



Edisun Power Europe Ltd
Universitätstrasse 51
8006 Zurich

**Condensed Consolidated Interim
Financial Statements (unaudited)**

June 30, 2014

Condensed interim balance sheet (unaudited)

	<u>Notes</u>	<u>30.06.2014</u>	<u>31.12.2013</u>	<u>30.06.2013</u>
				(Restated)
<u>Assets</u>		TCHF	TCHF	TCHF
Cash and cash equivalents		893	7'502	4'874
Trade receivables		1'396	696	1'373
Other receivables and current assets		1'285	1'254	931
Inventory		0	0	115
Financial assets		30	30	30
Total current assets		3'604	9'482	7'323
Land, plant and equipment	4	53'690	55'395	57'707
Intangible assets		72	211	229
Financial assets and other long term assets		1'077	1'194	1'191
Total non-current assets		54'839	56'800	59'127
Assets classified as held for sale	5	0	0	6'624
Total assets		58'443	66'282	73'074
<u>Liabilities and equity</u>				
Borrowings	6	2'984	9'593	5'014
Trade payables		652	386	818
Other payables		225	165	237
Accrued cost		722	1'021	1'006
Provisions		36	39	204
Income tax liabilities		6	0	15
Total current liabilities		4'625	11'204	7'294
Borrowings	6	41'087	41'904	51'772
Provisions		584	648	616
Total non-current liabilities		41'671	42'552	52'388
Liabilities classified as held for sale	5	0	0	89
Total liabilities		46'296	53'756	59'771
Share capital		17'950	17'950	17'950
Share premium		-2'185	-2'185	-2'185
Accumulated deficits		-3'618	-3'239	-2'462
Total equity		12'147	12'526	13'303
Total liabilities and equity		58'443	66'282	73'074

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

Condensed interim income statement (unaudited)

	Notes	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013
		TCHF	TCHF
Revenue from:			
sale of electricity		3'902	3'982
sale of modules and systems		0	1
services and other income		186	136
Goods and services purchased		0	-1
Personnel expenses		-520	-887
Rental and maintenance expenses		-464	-502
Administration expenses		-265	-405
Advertising expenses		-49	-55
Other operating costs		-281	-159
Earnings before interest, tax, depreciation and amortization (EBITDA)		2'509	2'110
Depreciation and amortization	4	-1'462	-1'821
Impairment	4	0	-1'931
Earnings before interest and taxes (EBIT)		1'047	-1'642
Financial income		3	38
Financial expense		-1'068	-1'386
Net loss before income tax		-18	-2'990
Income tax		-8	-5
Net loss		-26	-2'995
Earnings per share for loss attributable to shareholders of Edisun Power Europe Ltd. during the period (expressed in CHF per share):			
basic and diluted		-0.08	-8.77

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Condensed interim statement of cash flows (unaudited)

	01.01.2014 - 30.06.2014	01.01.2013 - 30.06.2013
	TCHF	TCHF
Net loss	-26	-2'995
Reversal of non-cash items:		
Depreciation and amortization on plant, equipment, intangible assets and other assets	1'462	1'821
Impairment	0	1'931
Change in accruals and provisions	93	-316
Financial income	-3	-38
Financial expenses	1'068	1'386
Income tax expense	8	5
Profit on disposal of tangible assets	-15	0
Change in receivables and other current assets	-786	-56
Change in payables	329	428
Interest paid ¹⁾	-1'470	-1'367
Taxes paid	-3	-215
Other non-cash items	134	36
Cash flow from operating activities	791	620
Investments in plant and equipment ¹⁾	-370	-87
Investments in intangible assets	0	-39
Disposal of tangible assets	355	0
Repayment from financial assets	9	9
Interest received	4	9
Cash flow from investing activities	-2	-108
Issuance of borrowings, net of transaction costs	5'189	0
Repayment of borrowings	-12'568	-1'034
Cash flow from financing activities	-7'379	-1'034
Net change in cash and cash equivalents	-6'590	-522
Cash and cash equivalents at the beginning of the period	7'502	5'350
Exchange losses/gains on cash and cash equivalents	-19	46
Cash and cash equivalents at the end of the period	893	4'874

¹⁾ Total interest paid TCHF 1'470 (2013: TCHF 1'367), of which TCHF 0 (2013: TCHF 0) capitalised within investments in plant and equipment

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

Condensed interim statement of changes in equity (unaudited and restated)

	Attributable to shareholders of the company			Total Equity
	Share capital	Share premium	Accumulated deficits	
TCHF				
December 31, 2012	34'158	-818	-18'150	15'190
Net loss			-2'995	-2'995
Currency translation differences (net of tax) / restated			1'108	1'108
Capital decrease 1)	-16'208		16'208	0
Offset share premium with accumulated deficits 1)		-1'367	1'367	0
June 30, 2013 (restated)	17'950	-2'185	-2'462	13'303
December 31, 2013	17'950	-2'185	-3'239	12'526
Net loss			-26	-26
Currency translation exchange (net of tax)			-353	-353
June 30, 2014	17'950	-2'185	-3'618	12'147

1) At the general assembly of 7 May 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.

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

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

(all amounts are in 000 CHF if not otherwise noted)

1. General information

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

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

The Company is listed on the domestic segment of the SIX Swiss Exchange.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 25, 2014.

1.1. Group companies

	Ownership	Activity ¹⁾
▪ Edisun Power Europe Ltd., Zurich		●
▪ Edisun Power Switzerland Ltd., Zurich	100.0 %	■
▪ Edisun Power PLC, Sigmaringen (Germany)	100.0 %	■
▪ PV Hörselgau Beteiligungs UG, Sigmaringen (Germany)	100.0 %	●
▪ PV Hörselgau UG & Co. KG, Sigmaringen (Germany)	100.0 %	■
▪ Edisun Power Iberia S.A., Alella/Barcelona (Spain)	100.0 %	■
▪ Edisun Power Iberia Beta S.A., Alella/Barcelona (Spain)	100.0 %	■
▪ Edisun Power Iberia Gamma S.A., Alella/Barcelona (Spain)	100.0 %	■
▪ Edisun Power Iberia Delta S.A., Alella/Barcelona (Spain)	100.0 %	■
▪ Edisun Power Iberia Epsilon S.A., Alella/Barcelona (Spain)	100.0 %	■
▪ Salinas Energia Solar S.L., Alella/Barcelona (Spain)	100.0 %	■
▪ Cortadeta Fotovoltaica S.L., Alella/Barcelona (Spain)	100.0 %	■
▪ Sol de Tilla S.L., Alella/Barcelona (Spain)	100.0 %	■
▪ Edisun Power France SAS, Lyon (France)	100.0 %	■

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

2. Summary of significant Accounting Policies

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

2.1 Basis of Preparation of the Consolidated Financial Statements

This condensed consolidated interim financial information for the six months ended June 30, 2014 has been prepared in accordance with Swiss GAAP ARR 12 'interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2013, which have been prepared in accordance with Swiss GAAP ARR. No early adoption of Swiss GAAP ARR 31 was applied. However, this standard will only have an impact on disclosure notes.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2013, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

(all amounts are in 000 CHF if not otherwise noted)

Conversion from IFRS to Swiss GAAP ARR

The Company converted the presentation of the financial statements from IFRS to Swiss GAAP ARR as per December 31, 2013. The accounting policies and presentation according to Swiss GAAP ARR that have been applied to these condensed consolidated interim financial statements deviate from the condensed consolidated interim financial statements as per June 30, 2013, which were prepared in accordance with IFRS. The changes are summarized below:

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 schedule illustrates the effects of the conversion from IFRS to Swiss GAAP ARR on equity:

	30.06.2013
Equity according to IFRS	13'481
Release of pension liabilities	403
Release of deferred tax asset on tax losses	-581
Total adjustments to equity	-178
Equity according to Swiss GAAP ARR	13'303

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

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

(all amounts are in 000 CHF if not otherwise noted)

3. Segmental information

The segment revenues for the half-year ended June 30, 2014 are as follows:

	Switzerland	Germany	Spain	France	EPE	Elimi- nations	Group
Revenue from external customers	733	636	1'271	1'445	3	0	4'088

The segment revenues for the half-year ended June 30, 2013 are as follows:

	Switzerland	Germany	Spain	France	EPE	Elimi- nations	Group
Revenue from external customers	956	486	1'491	1'150	36	0	4'119

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

4. Land, PV-plants and equipment

	Land	PV Plants	Assets under construction	FF&E	Total
Gross values					
Opening gross book amount as at January 1, 2014	1'171	64'996	461	136	66'764
Exchange differences	-10	-481	-5	0	-496
Additions	0	335	0	35	370
Disposals	0	-355	0	0	-355
Reclassifications	0	0	0	93	93
Closing gross book amount - June 30, 2014	1'161	64'495	456	264	66'376
Accumulated depreciation					
Opening amount as at January 1, 2014	699	10'172	381	117	11'369
Exchange differences	-6	-80	-3	0	-89
Disposals	0	-11	0	0	-11
Depreciation charge	0	1'348	0	69	1'417
Impairment	0	0	0	0	0
Reclassifications	0	0	0	0	0
Closing amount - June 30, 2014	693	11'429	378	186	12'686
Net book value January 1, 2014	472	54'824	80	19	55'395
Net book value June 30, 2014	468	53'066	78	78	53'690

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

(all amounts are in 000 CHF if not otherwise noted)

	Land	PV Plants	Assets under construction	FF&E	Total
Gross values					
Opening gross book amount as at January 1, 2013	936	77'715	454	147	79'252
Exchange differences	21	1'299	10	0	1'330
Additions	0	81	0	6	87
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Closing gross book amount - June 30, 2013	957	79'095	464	153	80'669
Accumulated depreciation					
Opening amount as at January 1, 2013	471	11'799	374	121	12'765
Exchange differences	10	103	9	0	122
Disposals	0	0	0	0	0
Depreciation charge	0	1'769	0	7	1'776
Impairment	0	1'931	0	0	1'931
Reclassifications	0	0	0	0	0
Closing amount - June 30, 2013	481	15'602	383	128	16'595
Net book value January 1, 2013	465	65'916	80	26	66'487
Net book value June 30, 2013	476	63'493	81	25	64'075

An amount of TCHF 0 (2013: TCHF 6'368) in PV Plants is included in line item assets classified as held for sale.

In 2014 the company sold one PV plant in Switzerland for a sales price of TCHF 355. Please refer to note 5 for information regarding PV plants sold in 2013.

Total depreciation and amortization in the income statement 2014 includes a depreciation charge of TCHF 45 for intangible assets (2013: TCHF 45).

The company performed a detailed impairment test for each PV plant individually as per June 30, 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 as per July, 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 945 for the segment Spain, TCHF 623 for France and TCHF 266 for Germany.

The following interest rates (WACC's) had been applied for each segment:

Spain	8.2%
France	6.7%
Germany	5.3%

As per June 30, 2014 there were no impairment indicators and therefore no impairment test has been performed.

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

(all amounts are in 000 CHF if not otherwise noted)

5. Assets classified as held for sale

As per July 1, 2013 seven PV plants in Switzerland had been sold. Furthermore, another 32 PV plants as well as the Swiss subsidiary Edisun Power Ltd. had been disposed as per December 31, 2013. The respective assets and liabilities were presented as held for sale in the interim financial statements. The sales agreements had been signed on August 15, 2013. The completion date of the second transaction was on December 31, 2013.

The assets and liabilities classified as held for sale were valued at the lower of carrying amount and fair value less costs to sell as per June 30, 2013. An impairment of TCHF 74 had been recorded on the PV plants that had been sold on July 1, 2013. For the sale of 32 PV plants as per December 31, 2013 a gain resulted and therefore no impairment was recorded on these assets as per June 30, 2013.

The major classes of assets and liabilities of the disposal group are as follows:

	30.06.2013
Assets classified as held for sale	
Trade receivables	204
Other receivables and current assets	37
Inventory	15
Land, plant and equipment	6'368
Total assets of the disposal group	6'624
Liabilities directly associated with assets classified as held for sale	
Trade payables	3
Provisions	86
Total liabilities of the disposal group	89

6. Borrowings

	30.06.2014	31.12.2013	30.06.2013
Current			
Loans from third-party	1'254	623	761
Straight bonds from third-party	1'730	8'970	4'253
Total current borrowings	2'984	9'593	5'014
Non-current			
Loans from third-party	8'717	9'138	10'497
Straight bonds from third-party	32'370	32'766	41'275
Total non-current borrowings	41'087	41'904	51'772

As per January 31, 2014, the company issued a new bond with a nominal value of TCHF 5'000 on, an interest rate of 4.5% and a duration of 10 years. TCHF 395 of the nominal value had already been paid-in as per December 31, 2013. Furthermore, the company repaid the bond „2009-2014“ in the amount of TCHF 8'970 as per January 31, 2014 and the bond „2007-2015“ in the amount of TCHF 3'270 as per June 30, 2014 prior to maturity date.

A new short-term loan in the amount of TCHF 600 was granted by a member of the Board of Directors.

Total borrowings include secured liabilities (loans) of TCHF 11'080 (2013: TCHF 18'762). Third-party loans are secured by PV plants of the group and related receivables.

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

(all amounts are in 000 CHF if not otherwise noted)

7. Acquisition and disposals of non-controlling interests

No acquisitions or disposals of non-controlling interests were made as of June 30, 2014 and 2013.

8. Dividends per share

No dividends were paid out as of June 30, 2014 and 2013.

9. Commitments

As of June 30, 2014 and 2013 the company had no outstanding commitments.

10. Related-Party Transactions

On June 23, 2014 a short-term loan in the amount of TCHF 600 was granted by a member of the Board of Directors. The loan bears an interest rate of 4% and is included in loans from third party classified as current borrowings.

11. Seasonality

The solar electricity business is a seasonal business depending on the sun radiation. The first and forth quarter of the year have a lower production than the average, the second and third quarter produce over the average. The effect of this seasonality equilibrates over the year and within the semesters.

12. Events after the balance-sheet date

There are no subsequent events which would have a material impact on the condensed consolidated interim financial statements.