Edisun Power Europe Ltd.

Corporate Governance Report 2013
Financial Statements 2013

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Editorial

Market environment necessitates further cost savings
In 2013 the revenue of Edisun Power Group increased by 4.5 % to CHF 8.59 million. Due to the change in the market environment, it became necessary to impair the value of the assets by CHF 2.61 million, which led to a loss of CHF 3.46 million. In order to achieve appropriate returns in the future, the Group announced a new cost saving program at the beginning of 2014, which, among other things included the delisting of the company's stock from the SIX Swiss Exchange.

Energy production by the Edisun Power Group, which is issuing its Financial Statement according to the guidelines of Swiss GAAP FER for the first time in 2013, grew in 2013 by 13 % to 16.2 million kWh (2012: 14.4 million kWh). Revenue grew to CHF 8.59 million (2012: CHF 8.22 million) and 76 % of revenue was generated abroad (2012: 70 %). Profit before interest, tax, amortization and deconsolidation (EBITDA) rose to CHF 4.86 million (2012: CHF 3.96 million). Net profit was CHF -3.46 million (2012: -2.40 million).

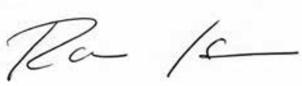
Higher revenue from electricity production despite bad weather
In 2013, Edisun Power Group was able to increase revenue from electricity production by 4 % to CHF 8.13 million (2012: CHF 7.80 million). The increase can mainly be attributed to the plants in Huelva and on Mallorca that were completed in the second half of 2012. Due to bad weather conditions in the first half of 2013, electricity production fell by 5 % compared with the previous year on a comparable basis.

The measures that were announced at the beginning of 2013 to reduce annual costs by CHF 1 million were completed in the 4th quarter. Together with the increase in electricity production, these measures contributed to the clear improvement in EBITDA, which increased by CHF 0.91 million, or 23 %.

At the time of the 2013 half-year report, detailed analysis already showed the necessity to make an impairment on the value of photovoltaic plants in France, Spain and Germany of CHF 1.83 million. Due to the decree of the new Spanish energy law published at the beginning of February 2014, it was necessary to make a further impairment of CHF 0.66 million in the 2013 financial statement. Although the total value of the Spanish plants was in line with the estimated value at the time of the half-year report, it was necessary to adjust the asset value further as the new law had a negative impact on three of our plants. The total impairment charge came to CHF 2.61 million in 2013 (2012: 1.03 million).

Depreciation increased compared with the previous year as the two plants that were completed in 2012 are included in the accounts for a full year for the first time in 2013.

Successful sale of small Swiss photovoltaic plants
Seven plants were sold in mid 2013, followed by the sale of the entire Edisun Power Ltd with 32 plants at the end of the year. This resulted in a profit of CHF 0.42 million from the deconsolidation in the second half of the year, which had a corresponding positive influence on the results. The sale of these small plants will reduce the annual revenue of the Group by about CHF 1 million. Thanks to the proceeds from selling these plants and existing liquidity, the Group was able to reduce debt by CHF 6.7 million in 2013, and by a further CHF 3.97 million in early 2014, which will result in a corresponding reduction in interest payments. In addition, the maturity structure of the debt has been improved by the issuance of a 10-year bond at the beginning of 2014. The focus on bigger plants results in more efficient plant management, allowing the Group to begin a further program of cost reductions amounting to CHF 0.7 million at the end of February 2014. This program will show positive financial effects from autumn 2014.



Rainer Isenrich
CEO and CFO, Edisun Power Group

Content

Corporate Governance Report 2013

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

Corporate Governance describes how management is organized and how it operates. Ultimately it contributes to our success by protecting the interests of our shareholders while at the same time creating value for all stakeholders. The Board of Directors is committed to maintaining the highest standards of integrity and transparency in the governance of the company. In this, it is guided by the Swiss Code of Best Practice and the most recent principles of Corporate Governance.

Good Corporate Governance seeks to balance entrepreneurship, control and transparency, while promoting an efficient decision-making process within the company. The Board of Directors and the Management Board work constantly to improve the quality of Corporate Governance.

The Board of Directors considered the implications of the Minder Initiative. As a result of this the president of the Board of Directors, the single board members as well as the members of the Nomination Committee will be elected by the general assembly in 2014. The final implementation will be done at the general assembly 2015 considering the planned delisting from the SIX Swiss Exchange.

1 Executive Summary

Changes in share capital

As of December 31	2013	2012	2011
Ordinary share capital (in CHF)	17 949 818.80 [1)]	34 157 600	34 157 600
Total shares	341 576	341 576	341 576

1) On May 7, 2013, the share capital was reduced as part of an initiative to eliminate losses on the balance sheet.

Significant Shareholders as of December 31

	2013 Number of Shares	2013 in %	2012 in %
Eberhard Martin	36 091	10.6 %	10.6 %
Nef Hans	22 453	6.6 %	4.9 %
Group of shareholders with Hansjürg Leibundgut and B35 AG [1]	12 580	3.7 %	< 3 %
Coopera Sammelstiftung PUK	10 750	3.1 %	3.1 %

[1] B35 AG comprises Hansjürg Leibundgut, Ursula Leibundgut and Martin Schmutz.

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

	2013
Total compensation of the Board of Directors	111 230
Total compensation of the Management Board	447 633

Highest total compensation in CHF

	2013
Board of Directors: Giatgen Peder Fontana	35 000
Management Board: Rainer Isenrich	285 921

Shareholders' participation rights

- Each registered ordinary share bears one voting right at the General Shareholders' Meeting and entitlement to dividend payments.

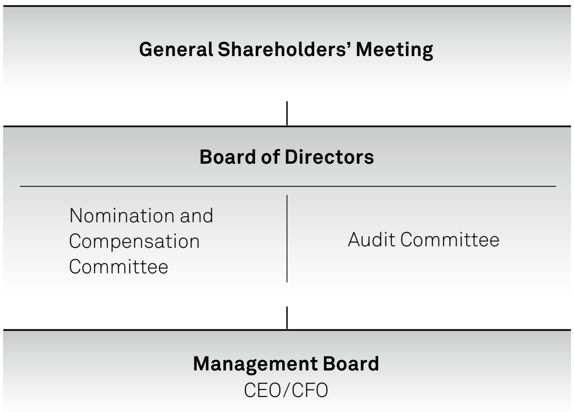
- Extraordinary Shareholders' Meetings are convened by the Board of Directors if shareholders representing at least 10 % of the share capital request such meetings.

2 Group Structure

Operational Group structure

The headquarter of Edisun Power Group is in Zurich, Switzerland. Group subsidiaries operate in Switzerland, Germany, Spain and France. Edisun Power Europe Ltd. is the parent company and has been listed on the domestic segment of the SIX Swiss Exchange since November 4, 2013, having previously been listed on the main segment.

The following chart shows the Group's operational structure as of December 31, 2013:



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:

	2013	2012	2011
Market capitalization (CHF m)	9	14	20
As a % of equity	75.67	94.45	109.92
Share price (CHF)	27.75	42.00	58.00

Registered office:	8006 Zurich, Switzerland
Listing:	SIX Swiss Exchange
Valor number:	2 473 640
ISIN:	CH0024736404
Ticker symbol:	ESUN
Nominal value:	CHF 52.55

Non-listed companies

The following organizational chart shows all the companies in the Edisun Power Group as of December 31, 2013 (registered office, share capital in local currency and share of ownership):

- **Edisun Power Europe Ltd.**
(Zurich, Switzerland)
  - **Edisun Power Switzerland Ltd.**
  (Zurich, Switzerland)
  TCHF 100 100 %
  - **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 %

Edisun Power Ltd. (Zurich, Switzerland) TCHF 2634, 100 %, a subsidiary of Edisun Power Europe Ltd., was sold to BE Netz AG, effective December 31, 2013.

3 Shareholders

Registered shareholders

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

Number of shares held	2013	2012
1 – 100	615	676
101 – 1 000	486	501
1 001 – 10 000	26	24
10 001 – 100 000	3	3
Total registered shareholders	**1 130**	**1 204**

Significant shareholders

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

	2013 shares	2013 % of total	2012 % of total
Eberhard Martin	36 091	10.6 %	10.6 %
Nef Hans	22 453	6.6 %	4.9 %
Group of shareholders with Hansjürg Leibundgut and B35 AG [1]	12 580	3.7 %	< 3 %
CoOpera Sammelstiftung PUK	10 750	3.1 %	3.1 %
Registered shareholders with holdings of less than 3 %	226 589	66.3 %	69.3 %
Not registered	33 113	9.7 %	12.1 %
Total shares	**341 576**	**100.0 %**	**100.0 %**

[1] B35 AG comprises Hansjürg Leibundgut, Ursula Leibundgut and Martin Schmutz.

The following significant shareholder notifications occurred during 2013:

- On March 21, 2013, Hans Nef acquired shares in Edisun Power, taking his total holding on that date to 17 100 shares (5.01%).
- On March 21, 2013, the group of shareholders with Hansjürg Leibundgut and B35 AG (comprising Hansjürg Leibundgut, Ursula Leibundgut and Martin Schmutz) acquired shares in Edisun Power, taking their total holding on that date to 10 600 shares (3.10%).

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

Shareholder structure

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

Type	**2013**	**2012**
Individual shareholders	81 %	79 %
Legal entities	7 %	6 %
Nominees, fiduciaries	2 %	3 %
Not registered	10 %	12 %
Total	**100 %**	**100 %**

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

Origin	**2013**	**2012**
Switzerland	88 %	86 %
Europe (other than Switzerland)	2 %	2 %
Not registered	10 %	12 %
Total	**100 %**	**100 %**

Cross-shareholdings

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

4 Capital Structure

On December 31, 2013, the capital of Edisun Power Europe Ltd. was as follows:

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

Authorized and conditional capital

On December 31, 2013, Edisun Power Europe Ltd. had no authorized and no conditional capital.

Changes in capital

The capital of Edisun Power Europe Ltd. was changed in 2013:

Changes in share capital	2013	2012	2011	2010	2009	2008	2007
Ordinary share capital (CHF)	17 949 818.80	34 157 600	34 157 600	34 157 600	34 157 600	34 157 600	13 839 100
Total shares	341 576	341 576	341 576	341 576	341 576	341 576	138 391
Authorized capital (CHF)	-	-	-	-	3 000 000	3 000 000	-
Authorized shares	-	-	-	-	30 000	30 000	-

In some 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.

On May 7, 2013, the share capital was reduced as part of an initiative to eliminate losses on the balance sheet by reducing the nominal value of a share to CHF 52.55.

Shares and participation certificates

Edisun Power Europe Ltd. registered shares have been listed on the SIX Swiss Exchange since September 26, 2008. Since May 7, 2013, the par value has been CHF 52.55 per share, and prior to that it was CHF 100.00 per share. The share capital is fully paid up. Each ordinary share bears one voting right at the General Shareholders' Meeting and entitlement to dividend payments.

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

Profit sharing certificates

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

Limitations on transferability and nominee registrations

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

Granting exceptions in the year under review

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

Admissibility of nominee registration

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

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

Procedures and conditions for cancelling statutory privileges and limitations on transferability

In the event that such a situation arises, an absolute majority of the votes represented at the General 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.

Giatgen Peder Fontana, 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, and has served as Chairman since May 7, 2013. He holds a Ph.D. in law (Dr. iur.). Giatgen Peder Fontana has been the owner of Fontana Projects LLC since 1998 and he 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 board member of myclimate, a non-profit foundation that works to implement climate protection measures. Giatgen Peder Fontana is a past CEO of 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).

Martin Eberhard, Vice-Chairman 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, Martin Eberhard 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 his career at 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 Private Equity Holding Ltd. and on the board of several other Swiss industrial and financial companies.

Theodor Scheidegger, Member of the Board

born 1958, Swiss and Canadian
non-executive member

Theodor Scheidegger has been a member of the company's Board of Directors since May 7, 2013. He graduated from the University of Vienna with a master's degree in business administration and computer science (Mag.rer. soc.oec.) and obtained a doctorate from the University of Kiel in the field of industrial business administration and information technology (Dr.sc.pol.). From 2011 – 2013 Theodor Scheidegger was CEO of the Solar and Hydro division of Siemens AG. Prior to that, he was CEO and Chairman of the Management Board of Sovello AG in Germany from 2008 – 2011. At Precious Woods Group, Switzerland he was Group CFO and head of the Carbon and Energy segment from 2000 – 2008. From 2005 – 2008 he was Vice President and General Manager of Emerson Retail Solutions, Europe. Previously, Theodor Scheidegger worked in various functions at Invensys plc for seven years and at Siemens AG for 14 years (1984 –1998). Currently, he is Chairman of the Engynious Group in Baar. In addition, he is a Director of several other Swiss and international 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, 2013, the Board of Directors had three 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 Giatgen Peder Fontana) and its Secretary. The secretary need not be a member of the Board of Directors or a shareholder. Since May 7, 2013, Urs Scherrer has been Secretary of the Board of Directors.

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

The allocation of assignments between the Board of Directors and the CEO is defined in the Edisun Power Europe Ltd. Organizational Regulations. In accordance with the Organizational Regulations, the Board has appointed an Audit Committee 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, 2013, the Audit Committee had three members: Martin Eberhard (Chairman), Giatgen Peder Fontana and Theodor Scheidegger. 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 by the CEO/CFO as a guest. Furthermore, all meetings were also attended by the auditors. The average duration of the meetings was 3.8 hours.

Within the context of its overall remit, the Audit Committee assesses the work and effectiveness of the external auditor on behalf of the Board of Directors, by evaluating their level of competence, independence, communication, quality of deliverables as well as fees. Furthermore, the Audit Committee assesses the financial control, the financial structure and risk management mechanisms of the company, and reviews the interim and annual financial accounts of the Group.

Nomination and Compensation Committee

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 2013 the Committee met once during a regular Board meeting with a duration of 0.5 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.

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 six meetings and five telephone conferences in 2013. Most ordinary meetings of the Board of Directors last half a day. The members of the Management Board take part regularly in meetings of the Board of Directors to report on special projects in their areas of responsibility. In addition, the Board of Directors receives monthly written reports on current projects, liquidity planning, sale of electricity and budget variances.

Definition of areas of responsibility

The Board of Directors has delegated the day-to-day management of Edisun Power to the Executive Management (comprising CEO/CFO and CTO until 30.4.2013), except as otherwise provided by law and the Articles of Association. The CEO heads the operational business and is empowered to fulfill his duties, unless otherwise provided by law, the Articles of Association or the organizational regulations. The specific tasks and areas of authority are specified in the organizational regulations and in the annex to the Company's organizational regulations.

The primary tasks reserved for the Board of Directors are the definition of principles and decisions concerning the subjects of corporate strategy, financial planning, organizational structure, human resources policy and supervision of top management. The Board of Directors is also responsible for the preparation of the annual report, 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 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 members of the Management Board report to the Board of Directors on their respective business areas.

The standardized reporting consists of monthly written reports on current sale of electricity, projects, liquidity planning and budget variances of the Group. The resulting analysis and action taken are presented at each board meeting by the Mangement Board. Complete consolidated financial statements under Swiss GAAP ARR 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. The examination of exposure to risk includes the identification of possible opportunities as well as an analysis of threats. The Board of Directors analyzes Group risk at least once a year and discusses it with the Management Board in the context of a strategic meeting.

6 Management Board

The Management Board is responsible for the operational management of the company. Furthermore, it prepares for and then executes decisions made by the Board of Directors. According to the Organizational Regulations of Edisun Power Europe Ltd. it must, as a minimum requirement, include the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO). The Management Board is appointed by the Board of Directors and currently includes only the CEO/CFO.

Rainer Isenrich, CEO/CFO

born 1960, Swiss national

Rainer Isenrich has been CEO/CFO of Edisun Power since March 1, 2012. He studied electrical engineering at the Swiss Federal Institute of Technology (ETH) Zurich, gained a master's degree in Management from Georgia Institute of Technology (Atlanta, USA) and completed further studies in Innovation Management at IMD in Lausanne. Rainer Isenrich has accumulated extensive international professional and management experience in a diverse range of industries and roles. From 1990 to 2005 he worked for Georg Fischer AG, where, among other positions, he served as Chief Information Officer from 1997 – 2000 and was head of various business units and divisions from 2000 – 2005. From 2005 – 2008 he was CEO of Multi-Contact Group and thereby also responsible for Multi-Contact's activities as the market leader in electrical connectors for photovoltaic modules. Subsequently Rainer Isenrich held various positions with automation specialist Infranor and plastics manufacturer Fischer Söhne AG.

7 Compensation and Shareholdings

Composition and method of determining compensation

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

Fixed salary

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

Variable salary

In 2009 the Group introduced a variable salary component to middle and top management in the range of 10 to 20 % of fixed salary depending on job description and management level. At the beginning of the financial year, the Nomination and Compensation Committee (NCC) sets 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 target net result) and is ratified by the NCC. The target for the variable salary component of the CEO/CFO in 2013 was linked exclusively to a positive financial result. As this was not achieved, the CEO/CFO was not entitled to a variable salary component. As the CTOs employment contract was terminated in 2013, he was entitled to an achievement bonus based on the following criteria: handover of CTO responsibilities to the CEO/CFO, acquistion of new PV plants and preparations of sales documentation for the sale of Swiss PV plants.

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 2013. 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 (see page 18) in the year under review and in the previous year in CHF:

	Financial year	Fixed fee	Social benefits (employer's contribution)	Total cash compensation	Total compensation
Heinrich Bruhin Chairman until 7.5.2013	2013	16 000	1 000	17 000	17 000
	2012	48 000	3000	51 000	51 000
Giatgen Peder Fontana Chairman from 7.5.2013	2013	35 000	0	35 000	35 000
	2012	14 667	0	14 667	14 667
Peter Toggweiler Member until 7.5.2013	2013	8 000	0	8 000	8 000
	2012	24 000	0	24 000	24 000
Pius Hüsser Member until 7.5.2013	2013	8 000	0	8 000	8 000
	2012	24 000	0	24 000	24 000
Martin Eberhard Vice-Chairman from 7.5.2013	2013	25 000	1 563	26 563	26 563
	2012	24 000	1 500	25 500	25 500
Theodor Scheidegger New member from 7.5.2013	2013	16 667	0	16 667	16 667
	2012	0	0	0	0

Management Board

The Management Board of Edisun Power Europe Ltd. consists of the CEO/CFO and CTO (official term of Markus Kohler as CTO until 30.4.2013, further activities of Markus Kohler until the end of his employment on 31.8.2013). 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 2013, a total management board bonus of CHF 20 000 was paid out in 2013 as an achievement bonus. No further compensation in shares or options of the group was granted.

The employment contract of the CEO/CFO was concluded for an indefinite period of time and may be terminated with six months' notice. This contract of employment does not include severance compensation. Markus Kohler, whose employment contract was terminated in 2013, did not receive 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]	2013	229 165	0	44 956	11 800	285 921
	2012	208 325	32 000	39 678	10 350	290 353
Markus Kohler CTO [2]	2013	113 334	20 000	18 178	10 200	161 712
	2012	165 001	12 500	23 099	10 150	210 750

[1] CEO/CFO since March 1, 2012
[2] CTO until 30.4.2013, employment contract ended 31.8.2013, total compensation until 31.8.2013 shown.

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):

	2013	2012
Funding fee	0	13 832

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

Related parties transactions

There were no transactions with related parties in 2013 or in 2012 other than the ones disclosed on page 48 of the consolidated financial statements.

8 Shareholders' Participation Rights

Voting rights and representation restrictions

Each registered ordinary share bears one voting right at the Annual General Shareholders' Meeting and entitlement to dividend payments (Art. 6 para. 1 of the Articles of Association).

Statutory quorums

To the extent that neither the law nor the Articles of Association provide otherwise, an absolute majority of share votes must be represented at the General Shareholders' Meeting for resolutions to be passed and elections to be conducted.

Convocation of the General Shareholders' Meeting

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

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. 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 were first appointed as auditors of Edisun Power Europe Ltd. and Edisun Power Group. They were elected following a due diligence process, mainly on the basis of their level of competence, their independence and their reputation as one of the "Big Four". Ecovis ws&p AG had previously been tasked with the statutory audit. PricewaterhouseCoopers were originally elected for a term of one year, with Patrick Balkanyi acting as lead auditor. Since 2008, PricewaterhouseCoopers AG have been reappointed each year 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 fees charged by PricewaterhouseCoopers to the Edisun Power Group during the financial years 2013 and 2012, were as follows (in CHF):

	2013	**2012**
Audit services	61 800	79 300
Total	**61 800**	**79 300**

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

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 9, 2014
Annual General Shareholders' Meeting
of Edisun Power Europe Ltd.
at Hotel Glockenhof in Zurich

August 27, 2014
Publication of Semi-Annual Report
as of June 30, 2014
Media Information

April 2015
Publication of the Annual Report
as of December 31, 2014
Media Information

May 2015
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	31.12.2013 TCHF	31.12.2012 TCHF restated
Assets			
Cash and cash equivalents	7	7 502	5 350
Trade receivables	6	696	854
Other receivables and current assets	6	1 254	1 597
Inventory		0	133
Financial assets		30	28
Total current assets		**9 482**	**7 962**
Land, plant and equipment	4	55 395	66 487
Intangible assets	5	211	226
Financial and other long term assets		1 194	1 210
Total non-current assets		**56 800**	**67 923**
Total assets		**66 282**	**75 885**
Liabilities and equity			
Borrowings	10	9 593	2 644
Trade payables	9	386	378
Other payables	9	165	236
Accrued cost	9	1 021	1 449
Provisions	12	39	109
Income tax liabilities		0	231
Total current liabilities		**11 204**	**5 047**
Borrowings	10	41 904	54 861
Provisions	12	648	787
Total non-current liabilities		**42 552**	**55 648**
Total liabilities		**53 756**	**60 695**
Share capital	8	17 950	34 158
Share premium	8.1	- 2 185	- 818
Accumulated deficits	8.3	- 3 239	- 18 150
Total equity		**12 526**	**15 190**
Total liabilities and equity		**66 282**	**75 885**

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

Consolidated Income Statement

	Notes	2013 TCHF	2012 TCHF restated
Revenues from:			
sale of electricity	3	8 125	7 800
sale of modules and systems	3	32	74
Other operating income	3	436	345
Goods and services purchased		- 32	- 74
Personnel expenses	13	- 1 309	- 1 436
Rental and maintenance expenses		- 1 010	- 1 235
Administration expenses		- 783	- 1 070
Advertising expenses		- 67	- 116
Other operating costs		- 528	- 333
Earnings before interest, tax, depreciation, amortization and deconsolidation (EBITDA)		**4 864**	**3 955**
Depreciation and amortization	4, 5	- 3 408	- 3 056
Impairment	4, 5	- 2 611	- 1 025
Income from deconsolidation	4.2	419	0
Operating loss (EBIT)		**- 736**	**- 126**
Financial income	14	51	90
Financial expenses	14	- 2 746	- 2 411
Net loss before income tax		**- 3 431**	**- 2 447**
Income tax	15	- 24	44
Net loss		**- 3 455**	**- 2 403**
attributable to shareholders of Edisun Power Europe Ltd.		- 3 455	- 2 403
Earnings per share for loss attributable to shareholders of Edisun Power Europe Ltd. during the year (expressed in CHF per share):			
basic and diluted	16	- 10.12	- 7.04

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

Consolidated Cash Flow Statement

	Notes	2013 TCHF	2012 TCHF restated
Net loss		**-3455**	**-2403**
Reversal of non-cash items:			
Depreciation and amortization on plant, equipment, intangible assets and other assets		3408	3056
Impairment		2611	1025
Change in accruals and provisions		-526	741
Financial income	14	-51	-90
Financial expenses	14	2746	2411
Income from deconsolidation	4.2	-419	0
Income tax expense	15	24	-44
Loss on disposal of tangible assets		27	86
Change in receivables and other current assets		624	85
Change in payables		146	-477
Interest paid [1)]		-2438	-2047
Taxes paid		-255	-15
Other non-cash items		125	75
Cash flow from operating activities		**2567**	**2403**
Disposal of Edisun Power AG, net of cash disposed	4.2	3094	0
Investments in plant and equipment [1)]		-204	-6247
Disposal of tangible assets		1750	28
Investments in intangible assets		-75	-18
Repayment from financial assets		18	73
Interest received		21	5
Cash flow from investing activities		**4604**	**-6159**
Issuance of borrowings, net of transaction costs		343	11011
Cash received for loans from Edisun Power Europe Ltd.		1351	0
Repayment of borrowings		-6725	-5372
Purchase of non-controlling interests of Edisun Power Ltd.		0	-127
Purchase of non-controlling interests of Yellow Hat Ltd.		0	-53
Cash flow from financing activities		**-5031**	**5459**
Net change in cash and cash equivalents		**2140**	**1703**
Cash and cash equivalents at the beginning of the year	7	**5350**	**3661**
Exchange losses on cash and cash equivalents		12	-14
Cash and cash equivalents at the end of the year	7	**7502**	**5350**

[1)] Total interest paid TCHF 2438 (2012: TCHF 2204), of which TCHF 0 (2012: TCHF 157) 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	Accumu-lated deficits	Total	Minority interests	Total equity
December 31, 2011 (IFRS)	**34 158**	**- 818**	**- 11 907**	**- 2 977**	**18 456**	**188**	**18 644**
Restatement Swiss GAAP ARR Conversion [1)]			**11 907**	**- 12 582**	**- 675**		**- 675**
January 1, 2012 (Swiss GAAP ARR)	**34 158**	**- 818**	**0**	**- 15 559**	**17 781**	**188**	**17 969**
Net loss				- 2 403	- 2 403	0	**- 2 403**
Currency translation differences (net of tax)				- 188	- 188		**- 188**
Purchase minority interests of Yellow Hat Ltd.						- 52	**- 52**
Purchase minority interests of Edisun Power Ltd.						- 136	**- 136**
December 31, 2012 (restated)	**34 158**	**- 818**	**0**	**- 18 150**	**15 190**	**0**	**15 190**
Net loss				- 3 455	- 3 455		**- 3 455**
Currency translation differences (net of tax)				791	791		**791**
Capital decrease [2)]	- 16 208			16 208	0		**0**
Offset share premium with accumutated deficits		- 1 367		1 367	0		**0**
December 31, 2013	**17 950**	**- 2 185**	**0**	**- 3 239**	**12 526**	**0**	**12 526**

[1)] Please refer to note 2.1 for details regarding the restatements from IFRS to Swiss GAAP ARR
[2)] Please refer to note 8 for details regarding share capital

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

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

All amounts are in CHF 000 unless otherwise noted

1 General Information

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

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

The Company is listed on the SIX Swiss Exchange.

These consolidated financial statements were authorized for issue by the Board of Directors on April 7, 2014. 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.

Switzerland	Ownership 2013	Ownership 2012	Activity [1]
Edisun Power Europe Ltd., Zurich			●
Edisun Power Ltd., Zurich	0.0%	100.0%	■
Edisun Power Switzerland Ltd., (formerly Edisun Power Finance Ltd.), Zurich	100.0%	100.0%	●/■
Germany			
Edisun Power PLC, Sigmaringen	100.0%	100.0%	■
PV Hörselgau Beteiligungs UG, Sigmaringen	100.0%	100.0%	●
PV Hörselgau UG & Co. KG, Sigmaringen	100.0%	100.0%	■
Spain			
Edisun Power Iberia S.A., 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., Alella/Barcelona	100.0%	100.0%	■
Cortadeta Fotovoltaica S.L., Alella/Barcelona	100.0%	100.0%	■
Sol de Tilla S.L., Alella/Barcelona	100.0%	100.0%	■
France			
Edisun Power France SAS, Lyon	100.0%	100.0%	■

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

All amounts are in CHF 000 unless otherwise noted

2 Summary of Significant Accounting Policies

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

2.1 Basis for the Preparation of the Consolidated Financial Statements

The consolidated financial statements of Edisun Power Europe Ltd. have been prepared in accordance with the Accounting and Reporting Recommendations ARR (Swiss GAAP ARR). The entire framework has been applied. The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below, where a standard or an interpretation requires a different measurement method. No early adoption of Swiss GAAP ARR 31 was applied. However, this standard will only have an impact on disclosure notes.

Conversion from IFRS to Swiss GAAP ARR
The main reason for changing from IFRS to Swiss GAAP ARR is the growing complexity and intricacy of the detailed rules and disclosure requirements under IFRS. It is expected that this development will continue to intensify and thus the cost-benefit ratio will become increasingly unfavourable. The Group is convinced that Swiss GAAP ARR represents a comprehensive and solid alternative to IFRS. By focusing on the essentials, Swiss GAAP ARR is less complex and more practicable in use.

The accounting policies and presentation according to Swiss GAAP ARR that have been applied to the annual consolidated financial statements for 2013 deviate from the consolidated financial statements for the year ended December 31, 2012, which were prepared in accordance with IFRS. The changes are summarised below:

Goodwill
Goodwill from acquisitions and trademarks is capitalized at the date of acquisition and amortized over a five year period according to the treatment allowed under Swiss GAAP ARR 30 “Consolidated financial statements”. According to IFRS, goodwill from acquisitions was capitalized and tested annually for impairment. Under Swiss GAAP ARR capitalized contracts from purchase price allocations have been recorded as part of goodwill and not recorded separately.

Pension Liabilities
According to Swiss GAAP ARR 16 “Pension benefit obligations”, the existing economic obligations and respective benefits relating to Swiss pension schemes are measured based on the Swiss pension plan financial statements prepared in accordance with Swiss GAAP ARR 26 “Accounting of pension plans”. The expected economic impact relating to foreign subsidiaries' pension schemes is measured using the valuation methods applied locally. Employer contribution reserves and comparable items are recognized in the balance sheet if the respective requirements according to Swiss GAAP ARR 16 are met. According to IFRS, defined benefit plans were measured using the projected unit credit method and recognized in accordance with IAS 19.

Deferred Tax Assets on Tax Loss Carry-Forward
The Group decided that under Swiss GAAP ARR no deferred tax assets are to be recorded on tax loss carry-forward. Under IFRS, deferred tax assets were recorded on tax loss carry forward if the realization of the related tax benefits through future taxable profits was likely.

Prior period figures have been restated to conform to the presentation for the current financial period. In order to ensure comparability the following schedules illustrate the effects of the conversion from IFRS to Swiss GAAP AAR on equity and net result:

All amounts are in CHF 000 unless otherwise noted

	01.01.2013	01.01.2012
Equity according to IFRS	**15 645**	**18 644**
Release of pension liabilities	41	58
Amortization of goodwill from acquisitions	0	- 129
Amortization of contracts	0	-55
Release of deferred tax asset on tax losses	- 496	- 549
Total adjustments to equity	**- 455**	**- 675**
Equity according to Swiss GAAP AAR	**15 190**	**17 969**

As per 1 January 2012, an amount of TCHF 11 907 relating to accumulated exchange losses was reclassified within equity from line item “other reserves” to line item “accumulated deficits”.

	2012
Net result according to IFRS	**- 2 623**
Increase in pension costs	- 17
Decrease in goodwill amortization	129
Amortization of contracts	55
Decrease in deferred tax expense	53
Total adjustments to net result	**220**
Net result according to Swiss GAAP ARR	**- 2 403**

The change of accounting policies from IFRS to Swiss GAAP ARR had no impact on cash flow from operating activities, cash flow from investing activities or cash flow from financing activities.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all the entities over which the Group has the power to govern the financial and operating policies, which generally accompanies a shareholding that represents more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls a given entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for acquisition of subsidiaries. The consideration transferred includes the fair value of any asset or liability. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are capitalized as incurred.

Goodwill is measured initially as the excess of the aggregate of the consideration transferred and the fair value of minority interest over the net identifiable assets acquired and liabilities assumed.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

(b) Transactions and Minority Interests

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

All amounts are in CHF 000 unless otherwise noted

(c) Associates

Associates are all the entities over which the Group has significant influence but not control, which generally accompanies 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 accumulated deficits. 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.
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.

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

2.3 Foreign Currency Translation

(a) Functional and Presentation Currency

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

(b) Transactions and Balances

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

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

(c) Group Companies

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

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

All amounts are in CHF 000 unless otherwise noted

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

The Group has offset the accumulated exchange gains and losses that result from translating the financial statements of subsidiaries and associates up to the date of transition to Swiss GAAP ARR on January 1, 2012 directly against retained earnings, and no longer reports them seperately in equity.

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

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

	31.12.2013	Average 2013	31.12.2012	Average 2012
1 EUR	**1.2260**	**1.2284**	**1.2074**	**1.2076**

2.4 Land, Plant and Equipment

Land consists of property that has been bought on which to build PV plants and is shown at cost. All other plant and equipment are stated at cost less cumulative depreciation. Historical cost includes expenditure that is directly attributable to the acquisition or construction of the items. Borrowing costs that are directly attributable to the construction of PV plants are capitalized as part of the cost of this asset when specific criteria according to Swiss GAAP ARR 18 are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as 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 in excess of 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 operating income' in the income statement.

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

All amounts are in CHF 000 unless otherwise noted

2.5 Intangible Assets

(a) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Goodwill is amortized over a period of 5 years.

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

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

2.6 Impairment of Intangible and Tangible Assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable at every balance sheet date. If indicators for a continuous impairment exist, the recoverable amount is determined. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.7 Trade Receivables

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

2.8 Cash and Cash Equivalents

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

2.9 Inventory

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

All amounts are in CHF 000 unless otherwise noted

2.10 Share Capital

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

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

2.11 Trade Payables and Other Payables

Trade payables and other payables are recognized at nominal value.

2.12 Borrowings

Borrowings (loans and straight bonds) are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

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

2.13 Current and Deferred Income Tax

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

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

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets on tax loss carry forwards are not recognized.

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

2.14 Employee Benefits

Pension Obligations
The Group only has employees in Switzerland under a single plan. The plan is funded through payments to a collective pension fund.

2.15 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events (e.g. dismantling cost for PV plants) when it is likely that an out-

All amounts are in CHF 000 unless otherwise noted

flow 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.

2.16 Revenue Recognition

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

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

(a) Revenues from Sale of Electricity
The Group sells solar energy to local electricity firms. These sales are in general based on a long-term (20 to 30-year) fixed-price contract and recognized in the period the delivery took place. In Germany, the amount of the compensation is based on the German Renewable Energy Sources Act (EEG) dated 2000 and amended 2004, 2009, 2010 and 2012. In Spain, the current regulatory framework is as of July 12 embodied in the Royal Decree 9/2013 and the draft of the corresponding decree describing the parameters. Until July 12, 2013, the compensations were based on 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.

2.17 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.

2.18 Dividend Distribution

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

All amounts are in CHF 000 unless otherwise noted

3 Information by Segment

The segment revenues for the year ended December 31, 2013, are as follows:

	Switzerland	Germany	Spain	France	EPE	Elimi-nations	Group
Revenue from external customers	**2 041**	**1 074**	**3 067**	**2 371**	**40**	**0**	**8 593**

The sale of modules and systems to third parties is included in the revenue of the segments above.

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

	Switzerland	Germany	Spain	France	EPE	Elimi-nations	Group
Revenue from external customers	**2 372**	**1 215**	**2 111**	**2 425**	**89**	**7**	**8 219**

All amounts are in CHF 000 unless otherwise noted

4 Land, Plant and Equipment

	Land	PV Plants	Assets under construction	FF&E	Total
Year ended December 31, 2013					
Opening net book amount	465	65916	80	26	66487
Exchange differences	7	838	0	0	845
Additions	0	198	0	6	204
Disposals	0	- 1777 *	0	0	- 1777
Change in consolidation scope	0	- 4422	0	0	- 4422
Reclassifications	0	0	0	0	0
Decrease in provision for dismantling costs	0	- 13	0	0	- 13
Depreciation charge	0	- 3305	0	- 13	- 3318
Impairment losses	0	- 2611	0	0	- 2611
Closing net book amount	**472**	**54824**	**80**	**19**	**55395**
At December 31, 2013					
Gross book amount (cost)	1160	70210	261	133	71764
Accumulated depreciation	- 688	- 15386	- 181	- 114	- 16369
Net book amount	472	54824	80	19	55395
Year ended December 31, 2012					
Opening net book amount	1159	64160	262	15	65596
Exchange differences	- 6	- 214	- 1	0	- 221
Additions	0	5757	0	21	5778
Disposals	0	- 261 *	0	0	- 261
Reclassifications	0	- 465	0	0	- 465
Increase in provision for dismantling costs	0	50	0	0	50
Depreciation charge	0	- 2955	0	- 10	- 2965
Impairment losses	- 688	- 156	- 181	0	- 1025
Closing net book amount	**465**	**65 916**	**80**	**26**	**66487**
At December 31, 2012					
Gross book amount (cost)	1153	75582	261	127	77123
Accumulated depreciation	- 688	- 9666	- 181	- 101	- 10636
Net book amount	465	65916	80	26	66487

	2013	2012
* Disposals gross	TCHF 2485	TCHF 358
Accumulated depreciation	TCHF 708	TCHF 97
Disposals net	TCHF 1777	TCHF 261

All amounts are in CHF 000 unless otherwise noted

Third-party loans are secured by PV plants belonging to the Group (see note 10.1). In 2013 borrowing costs of CHF 0.0 million (2012: CHF 0.2 million) were capitalized. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization is 4.0 % (2012: 4.0 %).

4.1 Impairment of PV Plants

The Company performed a detailed impairment test for each PV plant individually as per December 31, 2013. This was due to higher market risk premiums as well as the amendments to the Spanish law of promotion of renewable energies at the beginning of the year (new energy tax of 7 %, adjustment of inflation rates for tariffs). Furthermore, a new energy law was introduced in Spain per July 1, 2013.

The calculated value in use of certain PV plants was lower than the carrying amount and therefore impairments were recorded in the amount of TCHF 1 601 for the segment Spain, TCHF 620 for France and TCHF 265 for Germany.

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

Spain	8.2 %
France	6.7 %
Germany	5.3 %

The full implications of the new energy law in Spain cannot yet be assessed fully as only a draft version of the corresponding decree was available at the beginning of 2014. Impairments recorded in 2013 have been based on best estimates, and therefore the impairment may have to be reassessed in 2014.

4.2 Sale of PV Plants / Subsidiary

Seven PV plants have been sold per July 1, 2013. An impairment of TCHF 74 and a loss from sale of PV plants in the amount of TCHF 27 has been recorded as a result of the sale.

Furthermore, another 32 PV plants together with the Swiss subsidiary Edisun Power Ltd. have been sold per December 31, 2013. The result from deconsolidation in the amount of TCHF 419 consists of the following positions:

Sale price gross	3 415
Cash disposed	- 42
Sale price net of cash disposed *	**3 373**
Assets disposed	
Trade receivables	- 158
Other receivables and current assets	- 48
Land, plant and equipment	- 4 422
Total assets disposed	**- 4 628**
Liabilities disposed	
Borrowings short-term	10
Trade payables	213
Other payables	2
Accruals	16
Borrowings long-term	1 351
Provisions long-term	82
Total liabilities disposed	**1 674**
Net income from deconsolidation	**419**

* of which TCHF 3094 was paid before December 31, 2013.

All amounts are in CHF 000 unless otherwise noted

5 Intangible Assets

Year ended December 31, 2013	
Opening net book amount	226
Exchange differences	0
Additions	75
Disposals	0
Amortization	-90
Closing net book amount	**211**

At December 31, 2013	
Gross book amount (cost)	598
Accumulated amortization	-387
Net book amount	211

Year ended December 31, 2012	
Opening net book amount	354
Exchange differences	0
Additions	18
Disposals	0
Amortization	-91
Impairment	-55
Closing net book amount	**226**

At December 31, 2012	
Gross book amount (cost)	523
Accumulated amortization	-297
Net book amount	226

Intangible Assets include capitalized software expenses and licenses.

All amounts are in CHF 000 unless otherwise noted

6 Trade and Other Receivables

	31.12.2013	31.12.2012
Trade receivables	708	868
Other receivables and current assets	1 254	1 597
Less: provision for impairment of trade receivables	- 12	- 14
Trade and other receivables – net	1 950	2 451
Current portion	**1 950**	**2 451**

7 Cash and Cash Equivalents

	31.12.2013	31.12.2012
Cash on hand	0	0
Banks	7 502	5 350
Total	**7 502**	**5 350**

8 Share Capital

The share capital of Edisun Power Europe Ltd. entered in the commercial register amounts to TCHF 17 950 and is fully paid up. It consists of 341 576 ordinary shares with a nominal value of CHF 52.55 each.

At the general assembly of May 7, 2013 it was decided to reduce the share capital by TCHF 16 208 from TCHF 34 158 to TCHF 17 950 by decreasing the nominal value from CHF 100.00 to CHF 52.55.

8.1 Share Premium

Share premium includes the premium related to the capital increases of Edisun Power Europe Ltd. in 2007 less accumulated annual losses, which were offset against the capital reserves in accordance with the resolutions of the general shareholders' meeting for the appropriation of available earnings. In addition, share premium includes proceeds from the Company's first-time listing on the SIX Swiss Exchange in 2008, adjusted for the incremental cost of TCHF 1 890, net of tax. The incremental cost includes only third-party expenses with respect to the listing and capital increase (net of tax). No internal expenses from management etc. were included in this cost. This internal cost has been charged to the income statement as incurred.

At the general assembly of May 7, 2013 it was decided to offset the legal reserves (included in share premium) in the amount of TCHF 1 367 with the accumulated deficits.

All amounts are in CHF 000 unless otherwise noted

8.2 Own Shares

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

8.3 Accumulated Deficits

Accumulated deficits comprise accumulated and unappropriated earnings.

The consolidated accumulated deficits include non-distributable legal reserves of TCHF 344 (2012: TCHF 338).

8.4 Minority Interests

In 2012, Edisun Power Europe Ltd. acquired a 1.3 % share in Edisun Power Ltd. from its minority interest. Furthermore, the Group acquired the remaining 44.4 % share in Yellow Hat Ltd. from its minority interest. Yellow Hat Ltd. was subsequently merged with Edisun Power Ltd. The purchase price was paid in cash in both instances.

9 Trade and Other Payables

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

	2013	**2012**
Trade payables	386	378
Value added tax	40	53
Social security and other taxes	124	176
Other	1	7
Total	**551**	**614**

The following table provides details on accrued costs:

	2013	**2012**
Interest on borrowings	719	741
Other accrued cost	302	708
Total	**1 021**	**1 449**

10 Borrowings

	2013	**2012**
Current		
Loans from third-parties	623	942
Straight bonds from third-parties	8 970	1 702
Total current borrowings	**9 593**	**2 644**
Non-current		
Loans from third-parties	9 138	10 968
Straight bonds from third-parties	32 766	43 893
Total non-current borrowings	**41 904**	**54 861**

All amounts are in CHF 000 unless otherwise noted

10.1 Loans

Total borrowings include secured liabilities (loans) of TCHF 14 373 (2012: TCHF 21 325).

Currency exchange differences arising from equity loans have been booked through equity in the gross amount of TCHF 845 and TCHF 845 respectively net of tax (2012: TCHF - 241 and TCHF - 241 respectively).

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

	2013	**2012**
CHF	41 736	47 140
EUR	9 761	10 365
Total	**51 497**	**57 505**

The Group has the following undrawn credit facilities:

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

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

All amounts are in CHF 000 unless otherwise noted

10.2 Straight Bonds

The Group has issued several straight bonds:

		31.12.2013	31.12.2012
Edisun Power Ltd.	**Nominal value in local currency (000)**	**Bookvalue in TCHF**	**Bookvalue in TCHF**
4.0% 2003 – 2013 (CHF)	1 720	0	1 702
4.0% 2004 – 2014 (CHF)	2 015	0	1 900
5.0% 2004 – 2014 (EUR)	450	0	543
Edisun Power Europe Ltd.			
4.25% 2009 – 2014 (CHF)	8 970	8 968	9 088
4.00% 2007 – 2015 (CHF)	3 280	3 280	3 280
4.00% 2008 – 2015 (CHF)	1 720	1 714	1 711
3.75% 2010 – 2016 (CHF)	5 825	5 773	5 756
3.50% 2011 – 2017 (CHF)	1 295	1 282	1 277
4.50% 2007 – 2019 (CHF)	4 810	4 810	4 810
4.50% 2008 – 2019 (CHF)	4 540	4 506	4 499
3.50% 2012 – 2018 (CHF)	11 195	11 059	11 029
4.50% 2014 – 2024 (CHF) *	395	344	0
Total		**41 736**	**45 595**

* The amount relates to payments received with respect to the bond issued in January 2014.

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

	31.12.2013	**31.12.2012**
To private persons (associates and third-parties)	0	447
To banks	10 759	10 718
To bond-holders	14 373	20 619
To firms and foundations	0	137
Total	**25 132**	**31 921**

All amounts are in CHF 000 unless otherwise noted

11 Pension Fund Liabilities

Economic benefit/economic obligation and pension plan expenses:

	Surplus / Deficit according to Swiss GAAP ARR 26	Economic impact Group		Change to prior year or charge to income current year	Contri-butions for the period	Pension plan expenses in personnel expenses	
	31.12.2013	31.12.2013	31.12.2012			2013	2012
Pension schemes with funding surplus/deficit Switzerland	0	0	0	0	64	64	71
Pension institutions without funding surplus/ deficit abroad	0	0	0	0	0	0	0
Unfunded pension schemes abroad	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**64**	**64**	**71**

	Surplus / Deficit according to Swiss GAAP ARR 26	Economic impact Group		Change to prior year or charge to income current year	Contri-butions for the period	Pension plan expenses in personnel expenses	
	31.12.2012	31.12.2012	31.12.2011			2012	2011
Pension schemes with funding surplus/deficit Switzerland	0	0	0	0	71	71	47
Pension institutions without funding surplus/ deficit abroad	0	0	0	0	0	0	0
Unfunded pension schemes abroad	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**71**	**71**	**47**

The employees of Edisun Power Europe Ltd. are insured under a collective pension plan.

All amounts are in CHF 000 unless otherwise noted

12 Provisions

	Restructuring provisions	Provision for dismantling	Other provisions	Total
Year ended December 31, 2013				
At beginning of the year	109	356	431	896
Exchange differences	0	3	5	8
Additions	59	39	0	98
Use	-109	0	0	-109
Reversal	0	-19	-105	-124
Change in consolidation scope	0	-82	0	-82
At the end of the year	**59**	**297**	**331**	**687**
thereof short-term	39	0	0	39
thereof long-term	20	297	331	648
Year ended December 31, 2012				
At beginning of the year	0	292	101	393
Exchange differences	0	0	0	0
Additions	109	64	343	516
Use	0	0	0	0
Reversal	0	0	-13	-13
At the end of the year	**109**	**356**	**431**	**896**
thereof short-term	109	0	0	109
thereof long-term	0	356	431	787

Provisions for dismantling PV plants after termination of the contract with the owner (generally 20 – 30 years after construction of the PV plant) are based on future estimated costs discounted at a rate of 5 % (2012: 5 %).

Other provisions (long-term) include a provision in the amount of TCHF 331 (2012: TCHF 326) for a potential lawsuit regarding the defective construction of a rooftop installation. As of December 31, 2013, there is uncertainty with respect to the financial impact of this case. However, Group management has used best estimates to measure the potential outcome and is of the opinion that sufficient provisions have been recorded for this case.

Restructuring provision as per December 31, 2013 includes a provision of TCHF 59 relating to the closing of the office in France and the financial obligation with respect to the rental agreement.

All amounts are in CHF 000 unless otherwise noted

13 Personnel Expenses

	2013	2012
Wages and salaries	- 953	- 1 104
Social security costs	- 282	- 234
Other personnel costs	- 74	- 98
Total	**- 1 309**	**- 1 436**

14 Financial Income and Expenses

	2013	2012
Interest income on loans	4	6
Other financial income	17	0
Foreign exchange gains	30	84
Financial income	**51**	**90**
Borrowings third-party	- 560	- 463
Straight bonds	- 2 043	- 1 897
Foreign exchange losses	- 104	- 35
Other financial expenses	- 39	- 16
Financial expenses	**- 2 746**	**- 2 411**
Net finance cost	**- 2 695**	**- 2 321**

15 Income Tax Expenses

	2013	2012
Current tax expense	- 24	- 33
Deferred tax income	0	77
Total income tax	**- 24**	**44**

The applicable tax rate was 21.17% (2012: 21.17 %). The applicable tax rate is the tax rate of Edisun Power Europe Ltd.

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

As of December 31, 2013, the Group has tax losses for which no deferred tax asset has been recognized with an amount of TCHF 34 278 (2012: 32 220). The respective deferred income tax assets with the applicable tax rate of 21.17 % (2012: 21.17 %) would be TCHF 7257 (2012: 6821).

Of the total amount of unrecognized gross operating losses, 79 % (2012: 87 %) are related to Swiss entities with an applicable tax rate of 21.17 %.

16 Earnings per Share

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

	2013	2012
Loss attributable to equity holders of the Group	- 3 455	- 2 403
Weighted average number of ordinary shares outstanding	341 576	341 576
Basic and diluted loss per share (CHF per share)	**- 10.12**	**- 7.04**

17 Dividends per Share

No dividends were paid out in 2013 or in 2012.

18 Contingencies

There is a potential legal claim against Stadtwerke Winterthur regarding our PV plant “Ifang Zell”. Stadtwerke Winterthur is not adhering to a long-term contract and cancelled the payment of the agreed ecological value as of January 1, 2014. Edisun Power is of the opinion that this cancellation is unjustified.

All amounts are in CHF 000 unless otherwise noted

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

19 Commitments

There were no commitments as of December 31, 2013 or December 31, 2012.

20 Acquisition and Disposals of Non-Controlling Interests

In 2012, the Company acquired the remaining 1.3 % of Edisun Power Ltd. and as of December 31, 2012 held 100 % of Edisun Power Ltd.'s shares. The shareholders of Edisun Power Ltd. elected to receive a cash payment of TCHF 127.

Furthermore, in 2012 the Company 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 of TCHF 53.

21 Related-Party Transactions

21.1 Key Management and Board Compensation

	2013	2012
Salaries and other short-term employee benefits	493	573
Social benefits (employer's contribution)	66	67
Termination benefits	0	0
Total compensation	**559**	**640**

22 Risk Policy

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

23 Events after the Balance-Sheet Date

In January 2014, the Group issued a new bond with a nominal value of CHF 5 million, an interest rate of 4.5 % and a duration of 10 years.

On February 27, 2014 the Group announced the application for delisting Edisun Power shares from the SIX Swiss Exchange AG.

In February 2014 the draft version of the corresponding decree to the new energy law in Spain has been published. Please refer to note 4.1 regarding the implications of the new energy law on the valuation of the Group's PV plants.

In March 2014 the Group announced that it will repay the 4.00 % Bond 2007 – 2015 in the total amount of TCHF 3 280 as per June 30, 2014, prior to maturity date.

There are no other relevant events after the balance sheet date which would have a significant impact on the 2013 financial statements.

Report of the Group Auditors

Report of the statutory auditor
to the General Meeting of
Edisun Power Europe AG
Zurich

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Edisun Power Europe AG, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 25 to 48), for the year ended 31 December 2013.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, CH-8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, Telefax: +41 58 792 44 10, www.pwc.ch

pwc

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

P. Balkanyi   Kathrin Rath

Patrick Balkanyi   Kathrin Rath

Audit expert
Auditor in charge

Zürich, 7 April 2014

Statutory Financial Statements of Edisun Power Europe Ltd.

Statutory Balance Sheet

	Notes	31.12.2013 TCHF	31.12.2012 TCHF
Assets			
Cash and cash equivalents		6 628	3 643
Other receivables			
Third parties		308	6
Group companies	3	12 657	12 792
Other current assets		36	3
Total current assets		**19 629**	**16 444**
Investments in subsidiaries and associates	1	8 916	9 629
Plant and equipment		17	20
Intangible assets		412	544
Financial assets			
Group companies	3	32 736	36 163
Total non-current assets		**42 081**	**46 356**
Total assets		**61 710**	**62 800**
Liabilities and equity			
Borrowings	2	8 970	0
Trade payables			
Third parties		98	109
Other payables			
Third parties		12	35
Group companies		2 092	1 752
Accrued expenses		795	948
Provisions		0	230
Total current liabilities		**11 967**	**3 074**
Borrowings	2	33 060	41 785
Total non-current liabilities		**33 060**	**41 785**
Total liabilities		**45 027**	**44 859**
Share capital	4	17 950	34 158
Legal reserves	4	0	1 367
Accumulated deficits	4.1	- 1 267	- 17 584
Total equity		**16 683**	**17 941**
Total liabilities and equity		**61 710**	**62 800**

The notes are an integral part of these financial statements.

Statutory Income Statement

	Notes	31.12.2013 TCHF	31.12.2012 TCHF
Revenue from goods and services		1 275	1 765
Other income		40	89
Profit on sale of investments	1	102	0
Personnel expenses		- 1 030	- 1 191
Rental and maintenance expenses		- 69	- 68
Administration expenses		- 376	- 721
Advertising expenses		- 66	- 115
Other costs		- 4	- 79
Earnings before interest, tax, depreciation and amortization (EBITDA)		**- 128**	**- 320**
Depreciation and amortization		-194	-172
Earnings before interest and tax (EBIT)		**- 322**	**- 492**
Financial income		3 059	2 874
Financial expenses		- 2 082	- 1 961
Impairment on intercompany borrowings	3	- 1 882	- 2 265
Impairment on investments	1	0	- 10
Net loss before tax		**- 1 227**	**- 1 854**
Taxes		- 31	- 78
Net loss		**- 1 258**	**- 1 932**

The notes are an integral part of these financial statements.

Notes to the Financial Statements

1 Investments

		Capital	Signed	31 December 2013		31 December 2012	
				Share	TCHF	Share	TCHF
Edisun Power Ltd.	TCHF	2634	100%	0.0%	0	100.0%	3959
Edisun Power Switzerland Ltd. (formerly: Edisun Power Finance Ltd.)	TCHF	100	100%	100.0%	3346	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%	1603	100.0%	1603
Edisun Power France SAS	TEUR	2800	100%	100.0%	3876	100.0%	3876
Total investment					**8916**		**9629**

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 was recorded on the investment in Yellow Hat Ltd. in 2012. The investment in Yellow Hat Ltd was sold to Edisun Power Ltd. during 2012.

Per December 31, 2013, the investment in Edisun Power Ltd. was sold to BE Netz AG. A profit on sale of investments in the amount of TCHF 102 resulted.

2 Straight Bonds

	31.12.2013 TCHF	31.12.2012 TCHF
4.25 % Bond 2009 – 2014	8 970	0
Total short-term borrowings	**8 970**	**0**
4.00 % Bond 2007 – 2015	3 280	3 280
4.50 % Bond 2007 – 2019	4 810	4 810
4.00 % Bond 2008 – 2015	1 720	1 720
4.50 % Bond 2008 – 2019	4 540	4 540
4.25 % Bond 2009 – 2014	0	9 120
3.75 % Bond 2010 – 2016	5 825	5 825
3.50 % Bond 2011 – 2017	1 295	1 295
3.50 % Bond 2012 – 2018	11 195	11 195
4.50 % Bond 2014 – 2024	395	0
Total long-term borrowings	**33 060**	**41 785**

3 Impairment of Intercompany Borrowings

	31.12.2013 TCHF	31.12.2012 TCHF
Other receivables from Group companies (gross amount)	12 902	12 970
Impairment	- 245	- 178
Other receivables from Group companies (net amount)	**12 657**	**12 792**
Loans to Group companies (gross amount)	48 044	49 656
Impairment	- 15 308	- 13 493
Loans to Group companies (net amount)	**32 736**	**36 163**

As at December 31, 2013, the exchange rate used for CHF/EUR was 1.2260 (2012: 1.2074).

4 Share Capital Decrease

At the general assembly of May 7, 2013 it was decided to reduce the share capital by TCHF 16 208 from TCHF 34 158 to TCHF 17 950 by decreasing the nominal value from CHF 100.00 to CHF 52.55. Furthermore, it was decided to offset the legal reserves in the amount of TCHF 1 367 with the accumulated deficits.

4.1 Rollforward Accumulated Deficits

	TCHF
Opening balance January 1, 2013	- 17 584
Net loss current year	- 1 258
Offset share capital	16 208
Offset legal reserves	1 367
Closing balance December 31, 2013	- 1 267

5 Fire-Insurance Value of Fixed Assets

	31.12.2013 TCHF	31.12.2012 TCHF
	102	**102**

6 Sureties, Guarantees and Pledges Given on Behalf of Third Parties

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

Beneficiary	31.12.2013 TCHF	31.12.2012 TCHF
Bondholders	14 373	16 340
	14 373	**16 340**

	31.12.2013 TEUR	31.12.2012 TEUR
Joint security given in order to secure bank financing for Edisun Power France SAS	8 776	8 776
	8 776	**8 776**

7 Significant Shareholders

Significant shareholders and their direct holdings	31.12.2013 in %	31.12.2012 in %
Eberhard Martin [1]	10.6%	10.6%
Nef Hans	6.6%	4.9%
Group of shareholders with Hansjürg Leibundgut and B35 AG [2]	3.7%	<3%
CoOpera Sammelstiftung PUK	3.1%	3.1%

[1] Member of the Board of Directors
[2] B35 AG consisting of Hansjürg Leibundgut, Ursula Leibundgut and Martin Schmutz

8 Pension Fund

	31.12.2013 TCHF	31.12.2012 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 that reduce the financial risk are defined. 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 until 7.5.13	2013	16 000	1 000	17 000
	2012	48 000	3 000	51 000
Giatgen Peder Fontana Chairman from 7.5.13	2013	35 000	0	35 000
	2012	14 667	0	14 667
Peter Toggweiler Member until 7.5.13	2013	8 000	0	8 000
	2012	24 000	0	24 000
Pius Hüsser Member until 7.5.13	2013	8 000	0	8 000
	2012	24 000	0	24 000
Martin Eberhard Vice-Chairman from 7.5.13	2013	25 000	1 563	26 563
	2012	24 000	1 500	25 500
Theodor Scheidegger New member from 7.5.13	2013	16 667	0	16 667
	2012	0	0	0

Management Board

	Year	Fixed fee	Social benefits	Incentive	Expenses	Total compensation
Rainer Isenrich CEO/CFO [1]	2013	229 165	44 956	0	11 800	285 921
	2012	208 325	39 678	32 000	10 350	290 353
Markus Kohler CTO [2]	2013	113 334	18 178	20 000	10 200	161 712
	2012	165 001	23 099	12 500	10 150	210 750

1) CEO/CFO since March 1, 2012
2) CTO until August 31, 2013

Compensation (in CHF)

	2013	2012
Total compensation of members of the Board of Directors	111 230	139 167
Total compensation of the Management Board	447 633	501 103

Highest Total Compensation (in CHF)

	2013	2012
Board of Directors: Heinrich Bruhin	-	51 000
Board of Directors: Giatgen Peder Fontana	35 000	-
Management Board: Rainer Isenrich	285 921	290 353

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

	2013	2012
Martin Eberhard: Quarterly fee of 0.625 % for the funding of an unclaimed short-term loan in the amount of EUR 1.8 million	0	13 832

12 Related Parties Transactions (in CHF)

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	31.12.2013	31.12.2012
Heinrich Bruhin	1 625	1 625
Peter Toggweiler through Enecolo	2 535	2 535
Martin Eberhard	36 091	36 091
Pius Hüsser	1 702	1 702
Giatgen Peder Fontana	535	0
Theodor Scheidegger	100	0
Total	**42 588**	**41 953**

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

14 Statutory Accounting Law

These financial statements were prepared in accordance with the transitional provisions of the new accounting law, applying the provisions applicable until December 31, 2012.

Report of the Statutory Auditors

pwc

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 53 to 60), for the year ended 31 December 2013.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Patrick Balkanyi	Kathrin Rath
Audit expert Auditor in charge	

Zürich, 7 April 2014

Notes

The Corporate Governance Report as well as the Financial Statements can be downloaded at: **www.edisunpower.com**

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