⁾	2010	0	0	0	0	0
	2009	39 511	127 000	4 576	15 994	187 081

¹⁾ Former CFO, appointed as CEO in March 2009

²⁾ Incentive 2009 IPO CHF 27 000 / termination payment CHF 100 000

Compensation (in CHF)

	31.12.2010	31.12.2009
Total compensation of members of the Board of Directors	137 406	195 797
Total compensation of the Management Board	503 305	538 626

Highest Total Compensation (in CHF)

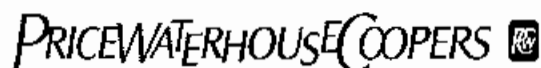
	31.12.2009	31.12.2009
Board of Directors: Pius Hüsser (in CHF)	40 000	73 000
Management Board: Mirjana Blume a cash payment of CHF	280 197	245 272

11 Shares owned by Board of Directors and Management Board

Board of Directors	2010	2009
Heinrich Bruhin	1 625	1 625
Peter Toggweiler through Enecolo	2 535	2 235
Pius Hüsser	1 262	1 062
Giuseppina Togni (until May 2010)	0	200
Total	5 422	5 122

Management Board

Mirjana Blume	400	400
Total	400	400



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

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Edison Power Europe AG, which comprise the balance sheet, income statement and notes (pages 62 to 70), for the year ended 31 December 2010

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 2010 comply with Swiss law and the company's articles of incorporation.



Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Handwritten signatures of Patrick Balkanyi and Reto Gall in black ink.

Patrick Balkanyi
Audit expert
Auditor in charge

Reto Gall
Audit expert

Zurich, 28 March 2011

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

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