

PI Power International Limited

Company Registered Number 97789

Consolidated Financial Statements

31 December 2010

	Page
Company information	1
Directors' report	2
Statement of directors' responsibility	5
Independent auditors' report	6
I. Consolidated income statement	8
II. Consolidated balance sheet	9
III. Consolidated cash flow statement	10
IV. Consolidated statement of changes in equity	11
V. Notes to the consolidated financial statements	12
1. General information	12
2. Significant accounting policies.....	12
3. Disclosures according to IFRS	18
4. Critical accounting estimates and judgements.....	21
5. Segmental information.....	21
6. Impairment	23
7. Other operating expenses	23
8. Finance income and expense.....	24
9. Income Taxes.....	24
10. Loss per share / ADC	25
11. Dividends per share	25
12. Intangible assets	26
13. Property, plant and equipment (PPE)	26
14. Available-for-sale financial assets	26
15. Financial instruments by category	27
16. Trade and other receivables.....	27
17. Cash and cash equivalents	28
18. Share capital and ADCs held	28
19. Non-current liabilities.....	28
20. Current liabilities.....	29
21. Operating leases	29
22. Contingencies.....	29
23. Commitments	29
24. Discontinued operations	29
25. Deconsolidation and disposal of subsidiaries	31
26. Separate financial statements of parent	31
27. Related-party transactions.....	34
28. Status of matters with Meinel Bank Group.....	35
29. Events after the balance sheet date	36
30. Ultimate Controlling Party.....	36

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James Shinehouse (*Managing Director*)
Richard Boléat (*Non-executive*)
George Baird (*Non-executive*)
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The Directors are pleased to present their Annual Report and financial statements for the year ended 31 December 2010 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 any and all assets and to resolve all liabilities of the Company. In addition, the Board of Directors was prohibited from making investments in new projects without certificate holders' approval. Commensurate with these objectives, 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, 30 October 2009, 9 August 2010, and 30 November 2010, totalling EUR 7.80 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 1.3 of which MEUR 2.8 relates to other operating expenses, impairment and depreciation of assets.

The Group's remaining material subsidiary (the Hohenlohe windpark) has been transferred to Meinl Bank AG ("MB") as part of the agreement to resolve certain litigation actions between the Company and MB which are discussed in greater detail below. This transfer was completed during March 2011. The terms of the share transfer agreement prohibited the Company from deriving any benefit from its ownership of the Hohenlohe windpark apart from the proceeds from the transfer. As a consequence, as at 31 December, 2010, the Hohenlohe windpark has been classified as an available for sale financial asset in the amount of the transfer price of MEUR 1.5.

The development projects Global Energy Solar S.R.L., EEnergy s.r.o., and Vetryny Park Mlynsky Vrch s.r.o. were subject to a put option, which permitted the Group to sell these assets, among others, to the purchaser of the Spanish solar parks disposed of during 2009, for nominal consideration. During June 2010, the Group exercised this put option, whereupon the purchaser of the Spanish solar parks assumed control of PI's interest in these assets, though ownership was not formally transferred, and proceeded to dispose of them. Each of these projects has been fully disposed of for nominal consideration as of the date of this Directors' Report.

With the exception of cash balances, the two significant unresolved matters of the Company which remain to be realised are the shareholding in Karpat Energo and the Arbitration claim against MB. 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 willingness of the counterparty to honour its obligations relating to the put 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 MB is seeking recovery of MEUR 26.6 in fees paid to MB. 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 1.5 (2009: MEUR 23.5), largely due to the Board's continued focus on containment of overhead and consultancy costs in order to minimise cash absorption, and the effect of termination of contracts with MB associated companies.

Litigation and Arbitration matters

As presented to the Company's shareholders on 3 November 2010, the Company entered into a Partial Settlement Agreement to resolve certain disputes with MB (see note 28). Amongst other matters, this agreement provided for a payment of MEUR 1.5 to PI, the transfer of PI's interests in Hohenlohe windpark to MB, and the withdrawal of any criminal, administrative, or regulatory complaints either party has made with respect to the other. The Company's claim with respect to the Placement and Market Maker Agreement currently being adjudicated in Austrian arbitration proceedings (the "Austrian Arbitration"), remains unaffected by this Partial Settlement Agreement. The Austrian Arbitration is scheduled to be heard by the arbitration panel during May 2011.

The Company is party to litigation by a former Director, Björn Pirrwitz, 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 are as follows:

- George Baird (re-elected by ADC holders on 22 June 2010)
- Richard Boléat (re-elected by ADC holders on 22 June 2010)
- James Shinehouse (re-elected by ADC holders on 22 June 2010)
- Murdoch McKillop (re-elected by ADC holders on 22 June 2010)

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 27.1.

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 2010 (31 December 2009: Nil).

Distribution policy

On 9 August 2010, a third repayment of capital in the sum of EUR 0.40 per ADC/share was made followed by a fourth repayment of capital in the sum of EUR 0.50 per ADC/share on 30 November 2010 bringing total repayments of capital to EUR 7.80. 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 0.20 at 31 December 2010. This is not necessarily reflective of the likely future distribution to ADC/share holders (in addition to the EUR 7.80 paid to date) 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 state that 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

15 April 2011

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

15 April 2011

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 2010 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 113A 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 2010 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, 15 April 2011

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.

€ in thousands	Note	Year ended 31 December 2009			
		2010	Continuing Operations	Discontinued Operations	Total
Revenue		2,948	3,162	15,419	18,581
Depreciation	12,13	(1,557)	(2,073)	(3,845)	(5,918)
Impairment of assets	6	1,078	(3,929)	(20,819)	(24,748)
Other operating expenses	7	(2,346)	(24,079)	(4,438)	(28,517)
Profit/(Loss) from operations		123	(26,919)	(13,683)	(40,602)
Finance income	8	235	3,750	2	3,752
Interest expense	8	(1,624)	(1,862)	(3,587)	(5,449)
Net finance income/(expense)		(1,389)	1,888	(3,585)	(1,697)
Loss before taxation		(1,266)	(25,031)	(17,268)	(42,299)
Income tax	9	(150)	(829)	(16)	(845)
Loss for the year		(1,416)	(25,860)	(17,284)	(43,144)
Other comprehensive income					
Exchange differences on translation foreign operation		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Total comprehensive (loss) for the year		(1,416)	(25,860)	(17,284)	(43,144)
Loss attributable to:					
Equity holders of the parent		(1,281)			(43,127)
Minority Interest		(135)			(17)
Total comprehensive loss attributable to:					
Equity holders of the parent		(1,281)			(43,127)
Minority Interest		(135)			(17)
Loss per share/ADCs (€)					
Basic and diluted	10	(0.02)	(0.45)	(0.30)	(0.75)

II. Consolidated balance sheet

PI Power International Limited

€in thousands	Note	At 31 December	
		2010	2009
ASSETS			
Non-current assets			
Intangible assets	12	-	46
Property, plant and equipment	13	-	30,002
Available-for-sale financial assets	14	-	-
Prepaid expenses non-current		211	211
		211	30,259
Current assets			
Available-for-sale financial assets	14	1,500	-
Trade and other receivables	16	675	5,552
Cash and cash equivalents	17	11,167	68,893
		13,342	74,445
Total assets		13,553	104,704
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18	148,536	200,628
ADCs held and IPO costs	18	(59,983)	(59,983)
Foreign currency translation reserve		29	29
Retained earnings		(77,119)	(75,838)
Total shareholders' equity		11,463	64,836
Minority interest		-	28
Total equity		11,463	64,864
Non-current liabilities			
Borrowings	19	-	32,655
Provisions	19	-	500
Deferred tax liabilities	9	-	340
		-	33,495
Current liabilities			
Trade payables and other liabilities	20	2,090	6,251
Current portion of non-current borrow.	19	-	93
Current tax liabilities		-	1
		2,090	6,345
Total equity and liabilities		13,553	104,704

These consolidated financial statements were authorised for issue by the Board of Directors on 15 April 2011.

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	
		2010	2009
<i>Cash flows from operating activities</i>			
Loss before tax		(1,266)	(42,299)
Interest income	8	(235)	(3,752)
Interest expenses	8	1,624	5,449
Depreciation of property, plant and equipment	12,13	1,557	5,918
Impairment of non-current assets		(1,078)	24,098
Other		107	-
Movements in working capital			
Decrease / (Increase) in trade / other receivables at deconsolidated group		(136)	-
Decrease / (Increase) in trade / other receivables		4,877	36,223
Increase / (Decrease) in trade / other payables		(4,204)	(1,240)
Net cash generated by operating activities		1,246	24,397
<i>Cash flows from investing activities</i>			
Net cash flows from financial assets		-	317,054
Payments for property, plant and equipment		(41)	(27,652)
Payments for intangible non-current assets		-	(1,100)
Disposal proceeds – Spanish solar parks		-	87,500
Cash held by subsidiaries at disposal		(3)	(15,623)
Cash held by deconsolidated subsidiaries		(5,376)	-
Interest income received		235	10,114
Net cash used in investing activities		(5,185)	370,293
<i>Cash flows from financing activities</i>			
Repayment of Capital	18	(52,092)	(399,372)
Net cash flow from borrowings		(71)	7,779
Interest expense paid		(1,624)	(5,089)
Net cash generated by financing activities		(53,787)	(396,682)
Net (decrease) / increase in cash and bank balances		(57,726)	(1,992)
Cash and bank balances at the beginning of the year	17	68,893	70,885
Cash and bank balances at the end of the year	17	11,167	68,893

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 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
Loss for the year					(1,281)	(1,281)	(135)	(1,416)
Exchange rate differences translation reserve				-		-	-	-
Total comprehensive income for the year	-	-	-	-	(1,281)	(1,281)	(135)	(1,416)
Minority Interest							107	107
Repayment of Capital	(52,092)					(52,092)		(52,092)
Balance at 31 December 2010	148,536	(41,187)	(18,796)	29	(77,119)	11,463	-	11,463

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 2010 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	100%	Control was lost in December 2010, sold 03/2011
Hohenlohe Windpark 1,2...6 GmbH & Co KG (six companies)	Hohenlohe	Germany	100%	Control was lost in December 2010, sold 03/2011
EEnergia s.r.o.	Trnava, Slovakia	Slovakia	90%	Control was lost in June 2010, sold 03/2011
Global Energy Solar S.R.L.	Catania, Italy	Italy	100%	Sold 12/2010
Vetřny Park Mlynský Vrch s.r.o.	Mlynský Vrch, Czech Republic	Czech Republic	50.98%	Control was lost in June 2010, sold 01/2011
Pro La Punta 25 S.L.	La Punta, Canary Islands	Spain	100%	Not consolidated in 2009 and 2010 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 2010.

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 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 revised or amended standards which are relevant to the Group's operations became effective and had to be adopted (if applicable):

- IAS 27 - Consolidated and Separate Financial Statements
- IAS 28 - Investments in associates
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

The IASB has issued annual improvements to many IFRS standards in 2009 or 2010. Some of them became effective in the current year and had to be adopted if applicable (e.g. annual improvements to IAS 1, IAS 7, IFRS 5, and IFRS 7). The improvements include changes in presentation, recognition and measurement, plus terminology and editorial changes.

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

- IAS 39 - Financial Instruments: Recognition and Measurement
- IFRS 1 - First-time Adoption of International Financial Reporting Standards
- IFRS 2 - Share-based Payment
- IFRIC 17 - Distributions of Non-cash Assets to Owners
- IFRIC 18 - Transfers of Assets from Customers

(b) 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 2011 or later periods, but the Group has not early adopted them:

- Amendments to IFRS 7 - Disclosures - Transfers of Financial Assets
- IFRS 9 (as amended in 2010) - Financial Instruments
- IAS 24 (revised in 2009) - Related Party Disclosures
- Amendments to IAS 32 - Classification of Rights Issues
- Amendments to IFRIC 14 - Prepayments of a Minimum Funding Requirement
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

The IASB has issued annual improvements to several IFRS standards in 2010. The improvements include changes in presentation, recognition and measurement, plus terminology and editorial changes. Improvements to standards, except for the improvements to IFRS 3, IFRS 7, IAS 1 and IAS 28 (which became effective in current period) are effective for annual periods beginning on or after 1 January 2011.

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 so as to obtain benefits from the entities' activities. 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. 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.

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.

(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. During the periods presented, there were no investments in associates subject to the equity method.

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.

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.

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

- 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.

(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 cost 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 17).

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 management intends to dispose of the asset 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.

(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).

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.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and 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.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax 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.

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 can reliably be 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 discount 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.

2.17 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.

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 2010, 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 balance sheet date 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 2010		
	Less than 1 year	Between 1 and 5 years	Over 5 years
Trade payables and other liabilities	2,090	-	-
	2,090	-	-

Since the Group and Company held unrestricted cash balances at 31 December 2010 in excess of MEUR 11, 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 Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

3.4 Financial instruments according to categories

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

	Category in accordance with IAS 39	Amounts recognised in balance sheet according to IAS 39				Carrying amount 31 December 2010
		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	-		1,500		1,500
Trade and other receivables	Loans and Receivables	886				886
Other assets	Loans and Receivables	-				-
Cash and cash equivalents	Loans and Receivables	11,167				11,167
Liabilities						
Borrowings	Financial liabilities at Amortised Cost	-				-
Trade payables and other liabilities	Financial liabilities at Amortised Cost	2,090				2,090
Current portion of non-current borrowing	Financial liabilities at Amortised Cost	-				-
Thereof aggregated by category according to IAS 39:						
Loans and Receivables		12,053				12,053
Available-for-Sale Financial Assets		-		1,500		1,500
Financial Assets Held for Trading		-				-
Financial Liabilities measured at Amortised Cost		2,090				2,090

	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

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.

(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.

(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.

(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.

(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 (in 2010 and 2009) and solar (in 2009). 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:

Year ended 31 December 2010					
€ in thousands	Wind	Solar	Segments Total	Holding services	Reconciliation to Financial Statements
Revenue from external customers	2,948	-	2,948	-	2,948
EBITDA	2,264	-	2,264	(1,662)	602
Depreciation	(1,551)	-	(1,551)	(6)	(1,557)
Other operating expenses	(684)	-	(684)	(1,662)	(2,346)
Financial result	(1,539)	-	(1,539)	150	(1,389)
Income tax expense	(150)	-	(150)	-	(150)
Total assets	-	-	-	13,553	13,553
<i>Total assets include:</i>					
Additions to non-current assets (other than financial instruments and deferred tax assets) thereof acquired in a business combination	-	-	-	-	-
Derecognition of non-current assets	29,653	-	29,653	-	-
Total liabilities	-	-	-	2,090	2,090
Year ended 31 December 2009					
€ in thousands	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
	273	-	273	-	273
Disposal of non-current assets	-	(157,236)	(157,236)	-	(157,236)
Total liabilities	33,744	17	33,761	6,079	39,840

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 and total liabilities are measured in a manner consistent with that of the balance sheet. These assets and liabilities are allocated based on the operations of the segment.

The solar energy segment in 2009 consists of discontinued operations except those of Global Energy Solar S.R.L. which has insignificant influence on the figures above.

The Company is incorporated in Jersey. No revenue was generated from external customers in Jersey in 2010 (Nil in 2009). The total of revenue from external customers from other countries is TEUR 2,948 for the year 2010 (2009: TEUR 18,581). The breakdown of the major components of total revenue from external customers from other countries is disclosed as follows:

Major customers (over 10 % of total revenue)	Country	Year ended 31 December			
		2010		2009	
		€ in thousands	in % of total revenue	€ in thousands	in % of total revenue
Natenco GmbH	Germany	2,948	100	3,160	17
Endesa Distribución Eléctrica S.L.	Spain	-	-	12,655	68
Ibedrola Distribution Electrica	Spain	-	-	2,766	15
		2,948	100	18,581	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	
	2010	2009
Wind parks		
- power plants	-	3,394
- construction in progress	-	-
- goodwill	-	-
Available for sale financial assets	24	38
Doubtful debts	-	650
Reversal of impairment to prepayments	-	(153)
Reversal of impairment according to IFRS 5 (Hohenlohe entities)*	(1,560)	-
Impairment according to IFRS 5*	458	20,819
	(1,078)	24,748

* Impairment relates to assets classified as held for sale which were sold during the reporting period (Global Energy) and to assets directly associated with disposal groups (Hohenlohe, EEnergy and Mlynsky Vrch) which were subsequently derecognised in December 2010 due to loss of control. For more information see note 12 and 13.

7. Other operating expenses

For further information on management fees and market-maker fees see note 28.

€ in thousands	Year ended 31 December	
	2010	2009
Management fees	(808)	4,871
Licence fees	(872)	-
Market maker fees	(479)	48
Court fees	(64)	211
Legal, consulting and auditing fees	1,210	10,114
Financial Advisor fees – sale process	873	4,600
Directors' fees	1,000	1,619
Administration costs	146	708
Rental and leases	152	454
Tax assessment	-	1,609
Derecognition due to loss of control	107	-
Other	1,081	4,283
	2,346	28,517

During September 2010, PI Power International Limited and its Affiliates, and Meinl Bank Aktiengesellschaft ("MB") and its Affiliates, entered into an agreement to resolve the litigation between the parties regarding the Licence Agreement, the Advisory Agreement and the Management Agreement. As a result of the agreement, certain liabilities pertaining to the

Licence Agreement, the Advisory Agreements, and the Management Agreement and litigation costs that were previously accrued by PI were reversed in 2010, including fees accrued pursuant to the management agreement with Meinl Power Management Limited, licence and market maker fees claimed by MB, and provisions for legal costs and court fees. These adjustments affected the expense line items 'Management fees', 'Licence fees', 'Market maker fees', 'Court fees', in the full amounts presented above, and reduced 'Legal, consulting and auditing fees' by approximately TEUR 400. All of these adjustments affect the parent company only; see also note 26.2.

8. Finance income and expense

€ in thousands	Year ended 31 December	
	2010	2009
Finance income		
– Interest income from other financial assets	-	2,899
– Interest income from bank deposits	235	853
	<u>235</u>	<u>3,752</u>
Finance expense		
– Interest expense and charges to banks	(1,624)	(5,449)
	<u>(1,624)</u>	<u>(5,449)</u>
Financial result	<u>(1,389)</u>	<u>(1,697)</u>

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 2010 and 2009. 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	
	2010	2009
Loss before taxation	<u>(1,266)</u>	<u>(42,299)</u>
Current tax expense	-	(16)
Deferred tax expense relating to origination and reversal of temporary differences and losses c/f	(150)	(829)
Total income tax	<u>(150)</u>	<u>(845)</u>
Loss after taxation	<u>(1,416)</u>	<u>(43,144)</u>

The deferred tax assets and liabilities are separable as follows:

€ in thousands	At 31 December	
	2010	2009
Deferred tax liability arising from:		
Differences with tax depreciation	-	(340)
	<u>-</u>	<u>(340)</u>
Total deferred tax assets and liabilities (net)	<u>-</u>	<u>(340)</u>

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 Meinf Bank AG and held for the account of the Company (see note 18).

	<u>Year ended 31 December</u>	
	<u>2010</u>	<u>2009</u>
Profit/(loss attributable to equity holders of the parent (€ thousands)	(1,281)	(43,127)
Weighted average number of ordinary shares in issue (thousands)	57,880	57,880
Basic and diluted profit/(loss) per share (€per share)	(0.02)	(0.75)

(b) EPS from continuing and discontinuing operations for the year ended 31 December 2009:

Basic and diluted EPS from continuing operations	(0.45)
Basic and diluted EPS from discontinued operations	(0.30)
Basic and diluted loss per share (€per share)	(0.75)

11. Dividends per share

No dividends were paid in 2010 and 2009.

12. Intangible assets

€ in thousands	Licences and rights	Goodwill	Total
Gross carrying amounts			
As at 1 January 2010	52	74	126
Additions	-	-	-
Disposals	(52)	(24)	(76)
Derecognised due to loss of control	-	(50)	(50)
As at 31 December 2010	-	-	-
Accumulated depreciation and write downs			
As at 1 January 2010	(11)	(69)	(80)
Amortization charge for the year *	(6)	-	(6)
Disposals	46	24	70
Impairment (see note 6)	(29)	(5)	(34)
Derecognised due to loss of control	-	50	50
As at 31 December 2010	-	-	-
Net carrying amounts			
As at 1 January 2010	41	5	46
As at 31 December 2010	-	-	-

* Intangible assets were disposed of by sale of the subsidiary Global Energy Solar

13. Property, plant and equipment (PPE)

€ in thousands	Land	Wind Power plants	Prepayments and assets under constr.	Total
Gross carrying amounts				
As at 1 January 2010	132	41,354	599	42,085
Additions	-	-	41	41
Derecognised due to loss of control	-	(41,354)	(648)	(42,002)
Disposals	(132)	-	(1)	(133)
Acquisition of subsidiary	-	-	-	-
Foreign exchange differences	-	-	9	9
As at 31 December 2010	-	-	-	-
Accumulated depreciation and write downs				
As at 1 January 2010	(19)	(11,736)	(328)	(12,083)
Depreciation charge for the year	-	(1,551)	-	(1,551)
Derecognised due to loss of control	-	11,727	622	12,349
Disposals	113	-	1	114
Impairment / reversal of impairment (see note 6)	(94)	1,560	(295)	1,171
As at 31 December 2010	-	-	-	-
Net carrying amounts				
As at 1 January 2010	113	29,618	271	30,002
As at 31 December 2010	-	-	-	-

14. Available-for-sale financial assets

The Group's non-current available-for-sale financial assets are fully impaired and consist 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). The fair value of the investment is considered to be nil.

- A 24% interest in Karpat 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, the fair value of the investment is considered to be nil.

The Group's current available-for-sale financial assets consist of former subsidiaries where the Group lost its control in December 2010:

- 100% ownership of Hohenlohe windpark, incorporated in Germany. The company was acquired on 31 December 2007 for net equity of MEUR 10. This investment is not considered to be a subsidiary as at 31 December 2010 due to the terms of the share transfer agreement with Meind Bank dated 21 December 2010. The value of this investment is MEUR 1.5, reflecting the amount due from Meind Bank pursuant to the terms of the share transfer agreement. See Note 29.
- 50.98% ownership of Vetrny Park Mlynsky Vrch s.r.o., incorporated in the Czech Republic. The company was acquired on 26 May 2009. This investment is not considered to be a subsidiary as at 31 December 2010 since Mlynsky Vrch was subject to a put option, which permitted the Group to sell this asset, for nominal consideration, to the purchaser of the Spanish solar parks disposed of during 2009. During June 2010, the Group exercised this put option, whereupon the purchaser assumed control of PI's interest in this asset, though ownership was not formally transferred, and proceeded to dispose of it. The fair value of this investment is considered to be nil.
- 90% ownership of EEnnergia s.r.o., incorporated in Slovakia. The company was acquired on February 2008. This investment is not considered to be a subsidiary as at 31 December 2010 since EEnnergia was subject to a put option, which permitted the Group to sell this asset, for nominal consideration, to the purchaser of the Spanish solar parks disposed of during 2009. During June 2010, the Group exercised this put option, whereupon the purchaser assumed control of PI's interest in this asset, though ownership was not formally transferred, and proceeded to dispose of it. The fair value of this 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	
	2010	2009
Trade receivables	-	537
Other receivables	675	5,015
Trade and other receivables – current	675	5,552

The fair value of receivables approximates their carrying amount.

17. Cash and cash equivalents

€ in thousands	At 31 December	
	2010	2009
Cash at bank	537	237
Restricted cash at bank - Meinel Bank	-	2,883
- Sparkasse Pfozheim (Hohenlohe entities)	-	4,355
Bank deposits on demand	10,630	61,414
Petty cash	-	4
	11,167	68,893

18. Share capital and ADCs held

Units	Shares	ADCs	Shares and ADC's
Balance as at 31 December 2009 and 2010	60,000,000	2,120,062	57,879,938
€ in thousands	Share Capital paid in	Book value ADCs	Total Share Capital
Balance as at 31 December 2009	159,441	18,796	140,645
Repayment of Capital	(52,092)	-	(52,092)
Balance as at 31 December 2010	107,349	18,796	88,553

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 2009 and 2010, the number of own ADCs recorded for the account of the Company was 2,120,062.

During 2010, the Company repaid capital of EUR 0.90 per share/ADC other than the own ADCs, a total repayment of capital of MEUR 52.1.

19. Non-current liabilities

€ in thousands	At 31 December	
	2010	2009
Borrowings	-	32,655
Provisions	-	500
Deferred tax liabilities	-	54
	-	33,209

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

€ in thousands	At 31 December		Interest rate	Maturity
	2010	2009		
Sparkasse Pforzheim (Hohenlohe entities)	Derecognised due to loss of control	32,727	4.5%	June 2028
Other	-	21		
Total	-	32,748		
Non-current liabilities	-	32,655		
Current liabilities	-	93		
	-	32,748		

In 2010, borrowings as well as the dismantling provision were reclassified to liabilities directly associated with deconsolidation (relates to Hohenlohe entities).

20. Current liabilities

€ in thousands	At 31 December	
	2010	2009
Trade payables	520	1,773
Current portion of borrowings	-	93
Other payables and liabilities	1,570	4,479
	2,090	6,345

As at 31 December 2010, the most significant items within other payables represent provisions and accruals.

21. Operating leases

Significant operating leases:

Hohenlohe - Until the disposal of the Hohenlohe windpark, the Group held the contractual benefit of the operating lease of land in the Hohenlohe region 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 minimum lease payments as well as expected payments are based on projected energy production. The Group did not have an option to purchase the leased asset at the expiry of the lease period. The amount of rental expenses booked in 2010 is TEUR 152 and in 2009 is TEUR 145.

22. Contingencies

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

23. Commitments

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

24. Discontinued operations

Presentation of continued and discontinued operations for 2010

In consideration of winding up the Group's activities which includes selling remaining assets, settling any liabilities, and resolving all remaining litigation matters, the Group decided not to

split the activities between continued and discontinued operations, but to present all remaining activities together without specific designation as continued or discontinued.

The solar parks (which were sold in 2009) were classified and presented as discontinued operations in the financial statements for the year ended 31 December 2009.

Presentation of discontinued operation for 2009

Based on the EGM of the Company on 21 April 2009, the Group classified subsidiaries within the 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. Because these subsidiaries comprise virtually the entirety of one major line of business (Solar parks), the Group presented these subsidiaries as discontinued operation in accordance with IFRS 5.

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 the nine months of 2009 prior to the disposal are as follows:

€ in thousands	<u>2009</u>
Net cash flow from operating activities	32,386
Net cash flow from investing activities	(28,752)
Net cash flow from financing activities	<u>7,779</u>
	<u>11,413</u>

25. Deconsolidation and disposal of subsidiaries

On 21 December 2010, pursuant to the terms of the Partial Settlement Agreement entered into with Meinel Bank AG, the Company entered into a share transfer agreement with Meinel Bank AG to sell and transfer its entire interest in the Group's remaining material subsidiary (the Hohenlohe windpark) to Meinel Bank AG. This transfer was completed during March 2011. The terms of the share transfer agreement prohibited the Company from deriving any benefit from its ownership of the Hohenlohe windpark apart from the proceeds from the transfer; in particular, the Group was prohibited from distributing any funds, selling any assets, removing the managing director, and otherwise operating the Hohenlohe windpark outside the ordinary course of business, pending the consent of the lender to the share transfer. As a consequence, the Group considers that it effectively did not have control over the Hohenlohe windpark, within the meaning of IAS 27, nor did it retain the ability to exercise significant influence within the meaning of IAS 28, during the period the sale was pending. Therefore, as at 31 December, 2010, the Group has accounted for the Hohenlohe windpark at fair value through profit and loss, and has classified it as an available for sale financial asset in the amount of the transfer price, MEUR 1.5. See note 29 "Events after the Balance Sheet Date" below.

Global Energy Solar S.R.L. was subject to a put option, which permitted the Group to sell this asset, among others, for nominal consideration, to the purchaser of the Spanish solar parks disposed of during 2009. During June 2010, the Group exercised this put option, whereupon the Purchaser assumed control of PI's interest in this asset and the sale was completed during December 2010 for EUR 1; the amount of net assets sold was EUR 0.

26. Separate financial statements of parent

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

Unconsolidated Income Statement of the Company

€in thousands	Note	Year ended 31 December	
		2010	2009
Revenue		-	-
Impairment	26.1	(1,542)	(27,195)
Other operating expenses	26.2	(1,478)	(23,455)
Loss from operations		(3,020)	(50,650)
Finance income	26.3	1,036	7,438
Interest expense	26.3	(48)	-
Net finance income		988	7,438
Profit before taxation		(2,032)	(43,211)
Taxation credit		-	-
Loss for the year		(2,032)	(43,211)

Unconsolidated Balance Sheet of the Company

€ in thousands	Note	At 31 December	
		2010	2009
ASSETS			
Non-current assets			
Investments		-	-
Other receivables affiliated	26.4	1,500	6,500
		<u>1,500</u>	<u>6,500</u>
Current assets			
Trade and other receivables	26.5	294	247
Cash and bank balances	26.6	11,160	64,328
		<u>11,454</u>	<u>64,575</u>
Total assets		<u>12,954</u>	<u>71,075</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	26.7	148,536	200,628
ADCs held and IPO costs	26.7	(59,983)	(59,983)
Retained earnings	26.8	(77,667)	(75,636)
Total shareholders' equity		<u>10,886</u>	<u>65,009</u>
Current liabilities			
Trade payables and other liabilities	26.9	2,068	6,066
		<u>2,068</u>	<u>6,066</u>
Total equity and liabilities		<u>12,954</u>	<u>71,075</u>

26.1 Impairment

€ in thousands	Year ended 31 December	
	2010	2009
Receivables Stratus Investments Limited	364	6,732
Receivables Erymanthus Investments Limited	1,178	19,812
Loan for Windpark Semetkovce	-	227
Loan for Windpark Nawitas	-	300
Payments on behalf of subsidiaries	-	124
Investments in Erymanthus Investments Limited	-	-
Investments in Stratus Investments Limited	-	-
	<u>1,542</u>	<u>27,195</u>

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.

26.2 Other operating expenses

€ in thousands	Year ended 31 December	
	2010	2009
Management fees	(808)	4,871
Licence fees	(872)	-
Market-maker fees	(479)	48
Court fees	(64)	211
Legal, consulting and auditing fees	1,066	9,502
Financial Advisor fees – sale process	873	4,600
Directors' fees	1,000	1,619
Administration costs	115	708
Other	647	1,896
	<u>1,478</u>	<u>23,455</u>

See also Note 7

26.3 Financial income

€ in thousands	Year ended 31 December	
	2010	2009
Income from loans to affiliates	837	3,788
Income on term deposits	68	2,927
Interest on cash and bank balances	131	723
Interest expenses	(48)	-
Net finance income	988	7,438

26.4 Other non-current assets and other receivables affiliated

€ in thousands	Year ended 31 December	
	2010	2009
Receivables Erymanthus Investments Limited	1,475	2,125
Receivables Stratius Investments Limited	25	4,375
Total other non-current assets	1,500	6,500

As at 31 December 2010, the non-current receivables disclosed above represent the loans provided to the affiliated companies Stratius Investments Limited and Erymanthus Investments Limited, both incorporated in Cyprus, net of provisions.

26.5 Trade and other receivables

€ in thousands	Year ended 31 December	
	2010	2009
Sparkasse Pforzheim	-	-
Loan – Windpark Semetkovce	-	-
Loan – Windpark Nawitas	-	-
Other	294	247
Trade and other receivables	294	247

26.6 Cash and bank balances

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

€ in thousands	Year ended 31 December	
	2010	2009
Meinl Bank AG, Vienna – restricted cash account	-	2,883
UBS – Bank	5	11
Deutsche Bank	525	20
Sparkasse Pforzheim	-	-
Bank deposits on demand	10,630	61,414
Cash and bank balances	11,160	64,328

26.7 Share capital

Details of the share capital of the Company are disclosed in note 18.

26.8 Retained earnings

€ in thousands	Year ended 31 December	
	2010	2009
Balance at the beginning of the year	(75,636)	(33,419)
Adjustments of retained earnings	-	994
Net loss/profit for the year	(2,032)	(43,211)
Balance at the end of the year	(77,667)	(75,636)

26.9 Trade and other payables

€ in thousands	Year ended 31 December	
	2010	2009
Trade payables	520	1,745
Other liabilities	1,548	4,321
Trade and other payables	2,068	6,066

27. Related-party transactions

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

27.1 Compensation of key management personnel

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

Richard Boléat	George Baird
James Shinehouse	Murdoch McKillop

For the year 2010, the remuneration for current and past Directors amounted to TEUR 1,000 (2009: TEUR 1,619), including TEUR 344 of incentive compensation (2009: 0), pursuant to the incentive compensation scheme approved by the shareholders' resolution of 22nd June 2010.

27.2 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 27.1) totalling TEUR 634 were paid to Atlantic Financial Advisory Partners LLC in 2010 (2009: EUR 638), including TEUR 49 of incentive compensation, as described in Note 27.1.

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 27.1) totalling TEUR 212 were paid to Talbot Hughes McKillop LLP in 2010 (2009: EUR 653), including TEUR 23 of incentive compensation, as described in Note 27.1.

Governance Partners LP, a partnership in which Mr Boléat is a member, provided company secretarial services to the Company under the terms of a contract dated 23 November 2009. This contract was replaced with a new contract dated 1 July 2010, pursuant to which Governance Partners, in addition to providing company secretarial services, began providing

administrative services (formerly provided by LaCrosse Global Fund Services) which include regulatory compliance and anti-money laundering services to the Company. Fees for services (other than for Mr Boléat's services as a Director which are included in Directors' remuneration at note 27.1) totalling TEUR 113 were paid to Governance Partners LP in 2010 (2009: EUR 56), including TEUR 8 of incentive compensation, as described in Note 27.1.

Following their removal from the Board of Directors during 2009, consultancy services were provided by Mr Duswald and Mr Hassler, pursuant to a contract and for which they received payments for consultancy services of TEUR 104 (2009: TEUR 26) and TEUR 132 (2009: TEUR 152), respectively, including TEUR 54 and TEUR 72, respectively, of incentive compensation, as described in Note 27.1.

No incentive compensation was paid during 2009.

28. Status of matters with Meind Bank Group

During September 2010, the Company and its affiliates Stratus Investments Limited ("Stratus") and Erymanthus Investments Limited ("Erymanthus"), and Meind Bank AG ("MB"), and its affiliates Meind Power Management Limited ("MPM") and Meind Capital Advisors AG ("MCA"), entered into a Partial Settlement Agreement to resolve certain of the disputes between them. The Partial Settlement Agreement was presented to the Company's shareholders at an Information Meeting on 3 November 2010. According to the terms of a partial settlement agreement agreed between PI and its affiliates, MB, MPM and MCA (all together, the "Parties") agreed:

1. To settle all disputes between each of them including
 - a. MB's claim against PI, and PI's counterclaim against MB, in respect of the Licence Agreement;
 - b. PI's legal action to compel MB to surrender 2,120,062 treasury certificates and cash belonging to PI being held in a deposit account by MB
2. To withdraw any criminal, administrative, or regulatory complaints any Party has made with respect to the other, or its representatives;
3. That MB will return 2,120,062 PI treasury certificates it currently holds to PI;
4. That MB will release PI's cash currently held at MB in the approximate amount of MEUR 2.9 to PI;
5. That Stratus and Erymanthus will transfer their entire interest in Hohenlohe Windpark Management GmbH and Hohenlohe Windpark 1 through 6 GmbH & Co. KG to MB subject to the completion of certain conditions;
6. That MB will pay PI MEUR 1.5;
7. To refrain from reasserting or repeating any of the claims and legal actions being disposed of by the Agreement;
8. That MB agrees not to terminate the ADC agreement or the custodian agreement between MB and Österreichische Kontrollbank AG before 31 December 2010;
9. That PI and MB/MCA agree that the Advisory Agreements has come to an end, and each waives all rights and claims they may have in connection with the same;
10. That PI and MPM agree that the management agreement between them has come to an end, and each waives all rights and claims they may have in connection with the same; and
11. PI filed a statement with the Public Prosecutor's Office in Vienna upon signing the Agreement, announcing the agreement and that it will no longer assert the allegation previously asserted by the Company.

As of 31 December 2010, all conditions of the Partial Settlement Agreement have been fulfilled or are being adhered to, with the exception of the transfer of PI's investment in

Hohenlohe, through its affiliates Stratus and Erymanthus, to MB. The transfer of Hohenlohe was not completed until 2 March 2011.

29. Events after the balance sheet date

After the balance sheet date the transfer of Hohenlohe group to Meinh Bank was completed. The transaction was closed on 25 February 2011. The consideration amounted to MEUR 1.5 and was received on 2 March 2011.

The sale of Mlynsky Vrch and EEnergy were also completed after the balance sheet date. See note 14 for further discussion.

30. 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 annual general meeting held on 22 June 2010, the largest single registered holding was 13,289,328 ADCs (22% of total ADCs in issue) of the overall 29,408,701 (49%) registered to vote. Therefore, as far as the Directors are aware, there is no ultimate controlling party.