

PI Power International Limited
Company Registered Number 97789
Consolidated Financial Statements
31 December 2009

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Richard Boléat (*Non-executive*)
George Baird (*Non-executive*)
Murdoch McKillop (*Non-executive*)

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The Directors are pleased to present their Annual Report and financial statements for the year ended 31 December 2009 for PI Power International Limited ("PI" or the "Company").

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

Since the EGM of the Company on 21 April 2009, the investment objectives of the Company have been to sell or otherwise dispose of all or any assets of the Company and the Board of Directors 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 continuing to pursue the disposal of its portfolio of investments.

The resolutions passed by the EGM formally established the legal framework required for payouts to certificate holders which resulted in repayments of capital on 2 June 2009 and 30 October 2009 totalling EUR 6.90 per certificate held.

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 42.3 of which MEUR 30.7 relates to impairment and depreciation of assets.

As set out in the notes, the financial statements have been prepared on a fully consolidated basis, notwithstanding the shareholders' decision in April 2009 that disposals of all investments should be sought. The Group's remaining material subsidiary (the Hohenlohe windpark) is shown as a fully consolidated subsidiary as the Board considers that all the requirements of IFRS 5 have not been met, in particular, that a sale should be achieved within 12 months of the original decision to dispose of the asset. As disclosed below, a disposal of Hohenlohe appears to be unlikely.

As the Group is in wind-down with its assets being liquidated, the Board considers that it would be more representative to de-consolidate its investments, but that this would not be in accordance with IFRS. However, in order to assist shareholders in their understanding of the economic interests of the Group, a proforma deconsolidated balance sheet for the Group is shown at note 28.

As stated above, the Board has been actively engaged in disposing of its asset portfolio and returning capital to investors. The Board has continued to seek buyers for each of the Company's power generation assets and projects and, to date, the disposal of the Group's most valuable assets, its solar parks in Spain, has been achieved for a total consideration of MEUR 87.5, together with the assumption of MEUR 79.5 of indebtedness.

As at the date of this report, no other disposals have been achievable. The reasons identified by interested parties for not progressing to make offers for the remaining assets were the fact that many of the development projects were at a very early stage or were held through complex ownership structures. However, the Group holds a Put Option which permits the development projects to be sold to the purchaser of the Spanish solar parks for a nominal consideration. This option may be exercised by the Group prior to 30 June 2010 in order to mitigate any further expenditure on these developments.

With the exception of cash balances and debtors, the two significant remaining assets of the Company which remain to be realised are the shareholding in Karpat Energo and the Arbitration claim against Meind Bank AG. The Board remains fully committed to the recovery of these assets. The shareholding in Karpat Energo has been fully impaired due to significant uncertainty over the financial viability of the project company. This shareholding is subject to a Put Option in the Company's favour with its price based on the original cost of the investment and its exercise date determined by reference to the commencement of the project's operations. Since the viability of the project remains unclear and there is considerable uncertainty over the timing of the exercise date on the option, the Board has determined that it is not possible to accurately estimate the potential value of the Put Option, if any. Therefore the option, in addition to the shares, is not recognised in the balance sheet. The Company's Arbitration claim against Meind Bank AG, which is described in more detail at note 30.1, is seeking recovery of MEUR 26.6 in fees paid to Meind Bank AG. The Board considers that this is a strong and justifiable claim, however, until a definitive decision of the Arbitration Panel has been received, accounting standards dictate that a value cannot be attributed to the claim on the balance sheet.

In line with the strategy for exiting the Group's investments and winding down operations, costs at the Company were reduced to MEUR 23.5 (2008: MEUR 29.5), primarily due to the termination of contracts with Meind Bank associated companies. These operating expenses include approximately MEUR 5 of legal and financial adviser fees associated with the disposal programme and the sale of the Spanish solar parks. The Board is highly focussed on cost containment and continually reviews overhead and consultancy costs in order to minimise cash absorption.

Litigation and Arbitration matters

The Company's various litigation claims against Meind Bank companies remain ongoing. As previously announced, in October 2009 the Company entered into a non-binding term sheet with Meind Bank to settle all outstanding claims and litigation. As at the date of this report, this term sheet remains in place but the settlements it contemplated have not been concluded and so the litigation proceedings remain open. In order to protect PI's position with particular regard to the Arbitration proceedings, PI has requested the Arbitration Panel to reconvene the arbitration proceedings. 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.

The Company is party to litigation with a former Director, Björn Pirwitz, who is claiming a payment on termination of his engagement as a Director of the Company of TEUR 700 which the Company is continuing to vigorously contest.

Directors, Directors' interests and emoluments

The current Board of Directors was appointed at various times between 14 November 2008 and 21 April 2009. Those Directors acting during the year under review and up to the date of this report were / are as follows:

- Björn Pirwitz (not re-elected by ADC holders on 21 April 2009)

- Hans-Peter Dohr (not re-elected by ADC holders on 21 April 2009)
- Fred Duswald (not re-elected by ADC holders on 21 April 2009)
- Wilfried Hassler (not re-elected by ADC holders on 21 April 2009)
- Wolfgang Vilsmeier (re-elected by ADC holders on 21 April 2009, resigned on 11 September 2009)
- George Baird (re-elected by ADC holders on 21 April 2009 and 7 October 2009)
- Richard Boléat (re-elected by ADC holders on 21 April 2009 and 7 October 2009)
- James Shinehouse (appointed 19 March 2009, re-elected by ADC holders on 21 April 2009 and 7 October 2009)
- Murdoch McKillop (elected by ADC holders on 21 April 2009 and re-elected by ADC holders on 7 October 2009)

The Board of Directors currently consists of James Shinehouse, Murdoch McKillop, Richard Boléat and George Baird. With the exception of Mr Shinehouse, who has assumed the position of Managing Director, all the members of the Board of Directors 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 29.1.

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 2009.

Distribution policy

During 2009, repayments of capital totalling EUR 6.90 per ADC/share were 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 consolidated net asset value per ADC/share of EUR 1.12 at 31 December 2009. This is not necessarily reflective of the likely future distribution to ADC/share holders (in addition to the EUR 6.90 paid during 2009) due to, inter alia, matters arising in 2010 and beyond and the related costs that will be incurred in concluding the disposal process. The Board will continue to provide guidance to ADC/share holders as appropriate as the disposal process progresses.

Finally, the Board would like to restate 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 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

28 May 2010

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

28 May 2010

To the Members of PI Power International Limited

We have audited the consolidated financial statements (the 'financial statements') of PI Power International Limited (the 'Company') for the year ended 31 December 2009 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 2009 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, 28 May 2010

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
		2009			
		Continuing Operations	Discontinued Operations	Total	
Revenue		3,162	15,419	18,581	5,664
Depreciation	12,13	(2,073)	(3,845)	(5,918)	(3,937)
Impairment of assets	6	(3,929)	(20,819)	(24,748)	(23,558)
Other operating expenses	7	(24,079)	(4,438)	(28,517)	(31,200)
Loss from operations		(26,919)	(13,683)	(40,602)	(53,031)
Finance income	8	3,750	2	3,752	19,435
Interest expense	8	(1,862)	(3,587)	(5,449)	(2,378)
Net finance income		1,888	(3,585)	(1,697)	17,057
Profit/(loss) before taxation		(25,031)	(17,268)	(42,299)	(35,974)
Income tax	9	(829)	(16)	(845)	451
Profit/(loss) for the year		(25,860)	(17,284)	(43,144)	(35,523)
Other comprehensive income					
Reversal of stock option plans		-	-	-	(474)
Exchange differences on translation foreign operation		-	-	-	32
Other comprehensive income for the year		-	-	-	(442)
Total comprehensive income for the year		(25,860)	(17,284)	(43,144)	(35,965)
Profit attributable to:					
Equity holders of the parent				(43,127)	(35,521)
Minority Interest				(17)	(2)
Total comprehensive income attributable to:					
Equity holders of the parent				(43,127)	(35,966)
Minority Interest				(17)	1
Loss per share/ADCs (€)					
Basic and diluted	10	(0.45)	(0.30)	(0.75)	(0.61)

II. Consolidated balance sheet

PI Power International Limited

€ in thousands	Note	At 31 December	
		2009	2008
ASSETS			
Non-current assets			
Intangible assets	12	46	21,716
Property, plant and equipment	13	30,002	177,299
Available-for-sale financial assets	14	-	-
Other non-current assets		-	249
Prepaid expenses non-current		211	-
Deferred tax assets	9	-	521
		30,259	199,785
Current assets			
Trade and other receivables	16	5,552	52,404
Other financial assets	17	-	323,416
Cash and cash equivalents	18	68,893	70,885
		74,445	446,705
Total assets		104,704	646,490
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	19	200,628	600,000
ADCs held and IPO costs	19	(59,983)	(59,983)
Foreign currency translation reserve		29	29
Retained earnings		(75,838)	(32,711)
Total shareholders' equity		64,836	507,335
Minority interest		28	42
Total equity		64,864	507,377
Non-current liabilities			
Borrowings	20	32,655	91,816
Provisions	20	500	3,112
Deferred tax liabilities	9	340	6,919
		33,495	101,847
Current liabilities			
Trade payables and other liabilities	21	6,251	24,741
Current portion of non-current borrow.	20	93	12,524
Current tax liabilities		1	1
		6,345	37,266
Total equity and liabilities		104,704	646,490

These consolidated financial statements were authorised for issue by the Board of Directors on 28 May 2010.

James P. Shinehouse (Managing Director)

Richard M. Boléat (Chairman of Audit Committee and Director)

III. Consolidated cash flow statement

PI Power International Limited

€ in thousands	Note	Year ended 31 December	
		2009	2008
Cash flows from operating activities			
Profit / (loss) before tax		(42,299)	(35,974)
Interest income	8	(3,752)	(19,435)
Interest expenses	8	5,449	2,378
Expenses from stock option plans		-	(474)
Depreciation of property, plant and equipment	12,13	5,918	3,937
Impairment for non-current assets		24,098	22,574
Movements in working capital			
Decrease / (Increase) in trade / other receivables		36,223	(51,937)
Increase / (Decrease) in trade / other payables		(1,240)	5,974
Net cash generated by operating activities		24,397	(72,957)
Cash flows from investing activities			
Net cash flows from financial assets		317,054	83,790
Payments for property, plant and equipment		(27,652)	(130,477)
Payments for intangible non-current assets		(1,100)	(16,054)
Payments for other non-current assets		-	(249)
Disposal proceeds – Spanish solar parks		87,500	-
Cash held by subsidiaries at disposal		(15,623)	-
Interest income received		10,114	18,009
Net cash used in investing activities		370,293	(44,981)
Cash flows from financing activities			
Repayment of Capital	19	(399,372)	-
Payment for share issue costs	19	-	-
Payment for ADCs held in treasury under market making	19	-	(18,796)
Net cash flow from borrowings		7,779	104,339
Interest expense paid		(5,089)	(2,378)
Net cash generated by financing activities		(396,682)	83,165
Net (decrease) / increase in cash and bank balances		(1,992)	(34,773)
Cash and bank balances at the beginning of the year	18	70,885	105,658
Cash and bank balances at the end of the year	18	68,893	70,885

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
Balance at beginning of year 2008	600,000	(41,187)	(18,596)	-	3,284	543,501	-	543,501
Loss for the year					(35,521)	(35,521)	(2)	(35,523)
Reversal stock option plans					(474)	(474)	-	(474)
Exchange rate differences translation reserve				29		29	3	32
Total comprehensive income for the year				29	(35,995)	(35,966)	1	(35,965)
Buy back of ADCs			(200)			(200)		(200)
Minority Interest							41	41
Balance at 31 December 2008	600,000	(41,187)	(18,796)	29	(32,711)	507,335	42	507,377
Loss for the year					(43,127)	(43,127)	(17)	(43,144)
Exchange rate differences translation reserve				-		-	-	-
Total comprehensive income for the year	-	-	-	-	(43,127)	(43,127)	(17)	(43,144)
Minority Interest							3	3
Repayment of Capital	(399,372)					(399,372)		(399,372)
Balance at 31 December 2009	200,628	(41,187)	(18,796)	29	(75,838)	64,836	28	64,864

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 during 2009 were as follows:

Name	Project	Country of incorporation	Interest	Note
Stratius Investments Limited	Cypriot holding company	Cyprus	100%	
Erymanthus Investments Limited	Cypriot holding company	Cyprus	100%	
Hohenlohe Windpark Management GmbH	) Hohenlohe, Germany	Germany	100%	
Hohenlohe Windpark 1,2...6 GmbH & Co KG (six companies)	)	Germany	100%	
Lucrecia Real Estate S.L.	) Almeria, Spain	Spain	-	Sold 1 October 2009
Jialu Investments S.L.	)	Spain	-	Sold 1 October 2009
Asset Sestra Solar S.A.	)	Spain	-	Sold 1 October 2009
Asset Logistic Solar S.L.	)	Spain	-	Sold 1 October 2009
El Estero Solar GmbH & Co. KG	) Solon, Spain	Germany	-	Sold 1 October 2009
El Estero Solar GmbH & Co. KG, Sucursal en Espana	)	Germany	-	Sold 1 October 2009
Casabermeja 1,2,3.....19 S.L. (19 companies)	)	Spain	-	Sold 1 October 2009
EEnergia s.r.o.	Trnava, Slovakia	Slovakia	90%	
Global Energy Solar S.R.L.	Catania, Italy	Italy	100%	
Vetrny Park Mlynsky Vrch s.r.o.	Mlynsky Vrch, Czech Republic	Czech Republic	50.98%	Acquisition triggered on 26 May 2009
Pro La Punta 25 S.L.	La Punta, Canary Islands	Spain	100%	Not consolidated in 2008 and 2009 due to lack of control

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

The Group had no employees during the year ended 31 December 2009.

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, the following new or revised standards became effective and had to be adopted (if applicable):

- IAS 1 (Amendment), 'Presentation of financial statements';
- IAS 32 (Amendment), 'Financial Instruments: Presentation';
- IFRS 7 (Amendment), 'Financial Instruments: Disclosures';
- IFRS 8 – 'Operating segments' (has been early adopted in previous period).

The IASB has issued annual improvements to many IFRS standards. The improvements include changes in presentation, recognition and measurement, plus terminology and editorial changes. The amendments are effective for annual periods beginning on or after 1 January 2009, 1 July 2009 or 1 January 2010.

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

- IAS 23 (Amendment), 'Borrowing costs';
- IFRIC 15 – 'Agreements for the Construction of Real Estate';
- IFRS 1 and IAS 27 (Amendment), 'Cost of an investment on first time adoption';
- IFRS 2 (Amendment), 'Share-based Payment'.

(b) Early adoption of Standards

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.

In previous periods, the Group 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.

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

At the date of authorisation of these consolidated financial statements, the following Standards or their amendments and interpretations have been published and are mandatory (if applicable) for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

- IAS 24 (Amendment), 'Related Party Disclosures';
- IAS 27, IAS 28, IAS 31 (Amendments), 'Consequential amendments arising from amendments to IFRS 3';
- IAS 32 (Amendment), 'Financial Instruments: Presentation — Amendments relating to classification of rights issues';

- IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement — Amendments for eligible hedged items and for embedded derivatives when reclassifying financial instruments';
- IFRIC 17 – 'Distributions of Non-cash Assets to Owners';
- IFRIC 18 – 'Transfers of Assets from Customers';
- IFRS 2 (Amendment), 'Share-based Payment – Amendments relating to group cash-settled share-based payment transactions';
- IFRS 9, 'Financial Instruments – Classification and Measurement'.

The IASB has issued annual improvements to several IFRS 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, 1 July 2009 and 1 January 2010.

2.3 Consolidation

(a) Business Combinations (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 26 – 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:

- i) assets and liabilities for each balance sheet presented are translated at the closing rate at balance sheet date;
- ii) 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
- iii) 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.

2.19 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when all of the following conditions are met:

- management is committed to a plan to sell,
- the asset is available for immediate sale,
- an active programme to locate a buyer is initiated,
- the sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions),
- the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value,
- actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Non-current assets or disposal groups that are classified as held for sale are not depreciated. Assets classified as held for sale, and the assets and liabilities included within a disposal group classified as held for sale, are presented separately in the balance sheet.

As set out in the Directors' Report, the Group's remaining material investment (the Hohenlohe windpark) is shown as a fully consolidated subsidiary as the Board considers that all the requirements of IFRS 5 have not been met, in particular, that a sale should be achieved within 12 months of the original decision to dispose of the asset.

3 Disclosures according to IFRS**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 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 CO2 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 2009, 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

The Group has no significant floating interest-bearing liabilities.

(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 2009		
	Less than 1 year	Between 1 and 5 years	Over 5 years
Borrowings	93	7,077	25,578
Trade payables and other liabilities	6,252	-	0
	6,345	7,077	25,578

Since the Group and Company held unrestricted cash balances at 31 December 2009 in excess of MEUR 60 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 managing its affairs in accordance with the directions of the shareholders and to return capital to shareholders.

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):

V. Notes to the consolidated financial statements
PI Power International Limited

	Category in accordance with IAS 39	Amounts recognised in balance sheet according to IAS 39				Carrying amount 31 December 2009
		Amortized costs	Acquisition costs	Fair value recognised in equity	Fair value recognised in profit or loss	
Assets						
Available-for-Sale Financial Assets	Available for Sale	-				-
Trade and other receivables	Loans and Receivables	5,552				5,552
Other assets	Loans and Receivables	-				-
Cash and cash equivalents	Loans and Receivables	68,893				68,893
Liabilities						
Borrowings	Financial liabilities at Amortised Cost	32,655				32,655
Trade payables and other liabilities	Financial liabilities at Amortised Cost	6,252				6,252
Current portion of non-current borrowing	Financial liabilities at Amortised Cost	93				93
Thereof aggregated by category according to IAS 39:						
Loans and Receivables		74,445				74,445
Available-for-Sale Financial Assets		-				-
Financial Assets Held for Trading		-				-
Financial Liabilities measured at Amortised Cost		39,000				39,000

	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	
Assets						
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
Liabilities						
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 is 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 2009, 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 the 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 the parent entity, Erymanthus 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 is as follows:

€ in thousands	Year ended 31 December 2009				
	Wind	Solar	Segments Total	Holding services	Reconciliation to Financial Statements
Revenue from external Customers	3,160	15,419	18,579	2	18,581
EBITDA	2,675	10,952	13,627	(23,563)	(9,936)
Depreciation	(2,068)	(3,850)	(5,918)	-	(5,918)
Other operating expenses	(485)	(4,467)	(4,952)	(23,565)	(28,517)
Financial result	(1,510)	(3,586)	(5,096)	3,399	(1,697)
Income tax expense	(829)	(16)	(845)	-	(845)
Total assets	34,987	166	35,153	69,551	104,704
<i>Total assets include:</i>					
Additions to non-current assets (other than financial instruments and deferred tax assets) thereof acquired in a business combination	273	17,982	18,255	-	18,255
Disposal of non-current assets	273	-	273	-	273
Total liabilities	-	(157,236)	(157,236)	-	(157,236)
	33,744	17	33,761	6,079	39,840

€ in thousands	Year ended 31 December 2008				
	Wind	Solar	Segments Total	Holding services	Reconciliation to Financial Statements
Revenue from external Customers	2,893	2,771	5,664	-	5,664
EBITDA	2,019	2,019	4,038	(29,574)	(25,536)
Depreciation	(2,068)	(1,869)	(3,937)	-	(3,937)
Other operating expenses	(873)	(752)	(1,625)	(29,575)	(31,200)
Financial result	(303)	(1,651)	(1,954)	19,011	17,057
Income tax expense	451	-	451	-	451
Total assets	39,753	192,370	232,123	414,367	646,490
<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	147,314	-	147,314
Total liabilities	33,591	95,795	129,386	9,727	139,113

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.

Solar energy segment consists of discontinued operations except of the Global Energy Solar entity which has insignificant influence on the figures above.

The Company is incorporated in Jersey. No revenue was generated from external customers in Jersey in 2009 (Nil in 2008). The total of revenue from external customers from other countries is TEUR 18,581 for the year 2009 (2008: TEUR 5,664). 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	Year ended 31 December			
		2009		2008	
		€ in thousands	in % of total revenue	€ in thousands	in % of total revenue
Natenco GmbH	Germany	3,160	17	2,893	51
Endesa Distribución Eléctrica S.L.	Spain	12,655	68	1,897	34
Ibedrola Distribution Electrica	Spain	2,766	15	874	15
		18,581	100	5,664	100

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.

€ in thousands	Year ended 31 December	
	2009	2008
Wind parks		
- power plants	3,394	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	38	13,065
Doubtful debts	650	-
Reversal of impairment to prepayments	(153)	-
Impairment according to IFRS 5	20,819*	-
	24,748	23,558

* Impairment relates to assets classified as held for sale which were sold during the reporting period. More information on discontinued operations see note 25.

7 Other operating expenses

For further information on management fees and market-maker fees see note 30.

€ in thousands	Year ended 31 December	
	2009	2008
Management fees	4,871	7,985
Licence fees	-	1,683
Market maker fees	48	1,758
Disputed contractual obligations	-	3,447
Court fees	211	-
Legal, consulting and auditing fees	10,114	8,088
Financial Advisor fees – sale process	4,600	-
Directors' fees	1,619	1,083
Administration costs	708	828
Rental and leases	454	315
Expenses from stock option plans	-	(474)
Tax assessment (El Estero entity)	1,609	-
Other	4,283	6,487
	28,517	31,200

The board's decision to terminate the various agreements with Meindl Bank Group (see note 30) resulted in a reduction in overhead costs. In the short term, the divestment process necessitates the financial adviser costs which have been incurred during the year, together with an increase in legal and consulting costs.

8 Finance income and expense

€ in thousands	Year ended 31 December	
	2009	2008
Finance income		
– Interest income from other financial assets	2,899	15,977
– Interest income from bank deposits	853	3,458
	3,752	19,435
Finance expense		
– Interest expense and charges to banks	(5,449)	(2,378)
	(5,449)	(2,378)
Financial result	(1,697)	17,057

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 2009 and 2008. 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	
	2009	2008
Profit/(Loss) before taxation	(42,299)	(35,974)
Current tax expense	(16)	(12)
Deferred tax income/(expense) relating to origination and reversal of temporary differences and losses c/f	(829)	463
Total income tax	(845)	451
Profit/(Loss) after taxation	(43,144)	(35,523)

The deferred tax assets and liabilities are separable as follows:

€ in thousands	At 31 December	
	2009	2008
Deferred tax asset arising from:		
Tax losses carried forward	-	664
Differences with tax depreciation	-	(143)
	-	521
Deferred tax liability arising from:		
Differences with tax depreciation	(340)	(57)
From temporary differences arisen on initial recognition of assets in business combinations	-	(6,862)
	(340)	(6,919)
Total deferred tax assets and liabilities (net)	(340)	(6,398)

In the previous reporting period, a deferred tax liability in the amount of TEUR 6,862 was recognised for temporary differences arising on initial recognition of assets in business combinations. This temporary difference was reversed due to the disposal of the related entity in current reporting period.

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	
	2009	2008
Profit/(loss) attributable to equity holders of the parent (€ thousands)	(43,127)	(35,523)
Weighted average number of ordinary shares in issue (thousands)	57,880	57,883
Basic and diluted profit/(loss) per share (€ per share)	(0.75)	(0.61)

(b) EPS from continuing and discontinuing operations:

	Year ended 31 December	
	2009	2008
Basic and diluted EPS from continuing operations	(0.45)	(0.50)
Basic and diluted EPS from discontinued operations	(0.30)	(0.11)
Basic and diluted loss per share (€ per share)	(0.75)	(0.61)

11 Dividends per share

No dividends were paid in 2009 and 2008.

12 Intangible assets

€ in thousands	Licences and rights	Goodwill	Total
Gross carrying amounts			
As at 1 January 2009	24,589	69	24,658
Additions	1,111	5	1,116
Disposals	(25,683) *	-	(25,683)
Reclassifications (see note 13)	35	-	35
As at 31 December 2009	52	74	126
Accumulated depreciation and write downs			
As at 1 January 2009	(2,873)	(69)	(2,942)
Depreciation charge for the year **	(449)	-	(449)
Disposals	4,836	-	4,836
Impairment (see note 6)	(1,520)	-	(1,520)
Reclassifications	(5)	-	(5)
As at 31 December 2009	(11)	(69)	(80)
Net carrying amounts			
As at 1 January 2009	21,716	-	21,716
As at 31 December 2009	41	5	46

* Intangible assets were disposed within sale of subsidiaries (Almeria and Solon projects – see note 25 for more detail).

** Depreciation excludes amortisation of related deferred tax liabilities totalling TEUR 271.

13 Property, plant and equipment (PPE)

€ in thousands	Land	Wind Power plants	Solar parks	Prepayments and assets under constr.	Total
Gross carrying amounts					
As at 1 January 2009	132	41,354	115,490	31,192	188,168
Additions	-	-	16,695	177	16,872
Reclassification (see note 12)	-	-	29,735	(29,770)	(35)
Disposals	-	-	(161,920)*	(1,267)	(163,187)
Acquisition of subsidiary (see note 25)	-	-	-	267	267
As at 31 December 2009	132	41,354	-	599	42,085
Accumulated depreciation and write downs					
As at 1 January 2009	(19)	(6,275)	(3,146)	(1,429)	(10,869)
Depreciation charge for the year	-	(2,068)	(3,522)	-	(5,590)
Reclassification	-	-	-	5	5
Disposals/reversals of impairment	-	-	25,688	1,110	26,798
Impairment (see note 6)	-	(3,393)	(19,020)	(14)	(22,427)
As at 31 December 2009	(19)	(11,736)	-	(328)	(12,083)
Net carrying amounts					
As at 1 January 2009	113	35,079	112,344	29,763	177,299
As at 31 December 2009	113	29,618	-	271	30,002

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

*Assets disposed within sale of subsidiaries (Almeria and Solon projects – see note 25 for more detail).

14 Available-for-sale financial assets

€ in thousands	At 31 December	
	2009	2008
Beginning of the year	-	-
Additions	-	13,065
Change in fair value	-	(13,065)
End of the year	-	-

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 3.4 – Disclosures according to IFRS 7.

16 Trade and other receivables

€ in thousands	At 31 December	
	2009	2008
Trade receivables	537	4,464
Other receivables	5,015	47,940
Trade and other receivables – current	5,552	52,404

As at 31 December 2009, trade receivables relate to the sale of electricity at the wind parks in the region Hohenlohe. Other receivables include MEP Solar escrow funds of TEUR 4,375 (see note 25).

The fair value of receivables approximates their carrying amount.

17 Other financial assets

€ in thousands Cost and interest	Year ended 31 December	
	2009	2008
Landesbank Baden Wuerttemberg—commercial paper	-	49,970
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
	-	323,416

All other financial assets were settled in order to fund capital repayments to shareholders.

18 Cash and cash equivalents

€ in thousands	At 31 December	
	2009	2008
Cash at bank	237	9,957
Restricted cash at bank - Meinel Bank	2,883	2,883
- Sparkasse Pforzheim (Hohenlohe entities)	4,355	3,530
Bank deposits on demand	61,414	54,510
Petty cash	4	5
	68,893	70,885

Cash at bank in the amount of TEUR 2,883 is restricted due to the Market-Maker Agreement with Meinel Bank AG as described in note 29 and TEUR 4,355 is pledged as security to Sparkasse Pforzheim in respect of its lending to the Hohenlohe entities.

19 Share capital and ADCs held

Units	Shares	ADCs	Shares and ADC's
Balance as at 15 June 2007	1	-	1
Shares issued on initial public offering	59,999,999	-	59,999,999
Purchase of ADCs	-	2,120,062	(2,120,062)
Balance as at 31 December 2008 and 2009	60,000,000	2,120,062	57,879,938
€ in thousands	Share Capital paid in	Book value ADCs	Total Share Capital
Balance as at 15 June 2007	-	-	-
Shares issued on initial public offering	600,000	-	600,000
Costs in relation to initial public offering	(41,187)	-	(41,187)
Purchase of ADCs	-	18,796	(18,796)
Balance as at 31 December 2008	558,813	18,796	540,017
Repayment of Capital	(399,372)	-	(399,372)
Balance as at 31 December 2009	159,441	18,796	140,645

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 Meinel Power Management Limited. Transaction costs relating to the issue of the shares in a total amount of MEUR 41.2 are presented as deduction from shareholder's equity.

Prior to its termination, under the Market-Maker Agreement, Meinel Bank AG bought and sold ADCs for the account of the Company. As at 31 December 2008 and 2009, the number of own ADCs recorded for the account of the Company was 2,120,062.

During 2009, the Company repaid capital of EUR 6.90 per share/ADC other than the own ADCs, a total repayment of capital of MEUR 399.4.

20 Non-current liabilities

€ in thousands	At 31 December	
	2009	2008
Borrowings	32,655	91,816
Provisions	500	3,112
Deferred tax liabilities (note 9)	54	6,919
	33,209	101,847

A provision for power plant dismantling costs in the amount of TEUR 500 is recognised in provisions at 31 December 2009 (2008: TEUR 3,096). Borrowings consist of the following (amounts include both non-current and current portion of credits):

€ in thousands	At 31 December		Interest rate	Maturity
	2009	2008		
LRP Landesbank (El Estero entities)	-	71,675	Floating based on EURIBOR	Entity was sold in 2009
Sparkasse Pforzheim (Hohenlohe entities)	32,727	32,665	4.5%	June 2028
Other	21	-		
Total	32,748	104,340		
Non-current liabilities	32,655	91,816		
Current liabilities	93	12,524		
	32,748	104,340		

21 Current liabilities

€ in thousands	At 31 December	
	2009	2008
Trade payables	1,773	7,762
Current portion of borrowings	93	12,525
Other payables and liabilities	4,479	16,979
	6,345	37,266

As at 31 December 2009, most significant items within other payables represent provisions and accruals.

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 2009 is TEUR 153 and in 2008 is TEUR 145.

Commitments under non-cancellable operating leases

€ in thousands	At 31 December			
	2009		2008	
	Minimum payments	Expected payments	Minimum payments	Expected payments
Not longer than 1 year	85	153	84	130
Longer than 1 year and not longer than 5 years	342	614	337	521
Longer than 5 years	1,424	2,560	1,600	2,476

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 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 Group and Company have contingent gains and losses due to the various legal actions described at note 30 below.

24 Commitments

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

25 Discontinued operations

Based on the EGM of the Company on 21 April 2009, the Group classified subsidiaries within Solon and Almeria projects (Lucrecia Real Estate S.L., Jialu Investments S.L., El Estero Solar GmbH & Co KG and their subsidiaries) as disposal groups held for sale. Although it is also planned to sell all other subsidiaries, the criteria for classification as held for sale are not fulfilled.

On 1 October 2009, the Group disposed of all of its interests in the solar parks at Almeria and Solon in Spain, owned by the above companies and their subsidiaries to MEP Solar. The total sale consideration was MEUR 87.5 which was fully allocated to repayment of intercompany loan balances. Details of net assets disposed are as follows (the figures are presented for all the businesses in aggregate because of the single purchase agreement for all of the businesses):

	<u>€ in thousands</u>
Non-current assets	181,392
Net working capital	6,380
Borrowings	(79,453)
Impairment of assets according to IFRS 5	<u>(20,819)</u>
Book value of net assets disposed (excl intercompany loans)	87,500
Intercompany loans settled in cash at completion	(87,500)
Book value of net assets disposed	<u>-</u>
Consideration for share capital	<u>-</u>
Profit/Loss on disposal	<u>-</u>

The purchase consideration was used to settle intercompany borrowing and was payable in two instalments, MEUR 83.1 at completion on 1 October 2009 with the balance of MEUR 4.4 held in escrow until 2 January 2010. In the event that MEP Solar had made any claims against the selling companies for any breach of warranties given, and these claims were agreed by the Company, the value would be deductible from the escrow amount. No claims were received and the escrow funds were received in full during January 2010.

The net cash flows of the disposal group for 2008 and the nine months of 2009 prior to the disposal are as follows:

<u>€ in thousands</u>	<u>At 31 December</u>	
	<u>2009</u>	<u>2008</u>
Net cash flow from operating activities	32,386	(5,119)
Net cash flow from investing activities	(28,752)	(128,581)
Net cash flow from financing activities	<u>7,779</u>	<u>71,675</u>
	<u>11,413</u>	<u>(62,025)</u>

26 Business combinations

The Group early adopted the new IFRS 3 – Business combinations which is effective for period beginning on or after 1 July 2009 for the first time in Financial Statements for the previous period (see note 2 – Significant accounting policies). 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 Mlynsky Vrch

Vetrny Park Mlynsky Vrch s.r.o. ("Mlynsky Vrch") incorporated in Czech Republic is a 50.98% subsidiary of Stratius. The shareholding was acquired on 26 May 2009, the date on which the conditions for the vesting of the shares in Stratius were met. The financial statements as at 31 October 2009 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>
Intangible assets	1
Construction in progress and prepayments	282
Trade receivables and other assets	1
Other current liabilities	(276)
100% of fair value of net assets acquired	<u>8</u>
50.98% of fair value of net assets acquired	<u>4</u>
Total Purchase Consideration	<u>9</u>
Goodwill Acquired	<u>5</u>

Summary of all subsidiaries as at 31 December 2009:

Name of subsidiary/business	<u>Acquisition</u>	<u>Interest</u>
Stratius Investments Limited, Cyprus	12/12/2007	100%
Erymanthius 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%
EEnergia s.r.o., Trnava, Slovakia	Feb 2008	90%
Global Energy Solar S.R.L. Catania, Italy	21/07/2008	100%
Vetrny Park Mlynsky Vrch s.r.o., Czech Republic	25/05/2009	50.98%

27 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>2009</u>	<u>2008</u>
Revenue		-	-
Impairment	27.1	(27,195)	(30,955)
Other operating expenses	27.2	(23,455)	(29,455)
Loss from operations		<u>(50,650)</u>	<u>(60,410)</u>
Finance income	27.3	7,438	24,170
Interest expense	27.3	-	(2)
Net finance income		<u>7,438</u>	<u>24,168</u>
Profit before taxation		<u>(43,211)</u>	<u>(36,242)</u>
Taxation credit		-	-
Loss for the year		<u>(43,211)</u>	<u>(36,242)</u>

Unconsolidated Balance Sheet of the Company

€ in thousands	Note	At 31 December	
		2009	2008
ASSETS			
Non-current assets			
Investments		-	-
Other receivables affiliated	27.4	6,500	102,516
		6,500	102,516
Current assets			
Trade and other receivables	27.5	247	22,884
Other financial assets	27.6	-	323,416
Cash and bank balances	27.7	64,328	67,480
		64,575	413,780
Total assets		71,075	516,296
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	27.8	200,628	600,000
ADCs held and IPO costs	27.8	(59,983)	(59,983)
Retained earnings	27.9	(75,636)	(33,419)
Total shareholders' equity		65,009	506,598
Current liabilities			
Trade payables and other liabilities	27.10	6,066	9,698
		6,066	9,698
Total equity and liabilities		71,075	516,296

27.1 Impairment

€ in thousands	Year ended 31 December	
	2009	2008
Receivables Stratus Investments Limited	6,732	18,840
Receivables Erymanthus Investments Limited	19,812	9,721
Loan for Windpark Semetkovce	227	-
Loan for Windpark Nawitas	300	-
Payments on behalf of subsidiaries	124	-
Investments in Erymanthus Investments Limited	-	58
Investments in Stratus Investments Limited	-	2,336
	27,195	30,955

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

27.2 Other operating expenses

€ in thousands	Year ended 31 December	
	2009	2008
Management fees	4,871	7,985
Licence fees	-	1,682
Market-maker fees	48	1,758
Disputed contractual obligation	-	3,449
Court fees	211	-
Legal, consulting and auditing fees	9,502	7,674
Financial Advisor fees – sale process	4,600	-
Directors' fees	1,619	1,083
Administration costs	708	798
Expenses from stock option plans	-	(474)
Other	1,896	5,500
	23,455	29,455

27.3 Financial income

€ in thousands	Year ended 31 December	
	2009	2008
Income from loans to affiliates	3,788	5,188
Income on term deposits	2,927	15,947
Cash and bank balances	723	3,035
Interest expenses	-	(2)
Financial result	7,438	24,168

27.4 Other non-current assets and other receivables affiliated

€ in thousands	Year ended 31 December	
	2009	2008
Receivables Erymanthius Investments Limited	2,125	19,060
Receivables Stratius Investments Limited	4,375	83,456
Total other non-current assets	6,500	102,516

As at 31 December 2009, the non-current receivables disclosed above represent the loans provided to the affiliated companies Stratius Investments Limited and Erymanthius Investments Limited, both incorporated in Cyprus, net of provisions.

27.5 Trade and other receivables

€ in thousands	Year ended 31 December	
	2009	2008
Sparkasse Pforzheim	-	22,102
Loan – Windpark Semetkovce	-	227
Loan – Windpark Nawitas	-	300
Other	247	255
Trade and other receivables	247	22,884

27.6 Other financial assets

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

27.7 Cash and bank balances

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

€ in thousands	Year ended 31 December	
	2009	2008
Meinl Bank AG, Vienna – restricted cash account	2,883	2,883
UBS – Bank	11	87
Deutsche Bank	20	-
Sparkasse Pforzheim	-	10,000
Bank deposits on demand	61,414	54,510
Cash and bank balances	64,328	67,480

27.8 Share capital

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

27.9 Retained earnings

€ in thousands

	Year ended 31 December	
	2009	2008
Balance at the beginning of the year	(33,419)	2,823
Adjustments of retained earnings	994	-
Net loss/profit for the year	(43,211)	(36,242)
Balance at the end of the year	(75,636)	(33,419)

27.10 Trade and other payables

€ in thousands

	Year ended 31 December	
	2009	2008
Trade payables	1,745	6,194
Liability in respect of ADCs held	-	1
Other liabilities	4,321	3,503
Trade and other payables	6,066	9,698

28 Proforma Deconsolidated Balance Sheet

Since the Company has commenced the disposal of its investments and the repayment of capital to shareholders, the Directors consider that it is appropriate to provide a proforma Group balance sheet based on the deconsolidation of the Group's investments. This treats the Group's investments as assets held for sale and recognises the expected recoverability of loans from the investments. The proforma balance sheet provided below consolidates the Company and its two Cypriot holding companies only.

€ in thousands	Consolidated	Deconsolidation Entries (1)	Deconsolidated Investments (2)	Proforma Deconsolidated
ASSETS				
Non-current assets				
Intangible assets	46	(46)	-	-
Property, plant and equipment	30,002	(30,002)	-	-
Prepaid expenses non-current	211	-	-	211
	30,259	(30,048)	-	211
Current assets				
Trade and other receivables	5,552	(548)	-	5,004
Receivables from investments	-	-	2,125	2,125
Cash and cash equivalents	68,893	(4,557)	-	64,336
	74,445	(5,105)	2,125	71,465
Total assets	104,704	(35,153)	2,125	71,676
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	200,628	-	-	200,628
ADCs held and IPO costs	(59,983)	-	-	(59,983)
Foreign currency translation reserve	29	(29)	-	-
Retained earnings	(75,838)	(1,335)	2,125	(75,048)
Total shareholders' equity	64,836	(1,364)	2,125	65,597
Minority interest	28	(28)	-	-
Total equity	64,864	(1,392)	2,125	65,597
Non-current liabilities				
Borrowings	32,655	(32,655)	-	-
Provisions	500	(500)	-	-
Deferred tax liabilities	340	(340)	-	-
	33,495	(33,495)	-	-
Current liabilities				
Trade payables and other liabilities	6,251	(194)	-	6,057
Current portion of non- current borrow.	93	(71)	-	22
Current tax liabilities	1	(1)	-	-
	6,345	(266)	-	6,079
Total equity and liabilities	104,704	(35,153)	2,125	71,676

(1) Deconsolidation entries relate primarily to the Hohenlohe companies, reflecting their balance sheet positions at 31 December 2009.

(2) Investments represent the Board's expectation of the realisable value of the Group's investment portfolio.

29 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.

29.1 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:

Richard Boléat	George Baird
James Shinehouse	Murdoch McKillop

For the year 2009, the remuneration for current and past Directors amounted to TEUR 1,619 (2008: TEUR 1,083).

29.2 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. Fees for services (other than for Mr Shinehouse's services as a Director which are included in Directors' remuneration at note 29.1) totalling TEUR 638 were paid to Atlantic Financial Advisory Partners LLC in 2009 (2008: EUR Nil).

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. Fees for services (other than for Mr McKillop's services as a Director which are included in Directors' remuneration at note 29.1) totalling TEUR 653 were paid to Talbot Hughes McKillop LLP in 2009 (2008: EUR Nil).

Governance Partners LP, a partnership in which Mr Boléat is a member, provides company secretarial services to the Company under the terms of a contract dated 23 November 2009. Fees for services (other than for Mr Boléat's services as a Director which are included in Directors' remuneration at note 29.1) totalling TEUR 56 were paid to Governance Partners LP in 2009 (2008: EUR Nil).

30 Status of matters with Meinl Bank Group

30.1 Background

a) 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. 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 to TEUR 4,871 in 2009 (2008: TEUR 7,985).

b) 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. No fees have been paid in 2009 (2008: TEUR 1,683).

The Company rescinded the Licensing Agreement on 2 March 2009 following which, Meinl Bank AG 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. The current status of this litigation is disclosed at note 30.2.

c) 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 which 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%. No fees have been paid in 2009 (2008: TEUR 1,758).

The Market-Maker Agreement with Meinl Bank AG was terminated by the Company with effect from 31 December 2008. With effect from 12 January 2009, the Company's market-maker is Crédit Agricole Cheuvreux SA.

The Company 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 for which PI is demanding a refund of MEUR 26.6 in fees paid to Meinl Bank AG based on the payment of excessive fees. In addition, 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.

30.2 Current Status

As announced, in October 2009, PI and Meinl Bank AG entered into a non-binding term sheet with a view to settling all the litigation and arbitration matters described in note 30.1 together with Meinl Bank AG acquiring certain of PI's investments. Since that time, Meinl Bank AG has undertaken due diligence in respect of the assets to be acquired and negotiations regarding both the sale of assets and the litigation settlement have continued.

As at the date of these Financial Statements, this term sheet remains in place but the settlements it contemplated have not been concluded and so the litigation proceedings remain open whilst the Board continues discussions with representatives of Meinl Bank AG. In order to protect PI's position with particular regard to the Arbitration proceedings, PI has provided notice to Meinl Bank AG with regard to the non-binding term sheet and has requested the Arbitration Panel to reconvene the arbitration proceedings.

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.

31 Events after the balance sheet date

As discussed at note 25, an amount totalling MEUR 4.4, being the balance of the funds due in respect of the disposal of the Spanish Solar Parks, which had been held in escrow until 2 January 2010, was received by the Group in January 2010.

32 Ultimate Controlling Party

Certificates issued under the Company's ADC programme are bearer securities which means there is no register of certificate holders. According to the registration list at the AGM held on 7 October 2009, the largest single registered holding was 13,289,373 ADCs (22% of total ADCs in issue) of the overall 31,938,210 (53%) registered to vote. Therefore, as far as the Directors are aware, there is no ultimate controlling party.