

**PI Power International Limited  
(formerly Meinl International Power Limited)**

**Company Registered Number 97789**

**Consolidated Financial Statements**

**31 December 2008**

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**Directors**

Wolfgang Vilsmeier (*Non-executive Chairman*)  
James Shinehouse (*Managing Director*)  
Richard Boléat (*Non-executive*)  
George Baird (*Non-executive*)  
Murdoch McKillop (*Non-executive*)

**Manager**

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The Directors are pleased to present their Annual Report and financial statements for the year ended 31 December 2008 for PI Power International Limited ("PI" or the "Company"). This report comes against the back-drop of the Company's Extraordinary General Meeting ("EGM") held on 21 April 2009 which approved a new strategic approach as recommended by the Board of Directors, together with a change of the Company name. The individual resolutions on the agenda at the EGM were approved by approximately 99% of the certificate holders represented at the meeting. Above all, it was a clear-cut mandate to redistribute a significant part of freely available capital to certificate holders as quickly as possible and to start the sales process for the Company's investments.

### **Incorporation and organisation**

The Company was incorporated with limited liability on 15 June 2007, with the name Meinl International Power Limited, and changed its name to PI Power International Limited on 28 April 2009. PI is a closed-ended investment company incorporated under the laws of Jersey.

PI has entered into arrangements whereby its shares support an Austrian Depositary Certificate ("ADC") program, and these ADCs are listed and traded on the tertiary market of the Vienna Stock Exchange on the basis of 1 share per ADC. The Company's ticker symbol is PIN and its ISIN number is AT0000A05W59.

### **Investment objective and policy**

Until 14 November 2008, the investment objective and policy of PI was to invest in power generation assets, in particular constructing new plants or modernising existing power stations. PI aimed to establish cooperation agreements with strategic partners, but also to acquire minority stakes.

On 14 November 2008, at an EGM convened by ADC holders, a new board of directors of PI was elected, and was instructed to *inter alia* redistribute cash to certificate holders as soon as possible, consistent with the proper management of the Company, ensure optimal utilisation of the existing investment portfolio as a means of ensuring the preservation and enhancement of shareholder value on behalf of certificate holders and cease investments in new projects.

On 21 April 2009, at a further EGM of the Company convened by ADC holders, the Board of Directors was instructed to change the investment objectives of the Company whereby the Board was authorised to sell or otherwise dispose of all or any assets of the Company and was prohibited from making investments in new projects without certificate holders' approval. In addition, the Board was authorised to distribute to certificate holders proceeds of the sale of the Company's assets. Accordingly, the Company is currently in the process of actively disposing of its portfolio of investments.

The resolutions passed by the EGM formally established the legal framework required for the initial payout to certificate holders on 2 June 2009 of EUR 4.40 per certificate held. Since then the sales process of all assets in the Company's portfolio has continued, supported by Goldman Sachs.

### **Results, activities and future developments**

The results of operations are set out on page 8. This reveals a consolidated loss before tax for the year of MEUR 35.97 of which MEUR 23.56 relates to impairments of assets.

As stated above, the Board is actively engaged in disposing of its asset portfolio and returning capital to investors.

Goldman Sachs initially contacted close to 100 parties with a substantial number completing a confidentiality agreement and receiving further details concerning the assets to be sold. As a result, indicative bids were invited from interested parties by 22 May 2009. A reasonable number of bids were received by this deadline for varying combinations of the Group's assets. Since that time, negotiations have continued with several parties in parallel. The Company and Goldman Sachs have been supporting the parties' diligence processes alongside negotiation of potential transaction terms for all the solar and wind assets with the exception of two of the Eastern European wind projects for which no offers were received. The Company is working to dispose of its Hungarian (Vasarosnameny) project outside of the Goldman Sachs process.

The Company's various litigation claims against Meindl Bank companies remain ongoing. It would be detrimental to the Company's position to disclose details of the Board's strategy and expectations in respect of these proceedings. However, further updates will be given to certificate holders via the Company's website when they are available.

### **Directors, Directors' interests and emoluments**

The current Board of Directors was appointed at various times between 14 November 2008 and 21 April 2009 and so were not in office for the majority of the year under review.

Those Directors appointed during the year under review and up to the date of this report were / are as follows:

- Heinrich Schwägler (resigned 28 July 2008)
- Georg Kucian (resigned 7 July 2008)
- Karen Römer (resigned 28 July 2008)
- Michael Richardson (resigned 30 May 2008)
- Peter Byrne (resigned 30 May 2008)
- Johann Haider (not re-elected by ADC holders 14 November 2008)
- Michael Treichl (not re-elected by ADC holders 14 November 2008)
- Simon Radford (appointed 30 May 2008, not re-elected by ADC holders 14 November 2008)
- Andrew Wignall (appointed 30 May 2008, not re-elected by ADC holders 14 November 2008)
- George Baird (appointed 14 November 2008, re-elected by ADC holders on 21 April 2009)
- Wolfgang Vilsmeier (appointed 14 November 2008, re-elected by ADC holders on 21 April 2009)
- Richard Boléat (appointed 14 November 2008, re-elected by ADC holders on 21 April 2009)
- Bjorn Pirwitz (appointed 14 November 2008, not re-elected by ADC holders on 21 April 2009)
- Hans-Peter Dohr (appointed 14 November 2008, not re-elected by ADC holders on 21 April 2009)
- Fred Duswald (appointed 14 November 2008, not re-elected by ADC holders on 21 April 2009)
- Wilfried Hassler (appointed 14 November 2008, not re-elected by ADC holders on 21 April 2009)
- James Shinehouse (appointed 19 March 2009, re-elected by ADC holders on 21 April 2009)
- Murdoch McKillop (elected by ADC holders on 21 April 2009)

As of the EGM date, the management structure was significantly streamlined in accordance with the changed tasks ahead. The new Board of Directors now consists of Wolfgang Vilsmeier, James Shinehouse, Murdoch McKillop, Richard Boléat and George Baird. As agreed in a board meeting prior to the EGM, Wilfried Hassler stepped down from his previous Board function to the operational management of Company. With the exception of James Shinehouse, who has assumed the position of Managing Director, all the members of the Board of Directors, including the Chairman, are and will continue to be “non-executive”. This means they have assumed supervisory responsibilities, but are available to support the Managing Director in day-to-day business operations.

Directors' emoluments are disclosed in note 27. The only current Director with interests in the ADCs of the Company is Wolfgang Vilsmeier who owned 56,000 ADCs at 31 December 2008 and at the date of this report.

**Dividend policy**

The Directors have absolute discretion as to the payment of dividends. There were no dividends proposed or paid for the year ended 31 December 2008.

**Distribution policy**

On 2 June 2009, an initial repayment of capital in the sum of EUR 4.40 per certificate was made. Further repayments of capital are envisaged as assets are realised and liabilities discharged, subject to the Company's obligations to maintain solvency as required by the Companies (Jersey) Law 1991 as amended.

The attached financial statements reveal a net asset value per certificate of EUR 8.77 at 31 December 2008. This is not necessarily reflective of the likely total distribution to certificate holders (inclusive of the EUR 4.40 already paid) due to, inter alia, matters arising in 2009 and beyond and the related costs that will be incurred in concluding the disposal process. The Board will continue to provide guidance to certificate holders as appropriate as the disposal process progresses.

Finally, the Board would like to clarify one important fact. The Company will continue to exist as long as assets remain in its portfolio and as long as legal proceedings have not come to a conclusion. The winding-up of the Company will be proposed only when all shareholdings and assets in the project portfolio have been commercially realised, all lawsuits have been resolved and all liabilities have been settled. The ultimate decision to wind-up the Company of course lies in the hands of the certificate holders and must be presented for approval by the Company's certificate holders within the context of a general meeting. There is no definitive timescale when this may happen due to the uncertainty regarding the finalisation of the sales process and settlement of all liabilities.

By Order of the Board

Director

9 September 2009

The Directors are responsible for preparing the consolidated financial statements in accordance with applicable Jersey law and generally accepted accounting principles.

The Companies (Jersey) Law 1991 requires the directors to prepare consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud, error and other irregularities.

The Directors have taken all steps that they ought to have taken to make themselves aware of the information needed by the Group's auditors for the purpose of their audit and to ensure that the auditors are aware of that information. The Directors are not aware of any relevant information of which the auditors are unaware.

By Order of the Board

Director

9 September 2009

**To the Members of PI Power International Limited**

We have audited the consolidated financial statements (the 'financial statement') of PI Power International Limited (the 'Company') for the year ended 31 December 2008 which comprise the Consolidated income statement, Income statement parent company, Consolidated balance sheet, Balance sheet parent company, Consolidated cash flow statement, Consolidated statement of changes in equity and the related notes. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our liability as auditors is guided under Section 275 UGB (Austrian Commercial Code).

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable Jersey law and International Financial Reporting Standards are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records and if we have not received all the information and explanations we require for our audit.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991; and
- the information given in the Directors' report is consistent with the financial statements.

Vienna, 9 September 2009

Grant Thornton  
Wirtschaftsprüfungs- und Steuerberatungs-GmbH

Univ. Doz. Dr. Walter Platzer  
Wirtschaftsprüfer  
(Austrian Certified Public Accountant)

**Note:**

The maintenance and integrity of the PI Power International Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that occur to the financial statements or financial information due to their posting on the web site.

## I. Consolidated income statement

## PI Power International Limited

€in thousands	Note	Year ended 31 December	
		2008	2007
<b>Revenue</b>		<b>5,664</b>	<b>10</b>
Depreciation	12,13	(3,937)	(9)
Impairment of assets	6	(23,558)	-
Other operating expenses	7	(31,200)	(7,034)
<b>Loss from operations</b>		<b>(53,031)</b>	<b>(7,033)</b>
Finance income	8	19,435	9,857
Interest expense	8	(2,378)	(15)
<b>Net finance income</b>		<b>17,057</b>	<b>9,842</b>
<b>Profit/(loss) before taxation</b>		<b>(35,974)</b>	<b>2,809</b>
Income tax	9	451	1
<b>Profit/(loss) for the year</b>		<b>(35,523)</b>	<b>2,810</b>
<b>Attributable to:</b>			
Equity holders of the parent		(35,521)	2,810
Minority Interest		(2)	-
<b>Loss per share/ADCs (€)</b>			
Basic and diluted	10	(0.61)	0.05

## II. Consolidated balance sheet

## PI Power International Limited

€in thousands	Note	At 31 December	
		2008	2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	12	21,716	-
Property, plant and equipment	13	177,299	40,845
Available-for-sale financial assets	14	-	-
Other non-current assets		249	13,181
Deferred tax assets	9	521	1
		<b>199,785</b>	<b>54,027</b>
<b>Current assets</b>			
Trade and other receivables	16	52,404	467
Other financial assets	17	323,416	405,782
Cash and cash equivalents	18	70,885	105,658
		<b>446,705</b>	<b>511,907</b>
<b>Total assets</b>		<b>646,490</b>	<b>565,934</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	19	600,000	600,000
ADCs held and IPO costs	19	(59,983)	(59,783)
Foreign currency translation reserve		29	-
Retained earnings		(32,711)	3,284
<b>Total shareholders' equity</b>		<b>507,335</b>	<b>543,501</b>
Minority interest		42	-
<b>Total equity</b>		<b>507,377</b>	<b>543,501</b>
<b>Non-current liabilities</b>			
Borrowings	20	91,816	-
Provisions	20	3,112	-
Deferred tax liabilities	9	6,919	-
		<b>101,847</b>	<b>-</b>
<b>Current liabilities</b>			
Trade payables and other liabilities	21	24,741	22,433
Current portion of non-current borrow.	20	12,524	-
Current tax liabilities		1	-
		<b>37,266</b>	<b>22,433</b>
<b>Total equity and liabilities</b>		<b>646,490</b>	<b>565,934</b>

These consolidated financial statements were authorised for issue by the Board of Directors on 9 September 2009.

James P. Shinehouse (Managing Director)

Richard Boléat (Chairman of Audit Committee and Director)

### III. Consolidated cash flow statement

### PI Power International Limited

€ in thousands	Note	Year ended 31 December	
		2008	2007
<b><i>Cash flows from operating activities</i></b>			
Profit / (loss) before tax		(35,974)	2,809
Interest income		(19,435)	(9,857)
Interest expenses		2,378	-
Expenses from stock option plans		(474)	474
Depreciation of property, plant and equipment		3,937	9
Impairment		22,574	-
Movements in working capital			
Increase in trade and other receivables		(51,937)	(467)
Increase in trade and other payables		5,974	3,837
<b>Net cash generated by operating activities</b>		<b>(72,957)</b>	<b>(3,195)</b>
<b><i>Cash flows from investing activities</i></b>			
Net cash flows from financial assets		83,790	(400,844)
Payments for property, plant and equipment		(130,477)	(40,854)
Payments for intangible non-current assets		(16,054)	-
Payments for other non-current assets		(249)	(13,181)
Interest income received		18,009	4,919
<b>Net cash used in investing activities</b>		<b>(44,981)</b>	<b>(449,960)</b>
<b><i>Cash flows from financing activities</i></b>			
Proceeds from issues of equity shares	19	-	600,000
Payment for share issue costs	19	-	(41,187)
Payment for ADCs held in treasury under market making	19	(18,796)	-
Cash inflows from borrowings received		104,339	-
Interest expense paid		(2,378)	-
<b>Net cash generated by financing activities</b>		<b>83,165</b>	<b>558,813</b>
<b>Net (decrease) / increase in cash and bank balances</b>		<b>(34,773)</b>	<b>105,658</b>
Cash and bank balances at the beginning of the year	18	<b>105,658</b>	-
Cash and bank balances at the end of the year	18	<b>70,885</b>	<b>105,658</b>

IV. Consolidated statement of changes in equity

PI Power International Limited

€in thousands

	Share capital	ADCs held	Buy back of ADCs	Currency translation reserve	Retained earnings	Total shareholder equity	Minority interest	Total equity
<b>Balance at beginning of year 2007</b>	-	-	-	-	-	-	-	-
Share capital issued	600,000					600,000		600,000
Share issue costs		(41,187)				(41,187)		(41,187)
Buy back of ADCs			(18,596)			(18,596)		(18,596)
Stock option plans					474	474		474
Profit for the year					2,810	2,810		2,810
<b>Balance at 31 December 2007</b>	<b>600,000</b>	<b>(41,187)</b>	<b>(18,596)</b>	<b>-</b>	<b>3,284</b>	<b>543,501</b>	<b>-</b>	<b>543,501</b>
Buy back of ADCs			(200)			(200)		(200)
Minority Interest							41	41
Exchange rate differences translation reserve				29		29	3	32
Reversal stock option plans					(474)	(474)	-	(474)
Loss for the year					(35,521)	(35,521)	(2)	(35,523)
<b>Balance at 31 December 2008</b>	<b>600,000</b>	<b>(41,187)</b>	<b>(18,796)</b>	<b>29</b>	<b>(32,711)</b>	<b>507,335</b>	<b>42</b>	<b>507,377</b>

## 1 General information

PI Power International Limited (“PI” or the “Company”) is a public limited company incorporated in Jersey, Channel Islands. The registered office is at 7 Bond Street, St. Helier, Jersey JE2 3NP. The core business of the Company and its subsidiaries and affiliates (collectively the “Group”) is investing in the renewable energy industry or energy related industries with a focus on Central and Eastern Europe. The key projects and companies in the Group are as follows:

Name	Project	Country of incorporation	Interest
Stratius Investments Limited	Cypriot holding company	Cyprus	100%
Erymanthius Investments Limited	Cypriot holding company	Cyprus	100%
Hohenlohe Windpark Management GmbH	) Hohenlohe, Germany	Germany	100%
Hohenlohe Windpark 1,2...6 (six companies) GmbH &Co KG	)	Germany	100%
Lucrecia Real Estate S.L.	) Almeria, Spain	Spain	100%
Jialu Investments S.L.	)	Spain	100%
Asset Sestra Solar S.A.	)	Spain	100%
Asset Logistic Solar S.L.	)	Spain	100%
EEnergia s.r.o.	Trnava, Slovakia	Slovakia	90%
El Estero Solar GmbH & Co. KG	) Solon, Spain	Germany	100%
El Estero Solar GmbH & Co.KG, Sucursal en Espana	)	Germany	100%
Casabermeja 1,2,3.....19 S.L. (19 companies )	)	Spain	100%
Global Energy Solar S.R.L.	Catania, Italy	Italy	100%

The name of the company was formerly Meinl International Power Limited. The Company’s name was changed to PI Power International Limited by a resolution of the shareholders on 21 April 2009.

The Group had no employees during the year ended 31 December 2008.

## 2 Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

### 2.1 Statement of compliance and basis of preparation

The consolidated financial statements of PI have been prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standard Board (IASB) and adopted by the European Union. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

## 2.2 Adoption of new and revised standards

### (a) Standards and Interpretations effective in the current year

In the current year, no new standards and interpretations became effective and had to be adopted.

The following interpretations to published standards are effective for the current period but are not relevant to the Group's operations:

- IFRIC 7, 'Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies';
- IFRIC 9, 'Re-assessment of embedded derivatives';
- IFRIC 12, 'Service Concession Arrangements';
- IFRIC 13, 'Customer Loyalty Programmes';
- IFRIC 14, 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction';
- IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation'.

### (b) Early adoption of Standards

The Group has elected to early adopt IFRS 8, "Operating segments" in advance of its effective date of periods beginning 1 January 2009. IFRS 8 supersedes IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported consistently with the internal reporting provided to the chief operating decision maker.

The Group has elected to early adopt IFRS 3 (Revised), 'Business Combinations' and IAS 27 (Amended), 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 July 2009). IFRS 3 introduces significant changes in the accounting for contingent considerations, acquisitions of less than 100% share capital and acquisition costs.

### (c) Standards and Interpretations in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the following Standards and Interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them:

- IAS 1 (Amendment), 'Presentation of financial statements';
- IAS 23 (Amendment), 'Borrowing costs';
- IFRS 1 and IAS 27 (Amendment), 'Cost of an investment in a subsidiary, jointly-controlled entity or associate';
- IFRS 2, 'Share-based Payment (Amendment)';
- IFRS 7, 'Financial Instruments: Disclosures (Amendment)';
- IAS 32, 'Financial Instruments: Presentation (Amendment)'.

The IASB has issued improvements to 20 IFRS standards which amend 20 standards. The improvements include changes in presentation, recognition and measurement, plus terminology and editorial changes. Most of the amendments are effective for annual periods beginning on or after 1 January 2009.

**(d) Standards, amendments and interpretations to existing standards that are not yet effective and not relevant for the Group's operations**

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods but are not relevant for the Group's operations:

- IAS 32 (Amendment), 'Financial instruments: Presentation';
- IAS 1 (Amendment) 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation'.

**2.3 Consolidation****(a) Subsidiaries**

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

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest (minority interest). The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill is tested for impairment. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. When preparation of financial statements as at acquisition date is impracticable and the related differences are not significant, financial statements as at a date different from an acquisition date are used in accounting for business combinations.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

More information on subsidiaries see note 25 – Business combinations.

**(b) Transactions and non-controlling interest (minority interest)**

The Group applies a policy of treating transactions with non-controlling interest (referred in further text as minority interest) as transactions with parties external to the Group.

**(c) Associates**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised 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 recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group entities and their associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

#### **2.4 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. These figures are measured in a manner consistent with that of the financial statements.

#### **2.5 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 EURO, which is the Company's functional and presentation currency.

##### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss arising on revaluation of that item. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

##### **(c) Group companies**

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

- a) assets and liabilities for each balance sheet presented are translated at the closing rate at balance sheet date;

- b) income and expenses for each income statement are translated at the average exchange rate for the year (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- c) all resulting exchange differences are recognised as a separate component of equity (the translation reserve).

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.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in the translation reserve.

## 2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The costs of property, plant and equipment also include dismantling costs of power plants except for the category of assets under construction where dismantling costs are included after assets are completed.

Subsequent costs are included in the asset's carrying amount or recognised 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 derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Solar power plants 20 years
- Wind power plants 20 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

## 2.7 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' or is expensed at acquisition if insignificant or impaired. Goodwill on acquisitions of associates is included in 'investments in associates' and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

**(b) Licenses, usage rights, concessions**

Licenses, usage rights and concessions were valued at fair value at their acquisition date when acquired through business combination or at acquisition costs when purchased. They are amortised during the period in which the related power plants are depreciated.

**2.8 Impairment of non-financial assets**

Assets that have an indefinite useful life, such as goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised 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). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.9 Financial assets**

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the nature of the financial assets. Management determines the classification required by IFRS of financial assets at initial recognition.

**(a) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading. Assets in this category are classified as current assets.

**(b) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities over 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (see notes 16 and 18).

Loans and receivables are carried at amortised cost using the effective interest method.

**(c) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the management intends to dispose of the investment within 12 months of the balance sheet date.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of financial expense/financial income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### **(d) Impairment of financial assets**

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

##### *Assets carried at amortised cost*

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced, through the use of an allowance account. The amount of the loss shall be recognised in administration costs. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as irrecoverable.

*Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

*Available-for-sale financial assets*

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its fair value is transferred from equity to the income statement.

Reversals of impairment losses on debt instruments are reversed through the income statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement.

**2.10 Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, 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 the receivables. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'other operating expense'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating expense' in the income statement.

**2.11 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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**2.12 Share capital**

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

Where any Group company purchases the Company's equity share capital or ADCs, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares/ADCs are cancelled or reissued. Where such shares/ADCs are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's equity holders.

**2.13 Trade payables and other payables**

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

## 2.14 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company'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 regulations are subject to interpretation and establish 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. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. 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 realised or the deferred income tax liability is settled.

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

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

## 2.15 Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions for dismantling costs of power plants are recognised (see note 2.6).

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## 2.16 Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been

resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

### **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**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

## **3 Disclosures according to IFRS 7**

### **3.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### **(a) Market risk**

The Group's investments and the related facilities are significantly exposed to market-price and other market-related risks such as power price volatility, fuel prices, general economic conditions, changes in the regulatory environment, electricity demand, illiquid markets for prompt and forward electricity sales, the market for CO<sub>2</sub> emissions allowances, weather and other circumstances beyond the control of the Group.

In addition as the Company has investments in Eastern Europe, the Company's investments in that geographical area are subject to higher risks than those in more developed markets, such as higher legal, economic and political risks.

#### **(i) Currency risk**

During the year ended 31 December 2008, the Group did not undertake significant transactions denominated in foreign currencies. Therefore the Group is not significantly exposed to foreign currency risk as at the balance sheet date.

#### **(ii) Price risk**

The Group is exposed to risk of price changes because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale.

**(iii) Cash flow and fair value interest rate risk**

As the Group has significant floating interest-bearing liabilities, it is exposed to risk from changes in market interest rates.

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The credit risk attributable to liquid funds and other financial assets is limited because the counterparties are generally sovereign issuers and financial institutions with investment grade credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

The amounts that represent exposure to credit risk as at the reporting and comparable period are disclosed in the following lines of the balance sheet: Trade and other receivables and Other financial assets.

No significant assets exposed to credit risk are past due.

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The table below analyses the Company's financial liabilities within relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

€ in thousands	As at 31 December 2008		
	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	12,524	12,838	78,978
Trade payables and other liabilities	24,741	-	-
	<b>37,265</b>	<b>12,838</b>	<b>78,978</b>

Since the Group and Company held cash balances at 31 December 2008 in excess of MEUR 70 and MEUR 67 respectively and other liquid financial assets in excess of MEUR 323, the Board of Directors considers liquidity risk to be minimal.

**3.2 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

**3.3 Fair value estimation**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices as at the balance sheet date.

The quoted market price used for valuing financial assets held by the Group is the market price of the relevant security as at the balance sheet date.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing as at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying values less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments when it should have significant influence on financial statements.

The Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

### 3.4 Financial instruments according to categories

The accounting policies for financial instruments under the scope of IFRS 7 have been applied to the line items below (fair values of financial assets and liabilities approximate their carrying amounts):

	Category in accordance with IAS 39	Amounts recognised in balance sheet according to IAS 39				Carrying amount 31 December 2008
		Amortized costs	Acquisition costs	Fair value recognised in equity	Fair value recognised in profit or loss	
<b>Assets</b>						
Available-for-Sale Financial Assets	Available for Sale				-	-
Trade and other receivables	Loans and Receivables	52,404				52,404
Other assets	Loans and Receivables	323,416				323,416
Cash and cash equivalents	Loans and Receivables	70,885				70,885
<b>Liabilities</b>						
Borrowings	Financial liabilities at Amortised Cost	91,816				91,816
Trade payables and other liabilities	Financial liabilities at Amortised Cost	24,741				24,741
Current portion of non-current borrowing	Financial liabilities at Amortised Cost	12,524				12,524
Thereof aggregated by category according to IAS 39:						
Loans and Receivables		446,705				446,705
Available-for-Sale Financial Assets					-	-
Financial Assets Held for Trading						
Financial Liabilities measured at Amortised Cost		129,081				129,081

#### 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Estimated impairment of intangible assets with indefinite useful life

The Group tests annually whether goodwill and intangible assets with an indefinite useful life have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell and value-in-use calculations. These calculations require the use of estimates.

##### (b) Fair value of other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using measurement methods customary in the market. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing as at each balance sheet date. The Group has used discounted cash flow methods and option pricing models for various derivatives and other financial instruments that are not traded in active markets.

##### (c) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

##### (d) Impairment of assets

The Group follows the guidance of IAS 36 to determine when an asset within the scope of this standard are impaired. This determination requires significant judgement.

Tangible and intangible assets are impaired when the carrying amount is higher than the net sales proceeds or the value in use. The net sales proceeds are the amount obtainable from the sale less expenses directly attributable to that sale. Value in use is the present value of the estimated future net cash flows from the use of the asset and its disposal value at the end of its useful life. Impairments are disclosed under "Depreciation" impacting income.

Goodwill is subject to impairment testing on an annual basis and if indications for an impairment exist. To perform an impairment test, goodwill is attributed to cash-generating units. The Group defines the respective legal entity as the cash-generating unit. A legal entity's impairment requirement is determined by comparing the carrying amount recognized at amortized cost (including the attributed goodwill) with the shareholder value of the cash-generating unit.

Shareholder value is determined by the net present value method based on the free cash flows (discounted cash flow). Medium-term corporate planning in which the future profits are planned by taking into account volume and price increases serves as the basis for the data.

Free cash flows are discounted using discount rates typical for the individual countries in which the investment operates and range from 8.0% to 8.5%. The present value of the free cash flow determined this way, corresponds to the entity value from the investors' point of view. In the event that the computed amount does not exceed the carrying amount after considering the net assets on 31 December 2008, an unscheduled amortization in the amount of the difference is to be made primarily on goodwill. Any additional need for depreciation is to be allocated to the remaining assets of the cash-generating unit in relation to the carrying value. When the reasons for unscheduled depreciation no longer exist, appropriate appreciations will be made. According to IFRS 3, goodwill that has already been depreciated once due to impairment can no longer be appreciated.

#### (e) Provisions on dismantling costs

The Group accounts for provisions for dismantling costs arising from the power generation operations of the Group. Determination of these provisions requires significant judgement especially regarding long term nature of these provisions.

### 5 Segmental information

Management has determined the operating segments based on information that is used to make strategic decisions. It considers the business from a product perspective.

The reportable operating segments are determined based on type of energy generation – wind and solar. For the purpose of reconciliation of segment information to financial statements, the column “Holding services” is disclosed which consists of figures for parent entity, Erymanthius Investments Limited and Stratus Investments Limited, each of which operates as a holding company and is not directly involved in power generation.

The segment information for the reportable segments for the year ended 31 December 2008 is as follows:

€ in thousands	Wind	Solar	Segments Total	Holding services	Reconciliation to Financial Statements
Revenue from external Customers	2,893	2,771	<b>5,664</b>	-	<b>5,664</b>
EBITDA	2,019	2,019	<b>4,038</b>	(29,574)	<b>(25,536)</b>
Depreciation	2,068	1,869	<b>3,937</b>	-	<b>3,937</b>
Other operating expenses	(873)	(752)	<b>(1,625)</b>	(29,575)	<b>(31,200)</b>
Financial result	(303)	(1,651)	<b>(1,954)</b>	19,011	<b>17,057</b>
Income tax expense	451	-	<b>451</b>	-	<b>451</b>
Total assets	39,753	192,370	<b>232,123</b>	414,367	<b>646,490</b>
<i>Total assets include:</i>					
Additions to non-current assets (other than financial instruments and deferred tax assets) thereof acquired in a business combination	828	146,486	<b>147,314</b>	-	<b>147,314</b>
Total liabilities	33,591	95,795	<b>129,386</b>	9,727	<b>139,113</b>

The Group had no division of operating segments in 2007 since the Group owned only wind generated power assets in that year and therefore no 2007 information is presented.

The revenue from external parties and other disclosed income statement items for reported segments are measured in a manner consistent with that in the income statement.

The amounts for reported segments with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The amounts for reported segments with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Company is incorporated in Jersey. No revenue was generated from external customers in Jersey in either year. The total of revenue from external customers from other countries is TEUR 5,664 for the year 2008 (2007: TEUR 10). The breakdown of the major components of the total of revenue from external customers from other countries is disclosed as follows:

Major customers (over 10 % of total revenue)	Country	€ in thousands	in % of total revenue
Natenco GmbH	Germany	2,893	51
Endesa Distribución Eléctrica S.L.	Spain	1,897	34
Other	Spain	874	15
		<b>5,664</b>	<b>100</b>

## 6 Impairment

In accordance with the Group's accounting policies as set out above and in conjunction with an assessment of independent professional advice, the Directors have assessed the need for impairment of assets, the results of which are set out below.

Impairment	€ in thousands
Wind parks	
- power plants	4,198
- construction in progress	328
- goodwill	45
Solar parks	
- land and buildings	19
- power plants	2,122
- prepayments	1,096
- other intangible assets	1,669
- construction in progress	5
- goodwill	24
- other receivables	984
- other non-current financial assets	3
Available for sale financial assets	13,065
	<b>23,558</b>

## 7 Other operating expenses

For further information on management fees and market-maker fees see note 27 concerning related parties' disclosures.

€ in thousands	Year ended 31 December	
	2008	2007
Legal, consulting and auditing fees	8,088	744
Management fees	7,985	3,291
Disputed contractual obligations	3,447	-
Market maker fees	1,758	1,323
Licence fees	1,683	674
Directors' fees	1,083	182
Administration costs	828	213
Rental and leases	315	-
Expenses from stock option plans	(474)	474
Other	6,487	133
	<b>31,200</b>	<b>7,034</b>

**8 Finance income and expense**

€ in thousands	Year ended 31 December	
	2008	2007
<b>Finance income</b>		
– Interest income from loans and receivables	15,977	6,048
– Interest income from bank deposits	3,458	3,809
	<b>19,435</b>	<b>9,857</b>
<b>Finance expense</b>		
– Interest expense and charges to banks	(2,378)	(15)
	<b>(2,378)</b>	<b>(15)</b>
<b>Financial result</b>	<b>17,057</b>	<b>9,842</b>

**9 Income Taxes**

In accordance with Article 123 A of the Income Tax (Jersey) Law 1961, as amended, the Company was exempt from Jersey taxation in both 2008 and 2007. Subsidiaries of the Company are subject to local income tax based on domestic rates.

The individual entities' reconciliations – prepared on the basis of the tax rates applicable in each country and taking consolidation procedures into account – have been summarised in the reconciliation below. The estimated tax charge is reconciled to the effective tax charge disclosed.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

€ in thousands	Year ended 31 December	
	2008	2007
<b>Profit/(Loss) before taxation</b>	<b>(35,974)</b>	<b>2,809</b>
Current tax expense	(12)	0
Deferred tax income/(expense) relating to origination and reversal of temporary differences and losses c/f	463	1
<b>Total income tax – income</b>	<b>451</b>	<b>1</b>
<b>Profit/(Loss) after taxation</b>	<b>(35,523)</b>	<b>2,810</b>

The deferred tax assets and liabilities are separable as follows:

€ in thousands	At 31 December	
	2008	2007
<b>Deferred tax asset arising from:</b>		
Tax losses carried forward	664	-
Differences with tax depreciation	(143)	1
	<b>521</b>	<b>1</b>
<b>Deferred tax liability arising from:</b>		
Differences with tax depreciation	(57)	-
From temporary differences arisen on initial recognition of assets in business combinations	(6,862)	-
	<b>(6,919)</b>	<b>-</b>
<b>Total deferred tax assets and liabilities (net)</b>	<b>(6,398)</b>	<b>1</b>

A deferred tax liability in the amount of TEUR 6,862 is recognised for temporary differences arising on initial recognition of assets in business combinations.

There are significant unrecognised deferred tax assets. These unrecognised deferred tax assets result from impairment of assets (see note 6) recognised in the consolidated financial

statements which is not tax deductible and from tax losses carried forward. These deferred tax assets are not recognised because it is not probable that taxable profit will be available against which the deductible differences can be utilised.

Applicable tax rates and average effective tax rates do not differ significantly.

## 10 Loss per share / ADC

### (a) Basic and diluted

Basic and diluted loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ADCs purchased by Meinel Bank AG and held for the account of the Company (see note 19).

	Year ended 31 December	
	2008	2007
Profit/(loss) attributable to equity holders of the parent (€ thousands)	(35,523)	2,810
Weighted average number of ordinary shares in issue (thousands)	57,883	57,920
<b>Basic and diluted profit/(loss) per share (€ per share)</b>	<b>(0.61)</b>	<b>0.05</b>

## 11 Dividends per share

No dividends were paid in 2008 (2007: EUR Nil).

## 12 Intangible assets

€ in thousands	Licences and rights*	Goodwill	Total
<b>Gross carrying amounts</b>			
As at 1 January 2008	-	-	-
Additions	510	-	510
Disposals	-	-	-
Acquisition of subsidiary (see note 25)	24,079	69	24,148
<b>As at 31 December 2008</b>	<b>24,589</b>	<b>69</b>	<b>24,658</b>
<b>Accumulated depreciation and write downs</b>			
As at 1 January 2008	-	-	-
Depreciation charge for the year **	(1,204)	-	(1,204)
Disposals	-	-	-
Impairment (see note 6)	(1,669)	(69)	(1,738)
<b>As at 31 December 2008</b>	<b>(2,873)</b>	<b>(69)</b>	<b>(2,942)</b>
<b>Net carrying amounts</b>			
As at 1 January 2008	-	-	-
<b>As at 31 December 2008</b>	<b>21,716</b>	<b>-</b>	<b>21,716</b>

\*This category comprises of licenses, usage rights and concessions either purchased or resulting from allocation of acquisition cost to identifiable assets in business combinations.

\*\*Depreciation excludes amortisation of related deferred tax liabilities totalling TEUR 359

**13 Property, plant and equipment (PPE)**

€in thousands	Land	Wind Power plants	Solar parks	Prepayments and assets under constr.	Total
<b>Gross carrying amounts</b>					
As at 1 January 2008	-	40,854	-	-	40,854
Additions	132	500	115,490	31,192	147,314
Disposals					-
Acquisition of subsidiary (see note 25)					-
<b>As at 31 December 2008</b>	<b>132</b>	<b>41,354</b>	<b>115,490</b>	<b>31,192</b>	<b>188,168</b>
<b>Accumulated depreciation and write downs</b>					
As at 1 January 2008	-	(9)	-	-	(9)
Depreciation charge for the year	-	(2,068)	(1,024)	-	(3,092)
Disposals					-
Impairment (see note 6)	(19)	(4,198)	(2,122)	(1,429)	(7,768)
<b>As at 31 December 2008</b>	<b>(19)</b>	<b>(6,275)</b>	<b>(3,146)</b>	<b>(1,429)</b>	<b>(10,869)</b>
<b>Net carrying amounts</b>					
As at 1 January 2008	-	40,845	-	-	40,845
<b>As at 31 December 2008</b>	<b>113</b>	<b>35,079</b>	<b>112,344</b>	<b>29,763</b>	<b>177,299</b>

Additions of PPE in category Solar parks consists of acquisition of assets in subsidiaries Asset Logistic Solar, Asset Sestra Solar and El Estero Solar.

Additions of PPE in category 'Prepayments and assets under construction' include prepayment for solar plant Moraleja in the amount of TEUR 29,735 in subsidiary El Estero Solar (as at 31 December 2008 not put into use).

Increase in 'Wind Power plants' category represents asset acquired through business combination (Hohenlohe entities).

**14 Available-for-sale financial assets**

€in thousands	At 31 December	
	2008	2007
Beginning of the year	-	-
Additions	13,065	-
Change in fair value	(13,065)	-
<b>End of the year</b>	<b>-</b>	<b>-</b>

The balance of available-for-sale financial assets consists of:

- 100% ownership of Solantis Pro La Punta S.L., incorporated in Spain. This company was acquired on 15 May 2008 for TEUR 3. This investment is not considered to be a subsidiary because the Group does not have control of the entity as defined in IFRS (especially due to legal disputes). Fair value of the investment is considered to be nil.
- A 24% interest in Karpát Energo ZRT., incorporated in Hungary which is involved in gas-based power generation. The Group's shareholding was acquired on 27 May 2008 for a total consideration of TEUR 13,065. Due to significant uncertainties as to the entity's financial condition, fair value of the investment is considered to be nil.

**15 Financial instruments by category**

See note 3 – Disclosures according to IFRS 7.

**16 Trade and other receivables**

€ in thousands	At 31 December	
	2008	2007
Trade receivables	4,464	12
Other receivables	47,940	455
<b>Trade and other receivables – current</b>	<b>52,404</b>	<b>467</b>

As at 31 December 2008, trade receivables relate to the sale of electricity at the wind parks in the region Hohenlohe and solar parks in El Estero Solar, Asset Logistic Solar, Asset Sestra Solar entities and also to invoices for reimbursements of expenditures in the El Estero Solar entity.

Other receivables include tax receivables of TEUR 23,265 and an amount of TEUR 22,102 which represents funds pledged at Sparkasse Pforzheim in respect of Hohenlohe.

The fair value of receivables approximates their carrying amount.

As of 31 December 2008, other receivables from La Punta in the amount of TEUR 984 are fully impaired.

**17 Other financial assets**

€ in thousands Cost and interest	Year ended 31 December	
	2008	2007
UBS AG	-	209,858
Landesbank Baden Wuerttemberg–commercial paper	49,970	98,964
HSBC France – ADCs of Deposit	49,768	-
Dresdner Bank – ADCs of Deposit	50,371	-
Republic of France – Fungible Treasury Bill	36,822	-
Republic of France – Fungible Treasury Bill	42,521	-
ABN Amro Bank NV	93,964	-
Nordea Bank AB	-	96,960
	<b>323,416</b>	<b>405,782</b>

The Group holds unlisted 0% Euro Commercial Paper Notes that are carried at amortised cost. The commercial papers have effective interest rates between 2.065% and 4.65% per annum and were redeemable in January/February/April 2009. The fair value of the notes approximates their carrying amount.

**18 Cash and cash equivalents**

€ in thousands	At 31 December	
	2008	2007
Cash at bank	13,487	103,433
Restricted cash at bank	2,883	2,223
Bank deposits on demand	54,510	-
Petty cash	5	2
	<b>70,885</b>	<b>105,658</b>

Cash at bank in the amount of TEUR 2,883 is restricted due to the Market-Maker Agreement with Meind Bank AG as described in note 28.

**19 Share capital and ADCs held**

The Company's share capital is divided into 60,000,000 ordinary shares with a nominal value of EUR 10 per share. At the initial public offering in July 2007, 59,999,999 shares represented by 59,999,999 Offer Certificates ("Austrian Depository Certificates" or "ADCs") were issued at an offer price of EUR 10 per ADC. One share was held by Meinl Power Management Limited.

Transaction costs relating to the issue of the shares in a total amount of EUR 41,186,883 are presented as deduction from shareholder's equity.

In 2007, under the Market-Maker Agreement, Meinl Bank AG bought and sold ADCs for account of the Company. As at the balance sheet date Meinl Bank AG holds 2,080,062 ADCs for the account of the Company. The owned ADCs are presented as a deduction from shareholders' equity. In 2008, another 40,000 ADCs were bought for the account of the Company.

As at 31 December 2008, the number of own ADCs recorded for the account of the Company was 2,120,062.

Units	Shares	ADCs	Shares and ADC's
<b>Balance as at 15 June 2007</b>	<b>1</b>	-	<b>1</b>
Shares issued on initial public offering	59,999,999	-	59,999,999
Purchase of ADCs	-	2,080,062	(2,080,062)
<b>Balance as at 31 December 2007</b>	<b>60,000,000</b>	<b>2,080,062</b>	<b>57,919,938</b>
Purchase of ADCs	-	40,000	(40,000)
<b>Balance as at 31 December 2008</b>	<b>60,000,000</b>	<b>2,120,062</b>	<b>57,879,938</b>

  

€ in thousands	Share Capital paid in	Book value ADCs	Total Share Capital
<b>Balance as at 15 June 2007</b>	-	-	-
Shares issued on initial public offering	600,000	-	600,000
Purchase of ADCs	-	18,596	(18,596)
<b>Subtotal</b>	<b>600,000</b>	<b>18,596</b>	<b>581,404</b>
Costs in relation to initial public offering	(41,187)	-	(41,187)
<b>Balance as at 31 December 2007</b>	<b>558,813</b>	<b>18,596</b>	<b>540,217</b>
Purchase of ADCs	-	200	(200)
<b>Balance as at 31 December 2008</b>	<b>558,813</b>	<b>18,796</b>	<b>540,017</b>

**20 Non-current liabilities**

€ in thousands	At 31 December	
	2008	2007
Borrowings	91,816	-
Provisions	3,112	-
Deferred tax liabilities (note 9)	6,919	-
	<b>101,847</b>	<b>-</b>

As at 31 December 2008, borrowings consist of the following (amounts include both non-current and current portion of credits):

<b>Bank Credit</b>	<b>€ in thousands</b>	<b>Interest rate</b>	<b>Maturity</b>
LRP Landesbank (EI Estero entity)	71,675	Floating based on EURIBOR	September 2028
Sparkasse Pforzheim (Hohenlohe Entity)	32,665	4.5%	June 2028
<b>Total</b>	<b>104,340</b>		
Non-current liabilities	91,816		
Current liabilities	12,524		
	<b>104,340</b>		

Under provisions, a provision for power plants dismantling costs in the amount of TEUR 3,096 is recognised.

## 21 Current liabilities

<b>€ in thousands</b>	<b>At 31 December</b>	
	<b>2008</b>	<b>2007</b>
Trade payables	7,762	2,080
Liability in respect of ADCs held	-	18,596
Other payables	16,979	1,757
	<b>24,741</b>	<b>22,433</b>

Most significant items within other payables represent liabilities for acquisition of non-current assets, in particular, solar park equipment for the Almeria and EI Estero projects.

## 22 Operating leases

Significant operating leases:

**Hohenlohe** – The Group holds the contractual benefit of operating lease of land in the region Hohenlohe with lease terms varying between 20 and 25 years. The lease payments are calculated as minimum payments plus a variable component based on actual energy production by the wind power plants operated on the leased land. The figures below refer to the minimum lease payments as well as expected payments based on projected energy production. The Group does not have an option to purchase the leased asset at the expiry of the lease period. The amount of rental expenses booked in 2008 is TEUR 145.

### Commitments under non-cancellable operating leases

<b>€ in thousands</b>	<b>At 31 December</b>			
	<b>2008</b>		<b>2007</b>	
	<b>Minimum payments</b>	<b>Expected payments</b>	<b>Minimum payments</b>	<b>Expected payments</b>
Not longer than 1 year	84	130	111	192
Longer than 1 year and not longer than 5 years	337	521	441	766
Longer than 5 years	1,600	2,476	2,026	3,382

**EI Estero Solar** – The agreements on operating leases of land are concluded for periods from 25 to 30 years, with the possibility of prolongation based on agreement of both parties. The price is stated for each 100kw plant. Price differs depending on particular contract and the location of the land. The rent fee depends also on a rate determined by the government, which is changed yearly. All the land is located in Mallorca – Lluçmajor (Son Valardell), Petra (Ses Cabanesses) and Manacor (Gruta). The company does not have an option to purchase

the leased asset at the expiry of the lease period. The amount of related expenses booked in 2008 is TEUR 56. The lease started in 2008.

€in thousands	Commitments under non-cancellable operating leases	
	At 31 December 2008	
	<u>Expected payments</u>	
Not longer than 1 year		159
Longer than 1 year and not longer than 5 years		634
Longer than 5 years		3,299

**Asset Sestra Solar S.A. and Asset Logistic Solar S.L.** – The Group holds the contractual benefit of operating leases relate to leased land in the region Lucainena De La Torre (Almeria) with lease terms varying between 25 and 45 years. The lease payments are calculated as minimum payments plus a variable component based on actual energy production by the wind / solar power plants operated on the leased land (10.000 per MW/DC and year, minimum 50%. 100% when arrived at estimated production MW). The Company does not have an option to purchase the leased asset at the expiry of the lease period. The amount of related expenses booked in 2008 is TEUR 109. The lease started in 2008.

€in thousands	Commitments under non-cancellable operating leases	
	At 31 December 2008	
	<u>Expected payments</u>	
Not longer than 1 year		150
Longer than 1 year and not longer than 5 years		628
Longer than 5 years		3,759

## 23 Contingencies

Total acquisition costs for the wind parks in the region Hohenlohe include a consideration of TEUR 2,025 payable contingent on the future return of the investment.

The Group subsidiary El Estero Solar GmbH & Co. KG has received a claim from ToLa Solar AG to pay a finders fee in the amount of TEUR 540 relating to the projects San Clemente and Fuenterrobles. However, the Company considers it to be an unjustified claim and does not expect to pay it.

The Company is obliged to provide additional funding to El Estero Solar GmbH & Co. KG and its subsidiaries in the event that certain financial covenants in their bank facility documentation are not achieved. The risk to the Company is contingent on the outcome of future events, in particular, future operations of the subsidiaries' assets which are not estimable at this time.

The Group and Company have contingent gains and losses due to the various legal actions described at notes 28 and 29 below.

## 24 Commitments

The Group has not entered into any significant commitments as at the balance sheet date.

**25 Business combinations**

The Group early adopted the new IFRS 3 – Business combinations (see note 2 – Significant accounting policies). One significant change which affected the Group is that cost related to acquisition are not included in cost of acquisition according to new standard (this change is applied prospectively, period 2007 is not affected). The effect of this new change in IFRS 3 on the period 2008 is TEUR 4,014 (this amount would have been included in the cost of acquisition in accordance with old IFRS 3, according to new standard early adopted by the Group it is directly expensed when incurred).

**Acquisition of Asset Sestra Solar S.A. and Acquisition of Asset Logistic Solar S.L.**

Asset Sestra Solar S.A. incorporated in Spain is a wholly owned subsidiary of Lucrecia (see information on acquisition of this business above). The company was acquired on 15 January 2008. The financial statements as at 31 December 2007 were the basis for the first consolidation.

Asset Logistic Solar S.L. incorporated in Spain is a wholly owned subsidiary of Jialu (see information on acquisition of this business above). The company was acquired on 15 January 2008. The financial statements as at 31 December 2007 were the basis for the first consolidation.

Details of net assets acquired are as follows (the figures are disclosed for both businesses in aggregate because of a single purchase agreement for both businesses):

The fair values of net assets acquired are as follows:

<b>€ in thousands</b>	<b>Book value</b>	<b>Fair value</b>
Intangible assets	-	24,079
Deferred tax liability	-	(7,224)
Other assets	54	54
Other liabilities	(95)	(95)
<b>100% of net assets acquired</b>	<b>(41)</b>	<b>16,814</b>
<b>Total Purchase Consideration</b>		<b>16,814</b>

**Acquisition of EEnergia s.r.o.**

Stratius Investments Limited, a wholly owned subsidiary of the Company acquired 90% of the ordinary shares of EEnergia s.r.o. incorporated in Slovakia in February 2008. The financial statements as at 31 March 2008 were the basis for the first consolidation.

Details of net assets acquired and goodwill are as follows (book values approximate fair values of net assets acquired):

	<b>€ in thousands</b>
Construction in progress	85
Trade receivables and other assets	7
Cash and Cash equivalents	318
Other current liabilities	(5)
100% of fair value of net assets acquired	405
90% of fair value of net assets acquired	365
Total Purchase Consideration	410
<b>Goodwill Acquired</b>	<b>45</b>

The acquired goodwill was fully impaired as at the financial statement date.

### Acquisition of El Estero Solar GmbH & Co. KG

Erymanthus Investments Limited, a wholly owned subsidiary of the Company acquired 100% of the ordinary shares of El Estero Solar GmbH & Co. KG ("El Estero") incorporated in Spain on 31 March 2008. El Estero wholly owns 19 further Spanish incorporated companies (named Casabermeja 1-19). These 19 companies relate to a single solar park project in Solon, Spain. The total acquisition costs were TEUR 28 and the fair value of net assets acquired was TEUR 0. The difference of TEUR 28 has been expensed in the consolidated financial statements because it does not represent goodwill.

### Acquisition of Global Energy Solar S.R.L.

Stratius Investments Limited, a wholly owned subsidiary of the Company acquired 100% of the ordinary shares of Global Energy Solar S.R.L. incorporated in Italy on 21 July 2008. The financial statements as at 31 August 2008 were the basis for the first consolidation.

Details of net assets acquired and goodwill are as follows (book values approximate fair values of net assets acquired):

	<u>€ in thousands</u>
Property, plant and equipment	30
Trade receivables and other assets	16
Cash and Cash equivalents	3
Current liabilities	(63)
100% of fair value of net assets acquired	<u>(14)</u>
Total Purchase Consideration	<u>10</u>
<b>Goodwill Acquired</b>	<b><u>24</u></b>

The companies Windpark Semetkovce s.r.o. and SIDO Nawitas s.r.o. were also acquired during 2008. These acquisitions are not consolidated due to immateriality. The Group controls these entities on the basis of the potential voting rights (call-option).

A summary of all net assets acquired and the related purchase consideration is as follows (in aggregate for business combinations with date of acquisition in the year 2008):

<u>€ in thousands</u>	<u>Book value</u>	<u>Fair value</u>
Intangible assets	-	24,079
Property, plant and equipment	30	30
Construction in progress	77	77
Deferred tax liability	-	(7,224)
Trade receivables and other assets	82	82
Cash and Cash equivalents	289	289
Current liabilities	(162)	(162)
Net assets acquired	<u>316</u>	<u>17,171</u>
Total Purchase Consideration		<u>17,276</u>
<b>Goodwill Acquired</b>		<b><u>105</u></b>

Summary of all subsidiaries as at 31 December 2008:

Name of subsidiary/business	<u>Acquisition</u>	<u>Interest</u>
Stratius Investments Limited, Cyprus	12/12/2007	100%
Erymanthus Investments Limited, Cyprus	12/12/2007	100%
Hohenlohe Windpark Management GmbH, Germany	28/12/2007	100%
Hohenlohe Windpark 1, 2...6 GmbH & Co. KG, Germany (six companies)	28/12/2007	100%
Lucrecia Real Estate S.L., Almeria	10/1/2008	100%
Jialu Investments S.L. Almeria	10/1/2008	100%
Asset Sestra Solar S.A., Almeria	15/1/2008	100%
Asset Logistic Solar S.L., Almeria	15/1/2008	100%
EEnergia s.r.o., Trnava	Feb 2008	90%
El Estero Solar GmbH & Co. KG Solon	31/3/2008	100%
El Estero Solar GmbH & Co.KG, Sucursal en Espana	31/3/2008	100%
Casabermeja 1,2,3.....19 S.L. (19 companies)	31/3/2008	100%
Global Energy Solar S.R.L. Catania	21/7/2008	100%

**26 Separate financial statements of parent**

In accordance with Companies (Jersey) Law 1991, as amended, the Company has prepared its separate unconsolidated financial statements together with additional information. Significant accounting policies of the Company are the same as of the Group as described in note 2.

**Unconsolidated Income Statement of the Company**

€ in thousands	Note	<u>Year ended 31 December</u>	
		<u>2008</u>	<u>2007</u>
<b>Revenue</b>		-	-
Impairment	26.1	(30,955)	
Other operating expenses	26.2	(29,455)	(7,019)
<b>Loss from operations</b>		<u>(60,410)</u>	<u>(7,019)</u>
Finance income	26.3	24,170	9,857
Interest expense	26.3	(2)	(15)
<b>Net finance income</b>		<u>24,168</u>	<u>9,842</u>
<b>Profit before taxation</b>		<u>(36,242)</u>	<u>2,823</u>
Taxation credit		-	-
<b>Loss for the year</b>		<u>(36,242)</u>	<u>2,823</u>

## Unconsolidated Balance Sheet of the Company

€in thousands	Note	At 31 December	
		2008	2007
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	26.4	-	58
Other non-current assets	26.5	-	13,181
Other receivables affiliated	26.5	102,516	-
		<u>102,516</u>	<u>13,239</u>
<b>Current assets</b>			
Trade and other receivables	26.6	22,884	41,253
Other financial assets	26.7	323,416	405,782
Cash and bank balances	26.8	67,480	105,633
		<u>413,780</u>	<u>552,668</u>
<b>Total assets</b>		<u><b>516,296</b></u>	<u><b>565,907</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	26.9	600,000	600,000
ADCs held and IPO costs	26.9	(59,983)	(59,783)
Fair value reserve		-	-
Retained earnings	26.10	(33,419)	3,298
<b>Total shareholders' equity</b>		<u><b>506,598</b></u>	<u><b>543,515</b></u>
<b>Current liabilities</b>			
Trade payables and other liabilities	26.11	9,698	22,392
		<u>9,698</u>	<u>22,392</u>
<b>Total equity and liabilities</b>		<u><b>516,296</b></u>	<u><b>565,907</b></u>

## 26.1 Impairment

€in thousands	Year ended 31 December	
	2008	2007
Receivables Stratus Investments Limited	18,840	-
Receivables Erymanthius Investments Limited	9,721	-
Investments in Erymanthius Investments Limited	58	-
Investments in Stratus Investments Limited	2,336	-
	<u><b>30,955</b></u>	<u>-</u>

After determination of investments' fair value in these unconsolidated financial statements, initially impairment was firstly allocated to carrying amount of the Company's shareholdings in the companies, and secondly to the carrying amount of receivables from these entities.

## 26.2 Other operating expenses

€in thousands	Year ended 31 December	
	2008	2007
Management fees	7,985	3,291
Market-maker fees	1,758	1,323
Legal, consulting and auditing fees	7,674	737
Licence fees	1,682	674
Expenses from stock option plans	(474)	474
Disputed contractual obligation	3,449	-
Administration costs	798	213
Directors' fees	1,083	182
Other	5,500	125
	<u><b>29,455</b></u>	<u><b>7,019</b></u>

**26.3 Financial income**

€ in thousands	Year ended 31 December	
	2008	2007
Income from loans to affiliates	5,188	-
Income on term deposits	15,947	6,048
Cash and bank balances	3,035	3,809
Interest expenses	(2)	(15)
Financial result	<b>24,168</b>	<b>9,842</b>

**26.4 Investments**

€ in thousands	Year ended 31 December	
	2008	2007
Stratius Investments Limited	-	56
Erymanthus Investments Limited	-	2
	<b>-</b>	<b>58</b>

The cost of investments made in 2008 was TEUR 2,334. As at 31 December 2008, impairment loss in the amount of TEUR 2,394 was recognized for these investments.

**26.5 Other non-current assets and other receivables affiliated**

€ in thousands	Year ended 31 December	
	2008	2007
Amount receivable in relation to Vasarosnameny project	-	13,065
Prepayments for projects in Almeria (Spain)	-	116
Receivables Erymanthus Investments Limited	19,060	-
Receivables Stratius Investments Limited	83,456	-
Total other non-current assets	<b>102,516</b>	<b>13,181</b>

As at 31 December 2008, the non-current receivables disclosed above represent the loans provided to the affiliated companies Stratius Investments Limited and Erymanthus Investments Limited, both incorporated in Cyprus.

**26.6 Trade and other receivables**

€ in thousands	Year ended 31 December	
	2008	2007
Receivables from affiliated companies – Hohenlohe Sparkasse Pforzheim	-	40,800
Loan – Windpark Semetkovce	22,102	-
Loan – Windpark Nawitas	227	-
Other	300	-
	255	453
<b>Trade and other receivables</b>	<b>22,884</b>	<b>41,253</b>

As at 31 December 2008, the most significant item of other receivables represents funds pledged at Sparkasse Pforzheim in support of borrowings made by a subsidiary company.

As at 31 December 2007, the most significant item of other receivables represents receivables from affiliated companies related to the acquisition of the wind parks in the region Hohenlohe.

**26.7 Other financial assets**

Other financial assets are the same as this item disclosed in the consolidated financial statements. See note 17.

**26.8 Cash and bank balances**

Cash comprises cash on hand, restricted cash in the bank and demand deposits.

€ in thousands	Year ended 31 December	
	2008	2007
UBS - Bank	-	83,320
Meinl Bank AG, Vienna – restricted cash account	2,883	22,325
UBS – Bank	87	(12)
Sparkasse Pforzheim	10,000	-
Bank deposits on demand	54,510	-
Cash and bank balances	<b>67,480</b>	<b>105,633</b>

**26.9 Share capital**

Details of the share capital of the Company are disclosed in note 19.

**26.10 Retained earnings**

€ in thousands	Year ended 31 December	
	2008	2007
Balance at the beginning of the year	-	-
Stock option plans	-	475
Profit carried forward	2,823	-
Net loss/profit for the year	(36,242)	2,823
Balance at the end of the year	<b>(33,419)</b>	<b>3,298</b>

**26.11 Trade and other payables**

€ in thousands	Year ended 31 December	
	2008	2007
Trade payables	6,194	3,791
Liability in respect of ADCs held	1	18,596
Other liabilities	3,503	5
Trade and other payables	<b>9,698</b>	<b>22,392</b>

Other liabilities principally comprise provisions for disputed contractual liabilities.

**27 Related-party transactions**

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated from consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

**27.1 Compensation of key management personnel**

The Directors of the Company are the Company's only key management personnel. At present, the Board of Directors consists of the following persons:

Wolfgang Vilsmeier  
Richard Boléat  
George Baird  
James Shinehouse  
Murdoch McKillop

For the year 2008, the remuneration for current and past Directors amounted to TEUR 1,083 (2007: TEUR 182).

In 2007, Mr Johann Haider acquired ADCs representing 15,000 shares of the Company. No other member of the Board of Directors held shares of the Company as of 31 December 2007. Regarding stock options for Mr. Haider, we refer to note 27.2. Mr Haider received TEUR 130 as a member of the Board of Directors in 2007 and TEUR 467 in 2008.

### **27.2 Stock Options**

On 24 July 2007, two option agreements were entered into between the Company and Mr Haider.

According to the first agreement Mr Haider had the option to acquire ordinary shares at an exercise price of EUR 10 per share. The maximum number of shares that could be acquired is 1.2385% of the number of shares in the Company issued pursuant to the offer. He was entitled to acquire one-fifth of the shares comprised in the option on every vesting date. The date of grant was 24 July 2007, and the first vesting date was 24 July 2008.

The second option agreement granted Mr Haider only in the case of a capital increase the right to purchase shares at the price per share at which any relevant capital increase is made. The number of shares subject to option granted is 1.2385% of the difference between the number of shares in issue following the completion of the relevant capital increase and the number of shares in issue immediately prior to completion of the relevant capital increase. In order to exercise this option right, the price per share must have increased by at least 15% on the first anniversary of the date of the completion of the capital increase.

Mr Haider ceased to be director in November 2008, and as a result, the grant of options lapsed. The value attributed to grant of the stock options, amounting to TEUR 474, was expensed in the financial statements for the period ended 31 December 2007. This amount was reversed in the financial statements for the year ended 31 December 2008 as a result of Mr Haider ceasing to be a director of the Company. Thus, no stock options are recognised in closing equity balances as at 31 December 2008.

### **27.3 Transactions**

For the year 2008, corporate administration services were provided to the Company by Bedell Trust Company Limited, including the provision of the registered office, two directors and the secretary, Bedell Secretaries Limited. Mr Michael Richardson and Mr Peter Byrne are partners of the Bedell Group. Mr Richardson and Mr Byrne are also directors of Bedell Trust Company Limited and Bedell Secretaries Limited. The Bedell Group also includes Bedell Cristin. The fee expense payable to Bedell Group/Bedell Trust Company Limited amounted to TEUR 461.

### **27.4 Consultancy agreements**

Atlantic Financial Advisory Partners LLC, a company in which Mr Shinehouse has a controlling interest, provides consultancy services to the Company under the terms of a contract dated 7 July 2009. No fees were paid to Atlantic Financial Advisory Partners LLC in 2008.

Talbot Hughes McKillop LLP, a partnership in which Mr McKillop is a member, provides consultancy services to the Company under the terms of a contract dated 7 July 2009. No fees were paid to Talbot Hughes McKillop LLP in 2008.

## 28 Significant transactions with Meinl Bank Group

### Management Agreement

The Company entered into a Management Agreement dated 9 July 2007 with Meinl Power Management Limited (Manager), a 66.67% subsidiary of Meinl Bank AG. The Manager is responsible for the general management and administration of the Company in accordance with the terms of the Management Agreement and is subject to the instruction and supervision of the Board of Directors. Under the terms of the Management Agreement the Company is obliged to pay an annual base fee between 1% and 1.5% dependent on the average asset value and an annual performance fee, which amounted up to TEUR 7,985 for the year 2008 and TEUR 3,291 for the year 2007.

### Licensing Agreement

The Company entered into an agreement during July 2007 with Meinl Bank AG for the use of the "Meinl" name and trademark. For this the Company has to pay a quarterly fee of 0.075% of issued share capital and the long term consolidated Group debt, which amounted up to TEUR 1,683 for the year 2008 and TEUR 674 for the year 2007. See also note 29 Events after the balance sheet date.

### Placement Agreement and Market-Maker Agreement

The Company and Meinl Bank AG entered into a Placement and Market-Maker Agreement dated 7 July 2007 regarding the placement of the Offer ADCs of the Company. For this Meinl Bank AG received a placement fee amounting to 6% of the gross proceeds from the issue of the Offer ADCs and a guarantee fee amounting to 0.75%. The fees relating to the Market-Maker Agreement amounted up to TEUR 1,758 for the year 2008. For the year 2007, the fees relating to the Market-Maker Agreement amounted up to TEUR 1,323 and the fees relating to the placement of Offer ADCs amounted to TEUR 41,187.

The Market-Maker Agreement with Meinl Bank AG was terminated by the Company with effect from 31 December 2008. See also note 29 Events after the balance sheet date.

The Company has filed a lawsuit with the International Arbitration Court at the Austrian Federal Economic Chamber in Vienna against Meinl Bank AG with respect to the Placement and Market-Maker Agreement. PI is demanding a refund of MEUR 26.6 in fees paid to Meinl Bank AG based on the payment of excessive fees which were invoiced to the Company by Meinl Bank AG and that Meinl Bank AG and third parties wilfully collaborated to harm PI. This lawsuit is being contested by Meinl Bank AG.

## 29 Events after the balance sheet date

### 29.1 Termination of Market-Maker Agreement and Licensing Agreement

The Market-Maker Agreement with Meinl Bank AG referred to in note 28 was terminated by the Company with effect from 31 December 2008. The Company has not provided for any payments under this agreement beyond its termination date. With effect from 12 January 2009, the Company's market-maker is Crédit Agricole Cheuvreux SA.

The Company rescinded the Licensing Agreement on 2 March 2009. The rescission was not regarded as valid by Meinl Bank AG, who alleged repudiatory breach of this agreement. The Company has not provided for any payments under this agreement beyond its termination date.

**29.2 Filing of further lawsuits against Meinl Bank AG**

In addition to the lawsuit described at note 28, PI has filed a claim with the Commercial Court of Vienna designed to compel Meinl Bank AG to surrender 2,120,062 PI certificates in its possession. This lawsuit is being contested by Meinl Bank AG.

Following the rescission of the Licence Agreement as described at note 29.1, Meinl Bank AG has filed a claim for damages against PI with the English High Court of Justice in London representing six years' licensing fees and certain other unpaid past fees of up to MEUR 15. This lawsuit is being contested by PI, which responded with a Defence and Counterclaim totalling approximately MEUR 2.0.

**29.3 Discontinued Operations**

In the extraordinary general meeting held on 21 April 2009 the Board of Directors was instructed to sell or otherwise dispose of all or any assets of the Company. The planned disposals are in line with the Group's changed strategy to no longer invest in the projects and alternatively return capital to the certificate holders. The Group is actively seeking buyers for the investments and expects to complete the sales / disposals in the final quarter of 2009 or the first quarter of 2010. Since approval was given after balance sheet date, the assets / disposal groups have not been reclassified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Based on the impairments made in these financial statements the additional impact of a treatment of all assets according to IFRS 5 to the income of the Group should not be material.

**29.4 Sparkasse Pforzheim Pledges**

The funds pledged to Sparkasse Pforzheim as disclosed at note 16 totaling TEUR 22,102 were released from the pledges due to achievement of certain obligations by the Group and these funds were remitted to the Group's operating accounts on 23 July 2009.

**30 Ultimate Controlling Party**

The certificates of the Company are bearer securities which means there is no register of certificate holders. According to the registration list at the most recent EGM, the largest single registered holding was 10,214,640 ADCs (17% of total ADCs in issue) of the overall 32,273,927 (54%) registered to vote. Therefore, as far as the Directors are aware, there is no ultimate controlling party.