Financial Statements 2012
Corporate Governance Report 2012

Edisun Power Europe Ltd.

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Editorial

In comparison with 2011, the Edisun Power Group achieved a 27% increase in electricity production and revenue growth of 20%. Extraordinary events, however, affected the annual result adversely. The Board of Directors has initiated realignment of the business.

In the financial year 2012, the Edisun Power Group achieved electricity production of 14.4 million kWh, representing an increase of 27% (2011: 11.3 million kWh). Revenue rose by 20% to CHF 8.22 million (2011: CHF 6.86 million). Earnings before interest, tax, depreciation and amortization (EBITDA) rose, despite a difficult environment, by 8% to CHF 3.97 million (2011: CHF 3.68 million). Revenues from the sale of electricity increased operating cash flow by 24% to CHF 2.40 million (2011: CHF 1.94 million). 70% of electricity yields were achieved abroad (2011: 62%). Two new plants in Spain increased the installed capacity by 25% to 14.9 megawatts (2011: 11.7 MW). Extraordinary events led to an unsatisfactory net result of CHF -2.62 million (2011: CHF -0.92 million).

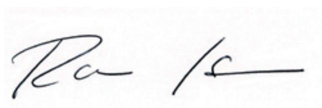
Adverse events

One-off events due to new conditions for solar power subsidies in Spain and France had a negative impact on the result. In Spain, as a moratorium on solar power feed-in tariffs took effect and a new energy tax was introduced in 2013, an impairment charge of CHF 0.9 million had to be taken on land belonging to the Edisun Power Group. In France, due to a quota-auctioning procedure introduced in 2012, new plants could not be built. High administrative costs (CHF 0.2 million) for consulting services in connection with the consolidated financial statements also had a negative impact on the result. A provision of CHF 0.3 million was necessary for a potential legal case. Other provisions and accruals due to business realignment had a negative impact of CHF 0.6 million. Overall, this resulted in a negative EBIT of CHF -0.29 million (2011: CHF 1.02 million).

Realignment initiated

The Board of Directors of Edisun Power Group reacted to the unsatisfactory situation at the end of 2012, paved the way for a new direction and determined the measures to be taken in 2013. Annual cost savings will amount to around CHF 1 million. Edisun Power will concentrate on the acquisition of existing facilities and will no longer develop new photovoltaic projects for the time being. The organizational structure and the composition of the Board should be adapted to the changing conditions, and labor costs will be reduced by around 50%. Furthermore, Edisun Power is working on shifting investment financing from CHF into EUR. In addition, a proposal will be made to the General Assembly to eliminate the existing deficit balance by means of a reduction in share capital with the nominal value of the shares being reduced to CHF 52.55. The sale of assets will be prepared as an option for the purposes of portfolio optimization.

By the end of March 2013, Edisun Power was able to initiate cost savings of over CHF 0.6 million. These initiatives will achieve their full positive impact from 2014. The plants brought into operation in Spain in 2012 will permit further increases in revenue in 2013. A solid liquidity base allows the Edisun Power Group to respond quickly and to buy interesting plants that come onto the market. By means of the measures introduced by the Board as part of the business realignment, long-term profitability will improve in 2014, which is expected to allow a return of capital to shareholders.



Rainer Isenrich
CEO and CFO, Edisun Power Group

Content

Corporate Governance Report 2012

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

Corporate Governance describes how management is organized and how it operates. Ultimately it contributes to our success by protecting the interests of our shareholders while at the same time creating value for all stakeholders. The Board of Directors 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 an 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	**2012**	**2011**	**2010**
Ordinary share capital (in CHF)	34 157 600	34 157 600	34 157 600
Total shares	341 576	341 576	341 576

Significant Shareholders as of December 31

	2012 Number of Shares	2012 in %	2011 in %
Eberhard Martin	36 091	10.6 %	10.6 %
Nef Hans	16 730	4.9 %	-
Coopera Sammelstiftung PUK	10 750	3.1 %	3.1 %

Auditors

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

Compensation in CHF

	2012
Total compensation of the Board of Directors	139 167
Total compensation of the Management Board	501 103

Highest total compensation in CHF

	2012
Board of Directors: Heinrich Bruhin	51 000
Management Board: Rainer Isenrich	290 353

Shareholders' participation rights

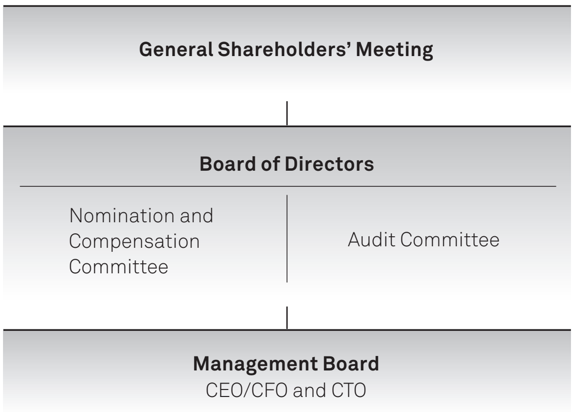
- Each ordinary share that has been registered, bears one voting right at the General Shareholders' Meeting and is entitled to dividend payments.
- Extraordinary Shareholders' Meetings are convened by the Board of Directors if shareholders representing at least 10 % of the share capital request such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

2 Group Structure

Operational Group structure

The headquarters of Edisun Power Group is in Zurich, Switzerland. Group subsidiaries operate in Switzerland, Germany, Spain and France. Edisun Power Europe Ltd. is the parent company and is listed on the main segment of the SIX Swiss Exchange.

The following chart shows the operational Group structure as of December 31, 2012:



Listed companies

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

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

	2012	2011	2010
Market capitalization (in CHF m)	14	20	19
As a % of equity	91.70 %	106.26%	89.54 %
Share price (in CHF)	42.00	58.00	57.00

Registered office:	8006 Zurich, Switzerland
Listing:	SIX Swiss Exchange
Valor number:	2 473 640
ISIN:	CH0024736404
Ticker symbol:	ESUN
Nominal value:	CHF 100.00

Non-listed companies

The following organizational chart shows all the companies of the Edisun Power Group as of December 31, 2012 (registered office, share capital in local currency and share of ownership in %):

In TCHF / TEUR

- **Edisun Power Europe Ltd.** (Zurich, Switzerland)
  - **Edisun Power Finance Ltd.** (Zurich, Switzerland) TCHF 100 100 %
  - **Edisun Power Ltd.** (Zurich, Switzerland) TCHF 2634 100 %
  - **Edisun Power PLC** (Sigmaringen, Germany) TEUR 750 100 %
    - **PV Hörselgau Beteiligungs UG** (Sigmaringen, Germany) TEUR 1 100 %
      - **PV Hörselgau UG & Co. KG** (Sigmaringen, Germany) TEUR 1 100 %
  - **Edisun Power Iberia S. A.** (Alella/Barcelona, Spain) TEUR 61 100 %
    - **Edisun Power Iberia Beta S. A.** (Alella/Barcelona, Spain) TEUR 61 100 %
    - **Edisun Power Iberia Gamma S. A.** (Alella/Barcelona, Spain) TEUR 61 100 %
    - **Edisun Power Iberia Delta S. A.** (Alella/Barcelona, Spain) TEUR 61 100 %
    - **Edisun Power Iberia Epsilon S. A.** (Alella/Barcelona, Spain) TEUR 61 100 %
    - **Salinas Energia Solar S. L.** (Alella/Barcelona, Spain) TEUR 20 100 %
    - **Cortadeta Fotovoltaica S. L.** (Alella/Barcelona, Spain) TEUR 3.1 100 %
    - **Sol de Tilla, S. L.** (Alella/Barcelona, Spain) TCHF 3.1 100%
  - **Edisun Power France SAS** (Lyon, France) TEUR 2800 100 %

Yellow Hat Ltd. (Zurich, Switzerland) TEUR 500, 55.6%, a subsidiary of Edisun Power Europe Ltd., was merged into Edisun Power Ltd. as of December 17, 2012.

3 Shareholders

Registered shareholders

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

Number of shares held	2012	2011
1 – 100	676	707
101 – 1 000	501	523
1 001 – 10 000	24	26
10 001 – 100 000	3	2
Total registered shareholders	**1 204**	**1 258**

Significant shareholders

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

	2012 Number	2012 in %	2011 in %
Eberhard Martin	36 091	10.6 %	10.6 %
Nef Hans	16 730	4.9 %	-
Coopera Sammelstiftung PUK	10 750	3.1 %	3.1 %
Registered shareholders with interests below 3 %	236 734	69.3 %	76.8 %
Not registered	41 271	12.1 %	9.5 %
Total shares	**341 576**	**100.0 %**	**100.0 %**

The following significant shareholder notifications occurred during 2012:

- May 12, 2012, Hans Nef acquired shares in Edisun Power and had a new total of 10 980 shares (3.22 %).

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	2012	2011
Individual shareholders	79 %	80 %
Legal entities	6 %	7 %
Nominees, fiduciaries	3 %	4 %
Not registered	12 %	9 %
Total	**100 %**	**100 %**

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

Origin	2012	2011
Switzerland	86 %	88 %
Europe (ex Switzerland)	2 %	2 %
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, 2012 the capital of Edisun Power Europe Ltd. comprised the following:

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

Authorized and conditional capital

Edisun Power Europe Ltd. had no authorized and no conditional capital.

Changes in capital

The capital of Edisun Power Europe Ltd. was unchanged in 2012:

Changes in share capital	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Ordinary share capital (in CHF)	34 157 600	34 157 600	34 157 600	34 157 600	34 157 600	13 839 100	5 624 500
Total shares	341 576	341 576	341 576	341 576	341 576	138 391	56 245
Authorized capital (in CHF)	-	-	-	3 000 000	3 000 000	-	-
Authorized shares	-	-	-	30 000	30 000	-	-

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

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

Granting exceptions in the year under review

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

Admissibility of nominee registration

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

Legal entities and associations that are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships that act in concert, syndicate or in like manner with the intent to evade the entry restriction, are considered as one nominee within the meaning of this article.

Procedures and conditions for cancelling statutory privileges and limitations on transferability

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

Convertible bonds and warrants/options

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

5 Board of Directors

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

Heinrich Bruhin, Chairman of the Board

born 1948, Swiss national
non-executive member

Heinrich Bruhin has been committed to Edisun since its foundation in 1997, serving as a member of the Board of Directors of Edisun Power Ltd. since 2000, and as Chairman of the Board since 2003. A founding member of Edisun Power Europe Ltd. (founded in 2005), he is a member of the Board of Directors and has been Chairman of the Board of the entire Group since August 2010. His training as an electrical engineer (dipl. Elektroingenieur FH from the University of Applied Sciences in Zurich) and experience he gained in his earlier career at Sulzer and at the SIX Group (formerly Telekurs) from 1989 to 2007 have given him extensive experience in the planning, construction and operation of complex structures and energy facilities. Since 1997 he has been a member of the foundation board of the SIX Group, and has spent seven years as its president. In addition, he has been a member of the investment committee since 1997, which currently has assets under management of more than one billion Swiss francs.

Giatgen Peder Fontana, Vice-Chairman of the Board

born 1950, Swiss national
non-executive member

Giatgen Peder Fontana has been a member of the company's Board of Directors since 2012. He holds a Ph.D. in law (Dr. iur.). He has been the owner of Fontana Projects LLC since 1998 and holds various consulting and board membership mandates. He is a past President of Öbu, the Swiss association for environmentally conscious management, and is President and a foundation board member of myclimate, a non-profit foundation to implement climate protection measures. He worked as CEO for the Rivella Group and he was a member of the Group Management at

Ricola in charge of sales and marketing. He served as Chairman of the Board of Directors of Mobility Carsharing for a period of 12 years. He is an active politician as a member of parliament of the canton of Grisons (Switzerland) and lectures on aspects of marketing at various universities, including the University of St. Gallen.

Peter Toggweiler, Member of the Board

born 1956, Swiss national
non-executive member

Peter Toggweiler is one of the founders of the Group. As an electronics 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 more than 25 years. He has worked for Basler & Hofmann AG, one of the leading engineering offices in Switzerland since 2009. His experience ranges from research and development to planning, conceptual work and strategy. He has been active in Switzerland, Europe, America and Asia, working on projects for the World Bank, the EU, IEA (International Energy Agency) and other international organizations. Since 2008 he has been 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 a 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 was 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 longstanding 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, and a Swiss representative of the IEA Photovoltaic Power Systems Programme (PVPS).

Martin Eberhard, Member of the Board

born 1958, Swiss national
non-executive member

Martin Eberhard has been a member of the Board of Directors of the Company since 2011. He holds a BA in Economics and Business Administration. He attended the Swiss Banking School and the Advanced Executive Program at Kellogg University, Chicago. From 2000 until 2009 he was Chief Executive Officer of NZB Neue Zürcher Bank. Prior to this, he spent 16 years (from 1984 to 2000) at Bank Julius Baer in Zurich. In 1992 he was promoted to Managing Director and Head of Sales, Research and Trading for Switzerland. In 1996 he became a member of the Management Board and Head of Brokerage and Capital Markets. Before Julius Baer, Martin Eberhard worked for six years (from 1978 to 1984) in various sales, trading and capital market positions for Swiss Banking Corporation. Today Martin Eberhard works as an independent financial consultant. In addition he is on the board of of Private Equity Holding Ltd. and on the board of several other Swiss industrial and financial companies.

Election procedure and limits on the term of office

The Articles of Association of Edisun Power Europe Ltd. provide that the Board of Directors consists of three to nine members. As of December 31, 2012, the Board of Directors had five members.

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

Allocation of tasks within the Board of Directors

The Board of Directors appoints itself and names its Chairman (currently Heinrich Bruhin) 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 the event of a tie, the chairman of the Board of Directors has the deciding vote. Resolutions to a motion may also be reached in writing if no member of the Board of Directors objects to this process. Minutes of the deliberations and resolutions must be kept and must be signed by the Chairman and Secretary of the Board of Directors.

The allocation of assignments between 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.

Tasks and area of responsibility for Board of Director's committees

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

Audit Committee

As of December 31, 2012, the Audit Committee had three members: Pius Hüsser (Chairman), Peter Toggweiler and Martin Eberhard. All members are independent, which ensures the degree of objectivity required for them to exercise their functions. The Audit Committee meets at least three times a year, or as often as required. In the year under review, three regular meetings of the Audit Committee were held. All of the meetings were attended by all members of the committee as well as the CEO/CFO and the CTO as guests. Furthermore, two meetings were also attended by the auditors. The average duration of the meetings was 2.5 hours.

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

Nomination and Compensation Committee

Since May 2010 the Nomination and Compensation Committee has been integrated into 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, or as often as required. In 2012 the Committee met once during a regular Board meeting with a duration of 1 hour. The meeting was attended by all members of the Committee.

The primary tasks of this Committee are to review and propose the compensation structure and the amount of compensation for the members of the Board of Directors and the Management Board, to select and propose suitable candidates for election to the Board of Directors and for appointment to the Management Board. The Committee submits the relevant proposals and nominations to the Board of Directors. The details of the Nomination and Compensation Committee's Charter may be found on the Company's 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 ordinary meetings as often as required by the business and the affairs of the Company. Additional meetings or telephone conferences are held as needed. The Board of Directors may pass resolutions if the majority of its members is present (including presence via phone or electronic media), except with respect to resolutions regarding the implementation of capital increases, for which there is no statutory quorum. The Board of Directors held seven meetings and three telephone conferences in 2012. 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 monthly written reports on current projects, liquidity planning, sale of electricity and budget variances.

Definition of areas of responsibility

The Board of Directors has delegated the day-to-day management of Edisun Power to the Executive Management (comprising CEO/CFO and CTO), except as otherwise provided by law and the Articles of Association. The CEO heads the operational business and is empowered to fulfill his duties, unless otherwise provided by law, the Articles of Association or the organizational regulations. The specific tasks and areas of authority are specified in the organizational regulations and in the annex to the Company's organizational regulations. Interested parties may find the respective documents on the Company's website at www.edisunpower.com/en/home-en/investors-en/corporate-governance-en/board-of-directors-and-executive-board.

The primary tasks reserved for the Board of Directors are the definition of principles and decisions concerning the subjects of corporate strategy, financial planning, organizational structure, human resources policy and supervision of top management. The Board of Directors is also responsible for the preparation of the annual report, preparation for the shareholders' meeting and the implementation of the resolutions adopted at shareholders' meetings. Last but not least, the Board approves the formal risk assessment which is required by Article 663b of the Swiss Code of Obligations. The Board has approved the design, implementation and maintenance of the Internal Control System required under applicable law.

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

The 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 to the Board of Directors on the course of business. Should extraordinary events occur, the Management Board is required to inform the Board of Directors immediately. In connection with meetings of the Board of Directors, the 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 with 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. It is therefore linked closely with the Group's strategic management process. The types of risks considered include those concerning the market, business environment, operations, financial risks (including currency, interest, cash-flow and liquidity risks), compliance and risks concerning company reputation. For further information on financial risks please refer to pages 38 to 39 of the financial report. The examination of exposure to risk includes the identification of possible opportunities as well as an analysis of threats. The Board of Directors analyzes Group risk at least once a year and discusses it with the Management Board in the context of a strategic meeting.

6 Management Board

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

Rainer Isenrich
CEO/CFO since 2012

born 1960, Swiss national

Rainer Isenrich was appointed Chief Executive Officer and Chief Financial Officer as of March 1, 2012. He has broad experience in management, inter alia with Mettler Toledo, Accenture, Georg Fischer, Multi-Contact and Infranor. His work for Multi-Contact made him familiar with the photovoltaic industry. Rainer Isenrich holds a Masters degree in electrical engineering from the Swiss Federal Institute of Technology Zurich. He also has a degree in Business Administration from the Georgia Institute of Technology (Atlanta/USA).

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, and acted as interim CEO/CFO from December 1, 2011 until February 29, 2012. Before joining the Group, he worked for ten years with Multi-Contact as product manager where he was mainly responsible for the development of the photovoltaic division. Markus Kohler holds an engineering degree HTL from the University of Applied Sciences in Biel as well a Master of Advanced Studies FHNW from the University of Applied Sciences in Basel.

7 Compensation and Shareholdings

Content and method of determining compensation

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

Fixed salary

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

Variable salary

In 2009 the Group introduced a variable salary component to middle and top management in the range of 10 to 20 % of fixed salary depending on job descriptions and management level. In 2012 the CEO/CFO was entitled to a variable salary component. At the beginning of the financial year, the Nomination and Compensation Committee (NCC) set the objectives that need to be met in order to achieve the variable salary. The objectives include operational, financial and organizational elements at personal and company level. The actual payout then depends on the performance achieved by the employee compared with the individual objectives agreed at the beginning of the financial year as well as the overall performance of the Edisun Power Group (achievement of net result target). The targets for the CEO/CFO in 2012 were optimization of processes and structures, improvement of accounting and develoment of partnerships. The CTO's targets were development of the technical department, ensuring a full project pipeline and availability of photovoltaic installations. Following this mechanism, the variable salary of the CEO/CFO and CTO is ratified by the NCC.

Determination of compensation for 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. No extraordinary fees were paid out to the Board of Directors in 2012. The compensation of the Board of Directors is reviewed by the Nomination and Compensation Committee once a year and adjusted as necessary. Changes require the approval of the Board of Directors.

The following table shows compensation paid 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	2012	48 000	3000	51 000	51 000
	2011	52 000	3250	55 250	55 250
Giatgen Peder Fontana Vice-Chairman from 9.5.2012	2012	14 667	0	14 667	14 667
	2011	0	0	0	0
Peter Toggweiler Member	2012	24 000	0	24 000	24 000
	2011	26 000	0	26 000	26 000
Pius Hüsser Member	2012	24 000	0	24 000	24 000
	2011	25 000	0	25 000	25 000
Martin Eberhard Member	2012	24 000	1500	25 500	25 500
	2011	18 000	1120	19 120	19 120
Dominique Fässler Member until 9.6.2011	2012	0	0	0	0
	2011	10 500	0	10 500	10 500

Management Board

The Management Board of Edisun Power Europe Ltd. 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 25 000 for the CTO, with customary social benefits (employer's contribution) and expenses. The fixed salary is paid in cash on a monthly basis (1/13th with the 13th salary in December) and the variable salary (if any) is paid in cash at the beginning of the next fiscal year. 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. Benchmarking against the European solar market takes place periodically. Contractually, individual bonuses are entirely at the discretion of the Nomination and Compensation Committee (NCC). However, in making its decision, the NCC considers the objectives defined in advance (see page 18). Furthermore, employees are only entitled to the variable portion of the salary if their employment is not subject to notice of termination as of December 31. For 2012, a total management board bonus of CHF 44 500 will be paid out in 2013. No further compensation in shares or options of the group was granted.

The employment contracts of the CEO/CFO and the CTO were concluded for an indefinite period of time and may be terminated with six months' notice. Neither of these contracts of employment include severance compensation.

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	Social benefits	Expenses	Total compensation
Rainer Isenrich CEO/CFO [1)]	2012	208 325	32 000	39 678	10350	290 353
	2011	0	0	0	0	0
Markus Kohler CTO [2)]	2012	165 001	12 500	23 099	10150	210 750
	2011	150 000	40 000	17 660	4800	212 460
Mirjana Blume Former CEO/CFO [3)]	2012	0	0	0	0	0
	2011	206 250	0	26 610	4950	237 810

[1)] CEO/CFO since March 1, 2012
[2)] CEO/CFO ad interim from December 1, 2011 until February 29, 2012
[3)] CEO/CFO until November 30, 2011

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

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

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

	2012	2011
Funding fee	13 832	9 104

The loan agreement was terminated as of March 31, 2012.

Related parties transactions

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

Purchase of services	2012	2011
An entity controlled by a board member	-	12 000

All transactions with entities controlled by a member of the Board of Directors are made 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 that has been registered bears one voting right at the Annual 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 nor 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, particularly in cases required by law.

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

Agenda

Shareholders who are entitled to vote and who represent at least 10% of the share capital may request items to be added to the agenda 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 due diligence process and mainly on the basis of their level of competence, their independence and their reputation as one of the "Big Four". Ecovis ws&p AG had previously been tasked with the statutory audit. PricewaterhouseCoopers was originally elected for a term of one year, with Patrick Balkanyi acting as lead auditor. Since 2008, PricewaterhouseCoopers AG have been reappointed each year and Patrick Balkanyi continues to be the lead auditor. In accordance with Swiss law, the lead auditor can serve for a maximum term of seven years.

Fees

The costs charged by PricewaterhouseCoopers to the Edisun Power Group during the financial years 2012 and 2011, were as follows (in CHF):

	2012	2011
Audit services	102 300	85 300
Total	**102 300**	**85 300**

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

Information instruments pertaining to the external audit

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

10 Information Policy

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

As a listed company, Edisun Power Europe Ltd. is committed to disclosing facts that may materially affect the share price (ad-hoc disclosure, Art. 72 of the SIX listing rules). Members of the Board of Directors and the Management Board are subject to SIX rules on the disclosure of management transactions. These can be accessed on the SIX website (www.six-swiss-exchange.com).

The most important information tools are the annual and semi-annual reports, the website (www.edisunpower.com), the newsletter (subscription on: http://www.edisunpower.com/en/home-en/investors-en/ad-hoc-press-release/subscribe-en) and media releases, as well as the Annual General Shareholders' Meeting.

11 Financial Calendar

May 7, 2013
Annual General Shareholders' Meeting
of Edisun Power Europe Ltd.
at Hotel Glockenhof in Zurich

August 28, 2013
Publication of Semi-Annual Report
as of June 30, 2013
Media Information

April 2014
Publication of the Annual Report
as of December 31, 2013
Media Information

May 2014
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	31.12.2012 TCHF	31.12.2011 TCHF
Assets			
Cash and cash equivalents	10	5 350	3 661
Trade receivables	9	854	1 091
Other receivables and current assets	9	1 597	1 772
Inventory		133	0
Financial assets	8	28	238
Total current assets		**7 962**	**6 762**
Land, plant and equipment	6	66 487	65 596
Intangible assets	7	226	483
Deferred tax assets	15	496	549
Financial and other long term assets	8	1 210	730
Total non-current assets		**68 419**	**67 358**
Total assets		**76 381**	**74 120**
Liabilities and equity			
Borrowings	14	2 644	5 654
Trade payables	13	378	1 967
Other payables	13	236	182
Accrued cost	13	1 449	860
Provisions	17	109	0
Income tax liabilities	20	231	212
Total current liabilities		**5 047**	**8 875**
Borrowings	14	54 861	46 078
Provisions	17	787	393
Pension fund liabilities	16	41	58
Deferred tax liabilities	15	0	72
Total non-current liabilities		**55 689**	**46 601**
Total liabilities		**60 736**	**55 476**
Share capital	12	34 158	34 158
Share premium		- 818	- 818
Other reserves		- 12 095	- 11 907
Accumulated deficits		- 5 600	- 2 977
		15 645	**18 456**
Non-controlling interests		0	188
Total equity		**15 645**	**18 644**
Total liabilities and equity		**76 381**	**74 120**

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

Consolidated Income Statement

	Notes	2012 TCHF	2011 TCHF
Revenues from:			
sale of electricity	5	7 800	6 613
sale of modules and systems	5	74	0
services and other income	5	345	243
Goods and services purchased	5	- 74	0
Personnel expenses	18	- 1 419	- 1 179
Rental and maintenance expenses		- 1 235	- 764
Administration expenses		- 1 070	- 815
Advertising expenses		- 116	- 85
Other operating costs		- 333	- 332
Earnings before interest, tax, depreciation and amortization (EBITDA)		**3 972**	**3 681**
Depreciation and amortization	6, 7	- 3 056	- 2 194
Impairment	6, 7	- 1 209	- 470
Operating profit (EBIT)		**- 293**	**1 017**
Financial income	19	90	530
Financial expense	19	- 2 411	- 2 143
Share of loss of associate	11	0	- 193
Net loss before income tax		**- 2 614**	**- 789**
Income tax	20	- 9	- 128
Net loss		**- 2 623**	**- 917**
attributable to shareholders of Edisun Power Europe Ltd.		- 2 623	- 876
attributable to non-controlling interests		0	- 41
Earnings per share for loss attributable to shareholders of Edisun Power Europe Ltd. during the year (expressed in CHF per share):			
basic and diluted	21	- 7.68	- 2.57

Consolidated Statement of Comprehensive Income

	2012 TCHF	2011 TCHF
Net loss for the year	**- 2 623**	**- 917**
Other comprehensive income:		
Currency translation differences	- 188	- 1 171
Related taxes	0	- 497
Total comprehensive income for the year	**- 2 811**	**- 2 585**
attributable to shareholders of Edisun Power Europe Ltd.	- 2 811	- 2 544
attributable to non-controlling interests	0	- 41

Consolidated Cash Flow Statement

	Notes	2012 TCHF	2011 TCHF
Net loss		**- 2 623**	**- 917**
Reversal of non-cash items:			
Depreciation and amortization on plant, equipment, intangible assets and other assets		3 056	2 194
Impairment		1 209	470
Change in accruals and provisions		724	- 170
Financial income	19	- 90	- 530
Finance expense	19	2 411	2 143
Income tax expense	20	9	128
Share of loss of associate	11	0	193
Loss on disposal of tangible assets		86	0
Change in receivables and other current assets		85	- 144
Change in payables		- 477	214
Interest paid [1)]		- 2 047	- 1 735
Taxes received		-15	90
Other non-cash items		75	0
Cash flow from operating activities		**2 403**	**1 936**
Investments in plant and equipment [1)]		- 6 247	- 12 295
Disposal of tangible assets		28	225
Investments in intangible assets		- 18	- 49
Repayment from financial assets		73	0
Interest received		5	62
Distribution received by associated company	11	0	1 215
Cash flow from investing activities		**- 6 159**	**- 10 842**
Issuance of borrowings, net of transaction costs		11 011	8 913
Repayment of borrowings		- 5 372	- 373
Purchase of non-controlling interests of Edisun Power Ltd.		-127	-7
Purchase of non-controlling interests of Yellow Hat Ltd.		-53	0
Cash flow from financing activities		**5 459**	**8 533**
Net change in cash and cash equivalents		**1 703**	**- 373**
Cash and cash equivalents at the beginning of the year	10	**3 661**	**4 149**
Exchange losses on cash and cash equivalents		- 14	- 115
Cash and cash equivalents at the end of the year	10	**5 350**	**3 661**

[1)] Total interest paid TCHF 2 204 (2011: TCHF 2 011), of which TCHF 157 (2011: TCHF 276) capitalized in investments in plant and equipment.

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

Consolidated Statement of Changes in Equity

TCHF	Attributable to shareholders of the company: Share capital	Share premium	Other reserves	Accumulated deficits	Total	Non-controlling interests	Total equity
January 1, 2011	**34 158**	**- 310**	**- 10 239**	**- 2 101**	**21 508**	**236**	**21 744**
Net loss				- 876	- 876	- 41	**- 917**
Currency translation differences (net of tax)			- 1 171		- 1 171		**- 1 171**
Deferred tax assets		- 508	- 497		- 1 005		**- 1 005**
Total comprehensive income	**0**	**- 508**	**- 1 668**	**- 876**	**- 3 052**	**- 41**	**- 3 093**
Purchase non-controlling interests of Edisun Power Ltd.						- 7	**- 7**
December 31, 2011	**34 158**	**- 818**	**- 11 907**	**- 2 977**	**18 456**	**188**	**18 644**
Net loss				- 2 623	- 2 623		**2 623**
Currency translation differences (net of tax)			- 188		- 188		**- 188**
Total comprehensive income	**0**	**0**	**- 188**	**- 2 623**	**- 2 811**		**- 2 811**
Purchase non-controlling interests of Edisun Power Ltd.						- 136	**- 136**
Purchase non-controlling interests of Yellow Hat Ltd.						- 52	**- 52**
December 31, 2012	**34 158**	**- 818**	**- 12 095**	**- 5 600**	**15 645**	**0**	**15 645**

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

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

All amounts are in CHF 000 unless otherwise noted

1 General Information

Edisun Power Europe Ltd. ('the Company') and its subsidiaries (together 'the Group') finance and operate photovoltaic systems (PV) in Europe and sell solar energy to the local electricity companies. The Group is present in Switzerland, Germany, Spain and France.

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

The Company is listed on the SIX Swiss Exchange.

These Group consolidated financial statements were authorized for issue by the Board of Directors on April 9, 2013. They are subject to formal approval by the annual general meeting.

1.1 Group companies

The consolidated financial statements include Edisun Power Europe Ltd. and the companies under its control. Insofar as they exist, minority interests are shown as a separate item of the consolidated equity.

Switzerland	**Ownership 2012**	**Ownership 2011**	**Activity** [1]
Edisun Power Europe Ltd., Zurich			●
Edisun Power Ltd., Zurich	100.0 %	98.7 %	■
Edisun Power Finance Ltd., Zurich	100.0 %	100.0 %	●
Yellow Hat Ltd., Zurich	0.0%	55.6 %	●
Germany			
Edisun Power PLC, Sigmaringen	100.0 %	100.0 %	■
PV Hörselgau Beteiligungs UG, Sigmaringen	100.0 %	100.0 %	●
PV Hörselgau UG & Co. KG, Sigmaringen	100.0 %	100.0 %	■
Spain			
Edisun Power Iberia S.A., Alella/Barcelona	100.0 %	100.0 %	■
Edisun Power Iberia Beta S.A., Alella/Barcelona	100.0 %	100.0 %	■
Edisun Power Iberia Gamma S.A., Alella/Barcelona	100.0 %	100.0 %	■
Edisun Power Iberia Delta S.A., Alella/Barcelona	100.0 %	100.0 %	■
Edisun Power Iberia Epsilon S.A., Alella/Barcelona	100.0 %	100.0 %	■
Salinas Energia Solar S.L., Sevilla	100.0 %	100.0 %	■
Cortadeta Fotovoltaica S.L., Alella/Barcelona	100.0 %	100.0 %	■
Sol de Tilla S.L., Alella/Barcelona	100.0 %	0.0%	■
France			
Edisun Power France SAS, Lyon	100.0 %	100 %	■

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

All amounts are in CHF 000 unless otherwise noted

2 Summary of Significant Accounting Policies

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

2.1 Basis for the Preparation of the Consolidated Financial Statements

The consolidated financial statements of Edisun Power Europe Ltd. have been prepared in accordance with 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 measurement 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
New standards and interpretations and amendments to standards and interpretations mandatory for the first time for the financial year beginning January 1, 2012 and adopted by the Group in 2012:

- IFRS 1, (Amendment), Severe hyperinflation and removal of fixed dates for first-time adopters (effective on July 1, 2011). The Group has applied this standard since January 1, 2012, but it does not have any impact on the Group's accounts.
- IFRS 7, (Amendment), Disclosures; Transfer of financial assets (effective on July 1, 2011). The Group has applied this standard since January 1, 2012, but it does not have any impact on the Group's accounts.
- IAS 12, (Amendment), Income tax; Recovery of underlying assets (effective on January 1, 2012). The Group has applied this standard since January 1, 2012, but it does not have any impact on the Group's accounts.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2012, and not adopted early

- IAS 1, (Amendment), Financial statement presentation; Requirement for entities to group items presented in "other comprehensive income" on the basis of whether they are potentially reclassifiable to profit or loss subsequently (effective on July 1, 2012). The Group will apply this standard from January 1, 2013. The Group is currently analyzing its impact.
- IAS 19, (Revised), Employee benefits; These amendments eliminate the corridor approach and calculate finance costs on a net funding basis (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. This will reduce the shareholders' equity by TCHF 360 and result in a pension liability of TCHF 403 compared to TCHF 41 as per December 31, 2012. The impact on the income statement 2012 is nil.
- IAS 27, (Revised 2011), Separate financial statements; Includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10 (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IAS 28, (Revised 2011), Associates and joint ventures; Includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11 (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IAS 32 (Amendment), Financial instruments; Presentation – Offsetting financial assets and financial liabilities (effective on January 1, 2014). The Group will apply this standard from January 1, 2014. It is not expected to have an impact on the Group's accounts.

All amounts are in CHF 000 unless otherwise noted

- IFRS 1/IAS 1,16,32,34, Annual improvements 2011; These annual improvements, address six issues in the 2009-2011 reporting cycle (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IFRS 1, (Amendment), First-time adoption of International Financial Reporting Standards; Government loans (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IFRS 7, (Amendment), Financial instruments; Disclosures – Offsetting financial assets and financial liabilities (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IFRS 9, Financial Instruments; Is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset (effective from January 1, 2015). The Group will apply this standard from January 1, 2015. The Group is currently analyzing its impact.
- IFRS 10/11/12, (Amendment), Transition guidance (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IFRS 10, Consolidated financial statement; To establish principles for preparation and controls, if an entity controls one or more other entities (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IFRS 11, Joint arrangements; Is a more realistic reflection of joint arrangements (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IFRS 12, Disclosure of interests in other entities; Includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IFRS 13, Fair value measurement; Aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.
- IFRIC 20, Stripping costs in the production phase of a surface mine (effective on January 1, 2013). The Group will apply this standard from January 1, 2013. It is not expected to have an impact on the Group's accounts.

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 applies the acquisition method to account for acquisition of subsidiaries. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured

All amounts are in CHF 000 unless otherwise noted

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.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized 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. Gains or losses on disposals to non-controlling interests are also 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.

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit / (loss) of associate' in the income statement.

All amounts are in CHF 000 unless otherwise noted

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 operates ('the functional currency'). The consolidated financial statements are presented in CHF, which is the company's functional and the Group's presentation currency.

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

Monetary assets and liabilities in foreign currencies are translated into the functional currency on the balance-sheet date at the year-end rates of exchange. Non-monetary items are translated using the exchange rate prevailing on the transaction date. Translation differences are recorded in the income statement.

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- 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);
- All resulting exchange differences are recognized in other comprehensive income.

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

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

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

	31.12.2012	Average 2012	31.12.2011	Average 2011
1 EUR	**1.2074**	**1.2076**	**1.2139**	**1.2335**

All amounts are in CHF 000 unless otherwise noted

2.5 Land, Plant 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 IAS 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:

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

The assets' residual values and useful lives have been reviewed at the balance-sheet date. Based on this analysis, no changes have been made.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized within 'Other (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 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 licenses
Acquired trademarks and licenses are shown at historical cost. Trademarks and licenses have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives (15-20 years).

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

All amounts are in CHF 000 unless otherwise noted

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

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. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

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

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less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.11 Inventory

Inventory includes photovoltaic components which are for sale. Inventory is measured at the lower of cost or net realizable value.

2.12 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 tax), is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued.

2.13 Trade Payables and other Payables

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

2.14 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.

2.15 Current and Deferred Income Tax

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

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

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

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

All amounts are in CHF 000 unless otherwise noted

2.16 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 employee's 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.

2.17 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.

2.18 Revenue Recognition

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

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

All amounts are in CHF 000 unless otherwise noted

(a) Revenues from Sale of Electricity
The Group sells solar energy to local electricity firms. These sales are in general based on a long-term (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, 2010 and 2012. In Spain the current regulatory framework is embodied in the Royal Decrees 661/2007, 1578/2008 as well as in the RD 6/2009. The compensation in France is based on the Arrêté du 10 juillet 2006 and the Arrêté du 12 janvier 2010 as well as on Decrees 2000-1196 and 2009-252.

(b) Revenues from Sale of Modules and Systems
These revenues originate either from the sale of modules or the sporadic sale of entire PV plants. These sales are recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery, at a fixed and determinable price, and when collectability is reasonably assured.
If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in income in the period in which the circumstances that have given rise to the revision become known by management.

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

2.19 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.

2.20 Dividend Distribution

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

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 borrowing in the relevant foreign currencies.

3.1 Market Risk

(a) 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 transaction, 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, 2012, 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 respectively TCHF 9 higher (2011: TCHF 210) or TCHF 9 lower (2011: TCHF 200), mainly as a result of foreign exchange gains/losses on translation of euro-denominated trade receivables, financial assets and borrowings.

All amounts are in CHF 000 unless otherwise noted

(b) 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.

3.2 Credit Risk

Credit risk arises primarily from exposure 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 BBB- 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:

	31.12.2012	31.12.2011
Zürcher Kantonalbank	1040	1502
Alternative Bank ABS	3035	90
Crédit Coopératif, France	230	938
Banco Bilbao Vizcaya Argentaria (BBVA), Spain	12	662
Banco Popular, Spain	277	178
Banco Santander, Spain	346	0
GLS Bank, Germany	222	222
Other	188	69
Total cash and cash equivalents	**5350**	**3661**

3.3 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.

3.4 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.

The company monitors its capital by means of the equity ratio. The objective of the Company is a minimum equity ratio of 20%.

	31.12.2012	31.12.2011
Equity	15645	18644
Total assets	76381	74120
Equity ratio in %	**20.5**	**25.2**

4 Critical Accounting Estimates and Judgments

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.

All amounts are in CHF 000 unless otherwise noted

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

4.1 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 calculations rely 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 life of plant and equipment with a 25-year depreciation period differs by five years from management's estimates, the yearly depreciation charge of such plant and equipment would be an estimated TCHF 679 higher or TCHF 453 lower.

4.2 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 Information by Segment

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.
With the exception of Edisun Power Europe Ltd., the Board of Directors considers the business from a geographic perspective. Yellow Hat Ltd. was a buying syndicate that was created with three other third-party solar players to leverage procurement conditions. This segment was closed with the merger of Yellow Hat Ltd. and Edisun Power Ltd. in 2012. Edisun Power Finance Ltd., founded in June 2010, is the Group's finance company and provides Group companies with the necessary debt financing. As of December 31, 2012 this entity together with Edisun Power Europe Ltd. is considered as one segment. 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, tax, depreciation and amortization (EBITDA) as well as earnings before interest and tax (EBIT).

The segments as at December 31, 2012, are:
- Switzerland
- Germany
- Spain
- France
- Edisun Power Europe Ltd. (EPE)

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

All amounts are in CHF 000 unless otherwise noted

Internal operating segment reporting provided to the chief operating decision maker has changed since the prior year. Prior year disclosure has not been updated.

The segment results for the year ended December 31, 2012, are as follows:

	Switzerland	Germany	Spain	France	EPE	Elimi-nations	Group
Total segment revenue	2372	1215	2111	2425	1854	0	9977
Inter-segment revenue	0	0	0	0	- 1765	7	- 1758
Revenue from external customers	**2372**	**1215**	**2111**	**2425**	**89**	**7**	**8219**
EBITDA	1624	508	1309	1434	- 910	7	3972
Impairment losses	- 173	- 98	- 871	- 67	0	0	- 1209
Depreciation / amortization	- 1049	- 405	- 654	- 847	- 101	0	- 3056
Segment profit / (loss) (EBIT)	**402**	**5**	**- 216**	**520**	**- 1011**	**7**	**- 293**
Finance income / (cost) – net (note 19)	- 563	- 389	- 902	- 774	379	- 72	- 2321
Loss before income tax	**- 161**	**- 384**	**- 1118**	**- 254**	**- 632**	**- 65**	**- 2614**
Income tax income / (expense)	6	5	- 21	1	0	0	- 9
Loss for the year	**- 155**	**- 379**	**- 1139**	**- 253**	**- 632**	**- 65**	**- 2623**

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 and services purchased from third parties are summarized in the following table.

Internal costs such as payroll expenses have not been allocated since no detailed information is available.

Sales of modules and systems to third parties in 2012 were as follows:

	Switzerland	Germany	Spain	France	EPE	Group
Revenue	19	55	0	0	0	74
Goods purchased	- 19	- 55	0	0	0	- 74

All amounts are in CHF 000 unless otherwise noted

The segment results for the year ended December 31, 2011, are as follows:

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Eliminations	Group
Total segment revenue	2526	3426	1590	1351	0	6710	0	0	15603
Inter-segment revenue	0	-2186	0	0	0	-6561	0	0	-8747
Revenue from external customers	**2526**	**1240**	**1590**	**1351**	**0**	**149**	**0**	**0**	**6856**
EBITDA	2157	1066	1202	928	-1	-1671	0	0	3681
Impairment losses	-120	-15	0	-335	0	0	0	0	-470
Depreciation / amortization	-586	-458	-509	-489	0	-152	0	0	-2194
Segment profit / (loss) (EBIT)	**1451**	**593**	**693**	**104**	**-1**	**-1823**	**0**	**0**	**1017**
Finance income / (cost) – net (note 19)	-260	33	147	293	-32	-1841	0	47	-1613
Share of loss of associate	0	0	0	-193	0	0	0	0	-193
Profit / (loss) before income tax	**1191**	**626**	**840**	**204**	**-33**	**-3664**	**0**	**47**	**-789**
Income tax income / (expense)	118	-101	98	-246	-27	30	0	0	-128
Profit / (loss) for the year	**1309**	**525**	**938**	**-42**	**-60**	**-3634**	**0**	**47**	**-917**

There was no sale of modules or systems to third parties in 2011:

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Group
Revenue	0	0	0	0	0	0	0	0
Goods purchased	0	0	0	0	0	0	0	0

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.

The Group has external customers that generated 10% or more of the total revenue in the following reporting segments: Switzerland, Spain and France.

Analysis of revenue from sales of electricity to major customers:		**2012**		**2011**
Major customer A, France	2321	30 %	1351	20 %
Major customer B, Switzerland	1111	14 %	1148	17 %
Major customer C, Spain	1136	15 %	684	10 %
Other customers with a share of revenue below 10 % of total revenue	3232	41 %	3430	53 %
Total revenue from sales of electricity	**7800**	**100 %**	**6613**	**100 %**

All amounts are in CHF 000 unless otherwise noted

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

Year ended December 31, 2012	Switzerland	Germany	Spain	France	EPE	Group
Impairment (note 6)	-93	- 49	- 871	-67	0	- 1 080
Impairment of goodwill (note 7)	-80	- 49	0	0	0	- 129

Year ended December 31, 2011	Switzerland	Germany	Spain	France	EPE	Group
Impairment (note 6)	-120	-15	0	-335	0	-470
Impairment of goodwill (note 7)	0	0	0	0	0	0

Segment assets consist primarily of land, plant 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, plant and equipment (note 6) and intangible assets (note 7).

The segment assets and liabilities at December 31, 2012, and capital expenditure for the year then ended, are as follows:

	Switzerland	Germany	Spain	France	EPE	Elimi- nations	Group
Non-current segment assets	14 810	9 181	23 782	20 418	46 254	- 46 026	68 419
Segment liabilities	11 586	9 078	28 542	19 689	31 612	- 39 771	60 736
Capital expenditures	67	27	5 577	579	10	- 464	5 796

The segment assets and liabilities at December 31, 2011, and capital expenditure for the year then ended, are as follows:

	Switzerland	Germany	Spain	France	Yellow Hat	EPE	EPFin	Elimi- nations	Group
Non-current segment assets	16 243	9 519	20 119	20 914	0	48 943	0	- 48 380	67 358
Segment liabilities	12 375	9 371	23 652	20 897	1	39 455	0	- 50 275	55 476
Capital expenditures	539	0	5 644	9 558	0	8	0	- 2 763	12 987

All amounts are in CHF 000 unless otherwise noted

6 Land, Plant and Equipment

	Land	PV Plants	FF&E	Total
Year ended December 31, 2012				
Opening net book amount	1 159	64 422	15	65 596
Exchange differences	- 6	- 215	0	- 221
Additions	0	5 757	21	5 778
Disposals	0	- 261	0	- 261
Reclassifications	0	- 465	0	- 465
Increase in provision for dismantling costs	0	50	0	50
Depreciation charge	0	- 2 955	- 10	- 2 965
Impairment losses	- 688	- 337	0	- 1 025
Closing net book amount	**465**	**65 996**	**26**	**66 487**
At December 31, 2012				
Gross book amount (cost)	1 153	75 843	127	77 123
Accumulated depreciation	- 688	- 9 847	- 101	- 10 636
Net book amount	465	65 996	26	66 487
Year ended December 31, 2011				
Opening net book amount	1 190	56 511	12	57 713
Exchange differences	- 31	- 1 067	0	- 1 098
Additions	0	12 931	7	12 938
Disposals	0	- 225	0	- 225
Reduction in provision for dismantling costs	0	- 1 212	0	- 1 212
Depreciation charge	0	- 2 046	- 4	- 2 050
Impairment losses	0	- 470	0	- 470
Closing net book amount	**1 159**	**64 422**	**15**	**65 596**
At December 31, 2011				
Gross book amount (cost)	1 159	70 976	106	72 241
Accumulated depreciation	0	- 6 554	- 91	- 6 645
Net book amount	1 159	64 422	15	65 596

The amount of assets under construction included in PV plants in 2012 is TCHF 80 (2011: TCHF 6 316). Third-party loans are secured by PV plants belonging to the Group (see note 14). In 2012 borrowing costs of CHF 0.2 million (2011: CHF 0.3 million) were capitalized. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 4.0% (2011: 4.50%).

An impairment of CHF 1.0 million (2011: CHF 0.5 million) was booked in 2012. This resulted mainly from the devaluation of land and assets under construction in Spain as well as projects in France that were stopped.

All amounts are in CHF 000 unless otherwise noted

7 Intangible Assets

	Goodwill	Contracts	Other	Total
Year ended December 31, 2012				
Opening net book amount	129	55	299	483
Exchange differences	0	0	0	0
Additions	0	0	18	18
Disposals	0	0	0	0
Amortization	0	0	-91	-91
Impairment	-129	-55	0	-184
Closing net book amount	**0**	**0**	**226**	**226**
At December 31, 2012				
Gross book amount (cost)	0	0	523	523
Accumulated amortization	0	0	-297	-297
Net book amount	0	0	226	226
Year ended December 31, 2011				
Opening net book amount	132	58	391	581
Exchange differences	-3	0	0	-3
Additions	0	0	49	49
Disposals	0	0	0	0
Amortization	0	-3	-141	-144
Closing net book amount	**129**	**55**	**299**	**483**
At December 31, 2011				
Gross book amount (cost)	129	62	505	696
Accumulated amortization	0	-7	-206	-213
Net book amount	129	55	299	483

Other includes capitalized software expenses.

All amounts are in CHF 000 unless otherwise noted

Impairment Test for Goodwill

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

	31.12.2012	31.12.2011
Switzerland	0	80
Germany	0	49
Total	**0**	**129**

As a result of the reorganization of the Group it was decided to continue investing in existing plants, but to cease new plant development for the time being. Therefore, the goodwill relating to the segments Switzerland and Germany was considered impaired.

An impairment of the goodwill in the amount of TCHF 129 was recorded as of December 31, 2012.

All amounts are in CHF 000 unless otherwise noted

8 Financial Instruments by Category

December 31, 2012	Loans and receivables	Total
Assets as per balance sheet		
Trade and other receivables	2 451	2 451
Prepayments	1 133	1 133
Loans	55	55
Other financial assets	50	50
Cash and cash equivalents	5 350	5 350
Total	**9 039**	**9 039**

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

Liabilities as per balance sheet	Other financial liabilities	Total
Borrowings including straight bonds	57 505	57 505
Trade payables	378	378
Other payables	236	236
Total	**58 119**	**58 119**

December 31, 2011	Loans and receivables	Total
Assets as per balance sheet		
Trade and other receivables	2 863	2 863
Prepayments	652	652
Loans	78	78
Other financial assets	238	238
Cash and cash equivalents	3 661	3 661
Total	**7 492**	**7 492**

Other financial assets include bank deposits for guarantee purpose related to projects in Spain.
Following completion, these bank deposits will be repaid.

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

All amounts are in CHF 000 unless otherwise noted

Liabilities as per balance sheet	Other financial liabilities	Total
Borrowings including straight bonds	51 732	51 732
Trade payables	1 967	1 967
Other payables	182	182
Total	**53 881**	**53 881**

The following table shows the contractual liquidity analysis:

At December 31, 2012	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	355	4 307	15 484	32 610	17 664
Trade payables	286	92	0	0	0
Other short-term liabilities	141	95	0	0	0
Total	**782**	**4 494**	**15 484**	**32 610**	**17 664**

At December 31, 2011	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	285	7 573	5 300	28 671	19 043
Trade payables	1 967	0	0	0	0
Other short-term liabilities	1 254	0	0	0	0
Total	**3 506**	**7 573**	**5 300**	**28 671**	**19 043**

All amounts are in CHF 000 unless otherwise noted

9 Trade and Other Receivables

	31.12.2012	31.12.2011
Trade receivables	868	1 091
Other receivables and current assets	1 597	1 772
Less: provision for impairment of trade receivables	- 14	0
Trade and other receivables – net	2 451	2 863
Current portion	**2 451**	**2 863**

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

	31.12.2012	31.12.2011
Trade receivables	854	1 091
Other receivables and current assets	1 597	1 772
Total	**2 451**	**2 863**

Trade receivables less than three months past due are not considered impaired. As of December 31, 2012, trade receivables of TCHF 224 (2011: TCHF 0) were past due but not impaired. These relate to a number of independent customers who do not have a recent history of default. The analysis of these trade receivables by age is as follows:

	31.12.2012	31.12.2011
undue	630	1 091
up to 3 months past due	53	0
greater than 3 months past due	171	0
Total	**854**	**1 091**

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

	31.12.2012	31.12.2011
CHF	110	65
EUR	744	1 026
Total	**854**	**1 091**

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

	31.12.2012	31.12.2011
Zürcher Kantonalbank	1 040	1 502
Alternative Bank ABS	3035	90
Crédit Coopératif, France	230	938
Banco Bilbao Vizcaya Argentaria (BBVA), Spain	12	662
Banco Popular, Spain	277	178
Banco Santander, Spain	346	0
GLS Bank, Germany	222	222
Other	188	69
Total	**5 350**	**3 661**

All amounts are in CHF 000 unless otherwise noted

11 Investment in Associate

	2012	2011
Beginning of the year	0	1 158
Exchange differences	0	250
Share of loss of associate incl. liquidation gain	0	- 193
Distributions received	0	- 1 215
Total	**0**	**0**

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

Name and percentage	Country of incorporation	Assets	Liabilities	Revenue	Loss	Ownership (in %)	Carrying value
2012							
Valosun Edisun Power France SAS	France	0	0	0	0	0	0
2011							
Valosun Edisun Power France SAS	France	0	0	0	- 5	0	0

12 Share Capital

	Number of ordinary shares issued	Number of ordinary shares outstanding
At January 1, 2011	341 576	341 576
Sale of treasury shares	0	0
At December 31, 2011	**341 576**	**341 576**
Sale of treasury shares	0	0
At December 31, 2012	**341 576**	**341 576**

All amounts are in CHF 000 unless otherwise noted

12.1 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 up.

The total authorized number of ordinary shares as at December 31, 2012, is 341 576 (2011: 341 576) with a par value of CHF 100 per share (2011: CHF 100 per share). The weighted average number of outstanding shares is 341 576 shares (2011: 341 576 shares).

12.2 Authorized Capital

The Company had no authorized capital on December 31, 2012.

12.3 Conditional Capital

The Company had no conditional capital outstanding on December 31, 2012.

12.4 Share Premium

Share premium includes the premium related to the capital increases of Edisun Power Europe Ltd. in 2007 less accumulated annual losses, which were offset against the capital reserves in accordance with the resolutions of the General Shareholders' Meeting for the appropriation of available earnings. In addition, share premium includes proceeds from the Company's first-time listing on the SIX Swiss Exchange in 2008 adjusted for the incremental cost of TCHF 1 890, net of tax. The incremental 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.

12.5 Own Shares

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

12.6 Other Reserves

Other reserves includes the cumulative foreign exchange impact.

12.7 Retained Earnings

Retained earnings comprise accumulated and unappropriated earnings.

12.8 Non-Controlling Interests

In 2012, Edisun Power Europe Ltd. acquired a 1.3% (2011: 0.2%) share in Edisun Power Ltd. from its non-controlling interest. Furthermore, the Group acquired the remaining 44.4% (2011: 0%) share in Yellow Hat Ltd. from its non-controlling interest. Yellow Hat Ltd. was subsequently merged with Edisun Power Ltd. (refer to note 25). The purchase price was paid in cash in both instances.

All amounts are in CHF 000 unless otherwise noted

13 Trade and Other Payables

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

	2012	2011
Trade payables	378	1 967
Value added tax	53	52
Social security and other taxes	176	110
Other	7	20
Total	**614**	**2 149**

The following table provides details on accrued costs:

	2012	2011
Interest on borrowings	741	614
Other accrued cost	708	246
Total	**1 449**	**860**

14 Borrowings

	2012	2011
Current		
Loans from third-party	942	676
Straight bonds from third-party	1 702	4 978
Total current borrowings	**2 644**	**5 654**
Non-current		
Loans from third-party	10 968	11 618
Straight bonds from third-party	43 893	34 460
Total non-current borrowings	**54 861**	**46 078**

14.1 Loans

Total borrowings include secured liabilities (loans) of TCHF 21 325 (2011: TCHF 23 390). 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 241 and TCHF 241 respectively net of tax (2011: TCHF 1 074 and TCHF 1 074 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:

	2012	2011
< 1 year	2 644	5 654
1–5 years	26 701	28 712
> 5 years	28 160	17 366
Total	**57 505**	**51 732**

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

	2012	2011
CHF	47 140	40 604
EUR	10 365	11 128
Total	**57 505**	**51 732**

The Group has the following undrawn credit facilities:

Floating rate:		
Expiring beyond one year EUR	0	1 800
Expiring beyond one year CHF	200	200

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

All amounts are in CHF 000 unless otherwise noted

14.2 Straight Bonds

The Group has issued several straight bonds:

		31.12.2012		31.12.2011	
Edisun Power Ltd.	**Nominal value in local currency (000)**	**Fair value in TCHF**	**Bookvalue in TCHF**	**Fair value in TCHF**	**Book value in TCHF**
4.0 % 2003 – 2013 (CHF)	1 720	1 736	1 702	1 753	1 668
4.0 % 2004 – 2014 (CHF)	2 015	2 045	1 900	2 068	1 872
5.0 % 2004 – 2014 (EUR)	450	562	543	576	546

Edisun Power Europe Ltd.					
3.75% 2007 – 2012 (CHF)	3 855	0	0	3 888	3 855
3.75% 2008 – 2012 (CHF)	1 125	0	0	1 135	1 123
4.25% 2009 – 2014 (CHF)	9 120	9 300	9 088	9 429	9 073
4.00% 2007 – 2015 (CHF)	3 280	3 344	3 280	3 366	3 280
4.00% 2008 – 2015 (CHF)	1 720	1 754	1 711	1 765	1 707
3.75% 2010 – 2016 (CHF)	5 825	5 894	5 756	5 967	5 738
3.50% 2011 – 2017 (CHF)	1 295	1 289	1 277	1 275	1 273
4.50% 2007 – 2019 (CHF)	4 810	4 928	4 810	4 862	4 810
4.50% 2008 – 2019 (CHF)	4 540	4 651	4 499	4 589	4 493
3.50% 2012 – 2018 (CHF)	11'195	11'020	11'029	0	0

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:

	31.12. 2012	**31.12. 2011**
To private persons (associates and third-party)	447	521
To banks	10 718	8 303
To bond-holders	20 619	22 476
To firms and foundations	137	229
Total	**31 921**	**31 529**

All amounts are in CHF 000 unless otherwise noted

15 Deferred Tax Assets and Liabilities

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

	31.12. 2012	31.12. 2011
Beginning of the year	477	1765
Income statement credit / (debit)	24	- 263
OCI statement credit / (debit)	0	- 497
Share premium debit	0	- 508
Foreign exchange difference	- 5	- 20
Net deferred tax assets at end of year	**496**	**477**
thereof short term (1 year)	0	0
thereof long term (> 1 year)	496	477

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

	31.12. 2012	31.12. 2011
Tax loss carry-forwards	496	549
Total deferred income tax assets	**496**	**549**
Plant and equipment	0	- 72
Total deferred income tax liability	**0**	**- 72**
Net deferred income tax asset	**496**	**477**

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:

	31.12. 2012	31.12. 2011
Deferred tax asset	496	549
Deferred tax liability	0	- 72

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 496 (2011: TCHF 549) related to tax loss carry-forward.

As of December 31, 2012, the Group has tax losses for which no deferred tax asset has been recognized with an amount of TCHF 19 680 (2011: 16 739). The respective deferred income tax assets with the applicable tax rate of 21.17% (2011: 21.17%) would be TCHF 4 166 (2011: 3 544). There is some uncertainty as to whether the tax losses will be accepted by the tax authorities, as the tax assessment of material entities over several years has not yet been finalized by the tax authorities.

As of December 31, 2011, the company reduced the deferred income tax assets by TCHF 1 396. Thereof, an amount of TCHF 508 was booked through equity and an amount of TCHF 497 was recorded as other comprehensive income, as these amounts relate to the IPO and equity-like loans recognized in 2008 and were initially recognized through equity.

The unrecognized gross operating loss carry-forwards of the Group expire as follows:

- TCHF 5 266 expiring within 1 to 3 years
- TCHF 7 202 expiring within 4 to 5 years
- TCHF 5 115 expiring within 6 to 10 years
- TCHF 875 expiring within 11 to 15 years
- TCHF 1 222 can be set off against future profits indefinitely.

89% of the total amount of unrecognized gross operating losses are related to Swiss entities with an applicable tax rate of 21.17%.

All amounts are in CHF 000 unless otherwise noted

16 Pension Fund Liabilities

Pension costs of pension plans are presented below:

	2012	2011
Current service costs	50	89
Interest cost on projected defined benefit obligation	29	20
Expected return on plan assets	- 31	- 18
Actuarial gains	3	0
Total pension costs	**51**	**91**

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

	2012	2011
Present value of funded obligations:		
Balance at beginning of the year	670	708
Current service cost	50	89
Interest cost	29	20
Plan participants' contributions	45	37
Actuarial loss / (gain)	342	- 29
Benefits received / (paid)	951	- 155
Defined benefit obligation at the end of the year	**2 087**	**670**
Fair value of plan assets:		
Balance at beginning of the year	508	620
Expected return on plan assets	31	18
Employer contribution	68	56
Plan participants' contributions	45	37
Actuarial gain / (loss)	81	-68
Benefits received / (paid)	951	-155
Fair value of plan assets at end of year	**1 684**	**508**
Defined benefit obligations in excess of plan assets	**403**	**162**
Unrecognized actuarial losses	- 362	- 104
Liability in the balance sheet	**41**	**58**

All amounts are in CHF 000 unless otherwise noted

Actuarial assumptions (%)	2012	2011
Discount rate	2.00	2.50
Expected return on plan assets	2.00	3.00
Future salary increase	2.00	2.00

The actual return on plan assets amounted to TCHF 112 (2011: TCHF -50). 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 2013 Edisun Power Europe Ltd. expects to pay ordinary employer contributions of TCHF 76 (2011: TCHF 68) into the pension plan.

At December 31	2012	2011	2010	2009	2008
Present value of defined benefit obligation	2 087	670	708	858	591
Fair value of plan assets	1 684	508	620	767	460
Deficit / (surplus) in the plan	**403**	**162**	**88**	**91**	**131**
Experience adjustments on plan liabilities	**224**	**-40**	**-51**	**-22**	**-30**
Experience adjustments on plan assets	**81**	**-68**	**-30**	**1**	**-3**

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

The plan assets of the Swiss pension fund are split into the following asset categories at the end of the year:

	2012	2011
Shares	25 %	26 %
Bonds	31 %	31 %
Real estate property	15 %	14 %
Other	29 %	29 %
TOTAL	**100 %**	**100 %**

All amounts are in CHF 000 unless otherwise noted

17 Provisions for Other Liabilities and Charges

Provision for dismantling	2012	2011
At beginning of the year	292	1 570
Additions	64	56
Release through fixed assets (PPE)	0	- 1 212
Release through income statement	0	- 148
Other effects	0	26
Provision for dismantling at end of the year	**356**	**292**

Other provisions	2012	2011
At beginning of the year	101	99
Additions	452	2
Use	0	0
Release through income statement	- 13	0
Other provisions at end of the year	**540**	**101**

Total provisions at end of the year	**896**	**393**
thereof short-term	109	0
thereof long-term	787	393

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% (2011: 5%).

In 2011 the company revised the estimate of dismantling cost and has therefore reduced the provision accordingly by TCHF 1 360 (2010: TCHF 0), TCHF 148 thereof through the income statement.

Other provisions (long-term) include a provision in the amount of TCHF 326 for a potential lawsuit regarding the defective construction of a rooftop installation. As of December 31, 2012, the financial impact of this case cannot be measured reliably. However, Group management is of the opinion that from today's point of view sufficient provisions have been recorded for this case.

Other provisions (short-term) include a provision of TCHF 109 relating to the reduction of personnel, which goes in line with the reorientation of the Group.

18 Personnel Expenses

	2012	2011
Wages and salaries	- 1 104	- 795
Social security costs	- 166	- 243
Pension costs – defined benefit plans	- 51	- 91
Other personnel costs	- 98	- 50
Total	**- 1 419**	**- 1 179**
Number of employees	13	11

19 Financial Income and Expenses

	2012	2011
Interest income on loans	6	62
Foreign exchange gains	84	468
Financial income	**90**	**530**
Finance cost		
Borrowings third-party	- 463	- 68
Straight bonds	- 1 897	- 1 709
Foreign exchange losses	- 35	- 366
Other financial expenses	-16	0
Financial expenses	**- 2 411**	**- 2 143**
Net finance cost	**- 2 321**	**- 1 613**

All amounts are in CHF 000 unless otherwise noted

20 Income Tax Expenses

	2012	2011
Current tax (expense) / income	- 33	135
Deferred tax income / (expense)	24	- 263
Total income tax expenses	**- 9**	**- 128**

The applicable tax rate was 21.17% (2011: 21.17%).

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

	2012	2011
Loss before income tax expense	- 2 614	- 789
Income tax rate	21 %	21 %
Income tax income at the expected income tax rate	**553**	**167**
Reconciliation with the effective income tax expense:		
Effect of applicable different tax rates in countries in which the Group operates	96	21
Impairment of deferred tax assets / Release of deferred tax liability	24	- 391
Unrecognized tax losses	- 579	102
Other effects	- 103	- 27
Total income tax expense/income	**-9**	**-128**

21 Earnings per Share

Basic earnings per share is 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).

	2012	2011
Loss attributable to equity holders of the Group	- 2 623	- 876
Weighted average number of ordinary shares outstanding	341 576	341 576
Basic and diluted loss per share (CHF per share)	**- 7.68**	**- 2.57**

22 Dividends per Share

No dividends were paid out in 2012 or in 2011.

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.

24 Commitments

There are no commitments as of December 31, 2012. As of December 31, 2011, the Group had CHF 2.6 million outstanding commitments to complete the construction of the photovoltaic facilities in Spain.

25 Acquisition and Disposals of Non-controlling Interests

The Company has acquired a further 1.3% (2011: 0.2%) of Edisun Power Ltd. and as of December 31, 2012, holds 100% (2011: 98.7%) of Edisun Power Ltd.'s shares. The shareholders of Edisun Power Ltd. elected to receive a cash payment (in 2011: cash payment).

Furthermore, the Company has acquired the remaining 44.4% minority shares of Yellow Hat Ltd. and subsequently merged Yellow Hat Ltd. with Edisun Power Ltd. The shareholders of Yellow Hat Ltd. elected to receive a cash payment.

All amounts are in CHF 000 unless otherwise noted

26 Related-Party Transactions

26.1 Purchase of Services

The following transactions were carried out with related parties:

	2012	2011
Purchase of services		
from an entity controlled by a board member	0	12
Total purchase of service	**0**	**12**

The transaction mentioned above was made under normal commercial terms and conditions.

Additionally, a quarterly fee of 0.625% or TCHF 14 for the funding of an unclaimed short-term loan in the amount of EUR 1.8 million by a member of the Board of Directors was booked in 2011 (2011: TCHF 9).

26.2 Key Management and Board Compensation

	2012	2011
Salaries and other short-term employee benefits	573	538
Social benefits (employer's contribution)	67	49
Termination benefits	0	0
Total compensation	**640**	**587**

26.3 Year-end Balance Arising from Transactions with Related Parties

	2012	2011
Payables to related parties:		
Board member	0	9
Total balance	**0**	**9**

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

On February 27, 2013 the Group published a press release, announcing an expected loss for the financial year 2012 in the range of CHF 2.2 million to CHF 2.7 million. Furthermore, the Group announced various measures due to the reorientation of the Group, including a program to reduce costs by CHF 1 million and the departure of Markus Kohler, CTO. There are no other relevant events after the balance sheet date which would have a significant impact on the 2012 financial statements.

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

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Edisun Power Europe AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 25 to 59), for the year ended December 31, 2012.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles described in the notes. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation 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 December 31, 2012 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.

PricewaterhouseCoopers AG, Birchstrasse 160, P.O. Box, 8050 Zurich
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch

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 that there are no circumstances incompatible with our independence.

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

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

PricewaterhouseCoopers AG

Patrick Balkanyi	Reto Gall
Audit expert	Audit expert
Auditor in charge	

Zurich, 9. April 2013

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	31.12.2012 TCHF	31.12.2011 TCHF
Assets			
Cash and cash equivalents		3 643	1 457
Other receivables			
Third parties		6	3
Group companies	3	12 792	9 266
Other current assets		3	0
Total current assets		**16 444**	**10 726**
Investments in subsidiaries and associates	1	9 629	9 744
Plant and equipment		20	21
Intangible assets		544	522
Financial assets			
Group companies	3	36 163	38 493
Total non-current assets		**46 356**	**48 780**
Total assets		**62 800**	**59 506**
Liabilities and equity			
Borrowings	2	0	4 980
Trade payables			
Third parties		109	160
Other payables			
Third parties		35	38
Group companies		1 752	2 888
Accrued expenses		948	760
Provisions		230	212
Total current liabilities		**3 074**	**9 038**
Borrowings	2	41 785	30 595
Total non-current liabilities		**41 785**	**30 595**
Total liabilities		**44 859**	**39 633**
Share capital		34 158	34 158
Legal reserves		1 367	1 367
Accumulated deficits		- 17 584	- 15 652
Total equity		**17 941**	**19 873**
Total liabilities and equity		**62 800**	**59 506**

The notes are an integral part of these financial statements.

Statutory Income Statement

	Notes	31.12.2012 TCHF	31.12.2011 TCHF
Revenue from goods and services		1 765	1 239
Revenue from sale of modules		0	5 336
Other income		89	135
Goods purchased		0	- 4 698
Personnel expenses		- 1 191	- 1 058
Rental and maintenance expenses		- 68	- 68
Administration expenses		- 721	- 508
Advertising expenses		- 115	- 85
Other cost		- 79	- 404
Earnings before interest, tax, depreciation and amortization (EBITDA)		**-320**	**-111**
Depreciation and amortization		-172	-195
Earnings before interest and tax (EBIT)		**- 492**	**- 306**
Financial income		2 874	3 120
Financial expenses		- 1 961	- 2 119
Impairment on intercompany borrowings and investments	3	- 2 265	- 3 819
Impairment on investments	1	- 10	0
Net loss before tax		**- 1 854**	**- 3 124**
Taxes		- 78	- 59
Net loss		**- 1 932**	**- 3 183**

The notes are an integral part of these financial statements.

Notes to the Financial Statements

1 Investments

		Capital	**Signed**	**31 December 2012**		**31 December 2011**	
				Share	TCHF	Share	TCHF
Edisun Power Ltd.	TCHF	2 634	100 %	100.0 %	3 959	98.7 %	3 906
Yellow Hat Ltd.	TCHF	500	100 %	0.0 %	0	55.6 %	168
Edisun Power Finance Ltd.	TCHF	100	100 %	100.0 %	100	100.0 %	100
Edisun Power Iberia S.A.	TEUR	61	100 %	100.0 %	91	100.0 %	91
Edisun Power PLC	TEUR	750	100 %	100.0 %	1 603	100.0 %	1 603
Edisun Power France SAS	TEUR	2 800	100 %	100.0 %	3 876	100.0 %	3 876
Total Investment					**9 629**		**9 744**

The Spanish Company is located in Alella, Barcelona, the French Company in Lyon and the German Company in Sigmaringen. The objectives of these companies are the financing, construction and operation of solar plants.

An impairment in the amount of TCHF 10 has been recorded on the investment Yellow Hat Ltd. in 2012. The investment Yellow Hat Ltd was sold to Edisun Power Ltd. during 2012.

2 Straight Bonds

	31.12.2012 TCHF	31.12.2011 TCHF
3.75% Bond 2007 – 2012	-	3855
3.75% Bond 2008 – 2012	-	1125
Total Short-term borrowings	**-**	**4980**
4.00% Bond 2007 – 2015	3280	3280
4.50% Bond 2007 – 2019	4810	4810
4.00% Bond 2008 – 2015	1720	1720
4.50% Bond 2008 – 2019	4540	4540
4.25% Bond 2009 – 2014	9120	9125
3.75% Bond 2010 – 2016	5825	5825
3.50% Bond 2011 – 2017	1295	1295
3.50% Bond 2012 - 2018	11195	-
Total Long-term borrowings	**41785**	**30595**

3 Impairment of Intercompany Borrowings

	31.12.2012 TCHF	31.12.2011 TCHF
Other receivables from Group companies (gross amount)	12 970	9 509
Impairment	- 178	- 243
Other receivables from Group companies (net amount)	**12 792**	**9 266**

	31.12.2012 TCHF	31.12.2011 TCHF
Loans to Group companies (gross amount)	49 656	49 656
Impairment	- 13 493	- 11 163
Loans to Group companies (net amount)	**36 163**	**38 493**

As at December 31, 2012, the exchange rate used for EUR/CHF was 1.2074 (2011: 1.2139). If the currency had weakened / strengthened by 5% against the Euro, the impairment on loans to group companies would have been respectively TCHF 1 655 higher (2011: TCHF 1 772) or TCHF 1 738 lower (2011: TCHF 1 861).

4 Fire-Insurance Value of Fixed Assets

	31.12.2012 TCHF	31.12.2011 TCHF
	102	**100**

5 Sureties, Guarantees and Pledges given on behalf of Third Parties

The following current and future receivables from 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	31.12.2012 TCHF	31.12.2011 TCHF
Bondholders	16 340	18 195
	16 340	**18 195**

	31.12.2012 TEUR	31.12.2011 TEUR
Joint security given in order to secure a bank financing for Edisun Power France SAS	8 776	8 776
	8 776	**8 776**

6 Significant Shareholders

Significant shareholders and their direct holdings	31.12.2012 in %	31.12.2011 in %
Eberhard Martin	10.6 %	10.6 %
Nef Hans	4.9 %	-
Coopera Sammelstiftung PUK	3.1 %	3.1 %

7 Own Shares

According to the Swiss Law Art. 659 b OR, shares would be classified as treasury shares if an entity acquires a majority investment in another entity which owns shares in the acquirer entity. In this case, the acquiring entity must 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, as the company has no free available reserves, 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

	31.12.2012 TCHF	31.12.2011 TCHF
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 the probability and impact of their realization). This risk overview is the objective of a discussion process that takes place annually between the Group's Board of Directors and the Audit Committee. The constant observation of identified risks and their control is a stated management objective.

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

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

Board of Directors

	Year	Fixed fee	Social benefits (employer's contribution)	Total cash compensation
Heinrich Bruhin Chairman	2012	48 000	3 000	51 000
	2011	52 000	3 250	55 250
Giatgen Peder Fontana Vice-Chairman from 9.5.12	2012	14 667	0	14 667
	2011	0	0	0
Peter Toggweiler Member	2012	24 000	0	24 000
	2011	26 000	0	26 000
Pius Hüsser Member	2012	24 000	0	24 000
	2011	25 000	0	25 000
Martin Eberhard Member	2012	24 000	1 500	25 500
	2011	18 000	1 120	19 120
Dominique Fässler Member (until 9.6.2011)	2012	0	0	0
	2011	10 500	0	10 500

Management Board

	Year	Fixed fee	Social benefits	Incentive	Expenses	Total compensation
Rainer Isenrich CEO/CFO [1]	2012	208 325	39 678	32 000	10 350	290 353
	2011	0	0	0	0	0
Markus Kohler CTO [2]	2012	165 001	23 099	12 500	10 150	210 750
	2011	150 000	17 660	40 000	4 800	212 460
Mirjana Blume CEO/CFO [3]	2012	0	0	0	0	0
	2011	206 250	26 610	0	4 950	237 810

[1] CEO/CFO since March 1, 2012
[2] CEO/CFO ad interim from December 1, 2011 until February 29, 2012
[3] CEO/CFO until November 30, 2011

Compensation (in CHF)

	2012	2011
Total compensation of members of the Board of Directors	139 167	135 870
Total compensation of the Management Board	501 103	450 270

Highest Total Compensation (in CHF)

	2012	2011
Board of Directors: Heinrich Bruhin	51 000	55 250
Management Board: Rainer Isenrich	290 353	-
Management Board: Mirjana Blume	-	237 810

11 Additional Payments to Members of the Board of Directors and the Management Board (in CHF)

	2012	2011
Martin Eberhard: Quarterly fee of 0.625% for the funding of an unclaimed short-term loan in the amount of EUR 1.8 million	13 832	9 104

12 Related Parties Transactions (in CHF)

	2012	2011
Purchase of services from an entity controlled by a board member	0	12 000

All transactions with related parties are made on normal commercial terms and conditions and do not include any executive or managerial functions.

13 Shares owned by Board of Directors and Management Board

Board of Directors	**31.12.2012**	**31.12.2011**
Heinrich Bruhin	1 625	1 625
Peter Toggweiler through Enecolo	2 535	2 535
Martin Eberhard	36 091	36 091
Pius Hüsser	1 702	1 402
Total	**41 953**	**41 653**

Management Board		
Rainer Isenrich	1 000	0
Total	**1 000**	**0**

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

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Edisun Power Europe AG, which comprise the balance sheet, income statement and notes (pages 63 to 70), for the year ended December 31, 2012.

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 December 31, 2012 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 that there are no circumstances incompatible with our independence.

PricewaterhouseCoopers AG, Birchstrasse 160, P.O. Box, 8050 Zurich
Telephone: +41 58 792 44 00, Facsimile: +41 58 792 44 10, www.pwc.ch

pwc

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

Patrick Balkanyi	Reto Gall
Audit expert	Audit expert
Auditor in charge	

Zurich, 9. April 2013

Enclosure:

- 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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Layout & Design: Crafft Kommunikation AG **Editor:** transan, Anita Niederhäusern **Photographer:** Jürg Waldmeier
Printed: in 150 copies by Offsetdruck Goetz AG

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

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