ecolutions

Consolidated Financial Statements 2009 (IFRS)

Group Report

Supervisory Board Report

Ecolutions GmbH & Co. KGaA

Consolidated Management Report

for the financial year

1 January - 31 December 2009

BUSINESS AND GENERAL CONDITIONS

DIVISIONS AND GROUP STRUCTURE

Ecolutions GmbH & Co. KGaA ("ecolutions KGaA") was founded in March 2007 as a private equity company in the climate protection sector. Ecolutions KGaA is the parent company of the ecolutions group ("ecolutions"). Through its Principal Investments, Services and Trading divisions, ecolutions concentrates on the seed and growth financing of renewable energy generation projects in the corresponding target markets in China and India. Both countries are experiencing rapid growth in their economy and population and with it a strong demand for energy.

Alongside investment activities in developing countries, ecolutions has since the 4th quarter of 2009 also been involved in the field of solar investment in Europe, because the current development of the market in 2009 both allows short-term investment with the option of rapid disinvestment ("exit") and strengthens considerably the strategic positioning of ecolutions in the solar sector, the fastest growing investment segment in China and India. In future the focus will thus be placed on investment in the solar, wind and water power sectors, as feed-in tariffs mean that these offer the prospect of predictability and long-term stability in earnings from electricity generation.

The new strategic concept of the company is geared to the consistent implementation of its worldwide solar strategy and the operative concentration on the core segments of solar, wind and water power.

- In its Principal Investments division ecolutions initiates climate protection projects and invests seed finance in these projects through its regional subsidiaries. Ecolutions generally develops the projects as lead arranger, working together with local developers specialising in technical project development. Ecolutions' investment criteria provide for seed financing to be provided either in conjunction with institutional co-investors or by the company itself, with the possibility of an exit within no more than 36 months to institutional investors such as energy suppliers or financial investors focused on the longer term (e.g. insurers and pension funds). Ecolutions strives to achieve a broader diversification of its portfolio of minority holdings, but not without the security of extensive shareholder rights.

- The Services division provides the services required for the registration of CO_2 certificates for climate protection projects under the Clean Development Mechanism of the Kyoto Protocol (e.g. feasibility studies, the preparation of technical and financial project documentation, applications etc.) and services focused on the identification and development of CO_2 certificates from third-party projects.

- The Trading division is run by ecolutions Trading GmbH, Frankfurt am Main, and essentially comprises the distribution of CO_2 certificates from third-party projects.

STRATEGIC BUSINESS DEVELOPMENT AND ORGANISATIONAL CHANGES

The 2009 financial year was dominated by the driving, controlling and monitoring of the first direct investments, undertaken in the previous year, in renewable energy generation projects. Ecolutions used the experience gained, particularly in the second half of the year, to create a consistent platform for the refinement of its strategic focus:

- With the test plant in Loudi lagging well behind expectations and a fundamental analysis of the further pipeline of landfill gas capture projects conducted with external experts revealing little clear prospect of improved performance, ecolutions took the decision to refrain from further investment in the **landfill gas capture** sector. The corresponding long-term service agreements reached with China-based Hangzhou Ruixin Environmental Technology Co. Ltd. (“Ruixin”) were terminated by mutual agreement in January 2010.

- The projects in the **biomass** sector proved to be difficult to implement because they require a high degree of operative management during both the construction and the operational phase. Income from the biomass investment segment is also harder to forecast than in the solar or water power sectors, for instance. This asset class is thus of secondary interest for those investors of ecolutions who are interested first and foremost in achieving stable, reliable and long-term revenues once projects come on stream. Ecolutions will continue to work on existing projects and pipeline opportunities in 2010 in conjunction with strategic European partners from this sector, but there are no plans at present to commit any new investment in this segment.

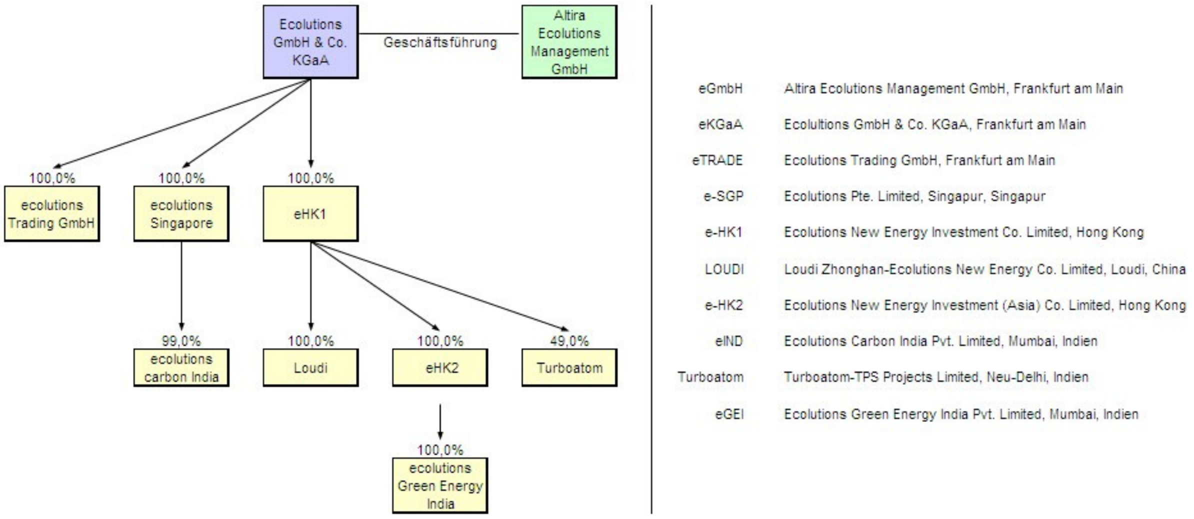
- The **solar** investment segment, on the other hand, has developed positively and is expected to be the main sales driver for the 2010 financial year. Solar investment carries a comparatively low technology risk and has short, largely standardised construction phases. When it became evident that solar would become the strongest growth segment in China and India over the next few years, ecolutions engaged with the established German solar market during the second half of the year for strategic reasons. Sharp falls in the prices of solar modules (“panel prices”) combined with steady feed-in tariffs offered a window of opportunity in this market while at the same time allowing ecolutions to position itself as a seed/growth capital investor in the solar sector. The fundamental review of more than 20 projects in the 4th quarter of 2009 resulted in ecolutions being mandated as lead arranger for the FinowTower solar farm, Germany’s fifth-largest solar farm project. Ecolutions structured the entire transaction, arranged the equity and outside capital and provided services for the procurement of modules from China. In February 2010 ecolutions provided interim mezzanine equity funding which is scheduled to be repaid in the 3rd quarter of 2010 by sale to a retail investment fund. Ecolutions expects to record sales of more than EUR 2.0 million from the complete transaction in 2010.

- The wind and water power investment segments were heavily promoted in the 2009 financial year, as is evident from the generation of highly promising pipeline projects. Investment in this sector is expected in 2010 and 2011 (see Outlook for more details).

While the company was largely focused after the initial years on business development and the establishment of the on-site organisations, the focus of attention now is increasingly shifting towards the operative area, in particular the economic realisation of further pipeline projects. The strategic realignment and change of focus have also been driven by personnel changes in the management of ecolutions and its subsidiaries. At the start of December 2009 the previous CEO of Altira ecolutions Management GmbH, Frankfurt am Main, Mr Dietram Oppelt, left the company with immediate effect at his own request. Since then the modified strategic and operative orientation of the company has been implemented under the leadership of the previous CFO, Ms Petra Leue-Bahns, who has played a key role in shaping this strategy.

On 31.12.2009 the corporate structure of the ecolutions group was as follows:

Figure 1: Organisation chart (31.12.2009)



FUNCTIONS OF THE COMPANIES

GROUP HOLDING COMPANY

Ecolutions KGaA has the function of group holding company. The management of the group holding company is responsible for strategic business development, corporate financing, investor relations and group-wide risk management. The staff of ecolutions KGaA also provide financial and marketing services within the group and for companies outside the group.

In the 2009 financial year ecolutions was actively involved in operations in the CO_2 trading sector through ecolutions Trading GmbH. Collaboration with Gazprom, the world’s leading energy group, deserves particular mention in this regard: In October 2009 Gazprom Marketing & Trading and ecolutions struck a deal for the identification and development of Chinese CO_2 emissions rights by ecolutions and the acquisition of these certificates by Gazprom Marketing & Trading. By the balance sheet closing date of 31 December 2009, ecolutions had already managed to secure rights to three projects with a total volume of 0.4 million tons of CO_2 in the form of Emissions Rights Purchase Agreements (ERPA) or pre-contracts.

INVESTMENT HOLDING COMPANIES / REGIONAL COMPANIES

The management of the regional companies is responsible for building up the regional activities in harmony with the strategic requirements of the group. In addition to day-to-day business, this also comprises supporting ecolutions Trading GmbH in its activities.

Active investment activity for the foreign investments in the Principal Investments division has since 2009 been carried out solely by Singapore-based ecolutions Singapore Pte. Ltd. To identify, examine and conduct investments, the regional companies, ecolutions New Energy Investment Co. Ltd., Hong Kong, and ecolutions Carbon India Pvt., Mumbai, have their own local investment teams in China and India comprising 17 staff in total, including three senior investment managers for each team. The role of the investment teams is to identify suitable projects and co-investors, carry out feasibility studies (“due diligence”) and develop and realise the projects through to commissioning. No material direct investment was carried out in the 2009 financial year. In February 2010 ecolutions committed direct investment of EUR 10.5 million in a German solar farm (see "Significant events occurring after the balance sheet date" for further details).

INVESTMENT COMPANIES

To minimise risk, direct investment is normally effect in the form of "special-purpose entities", whose purpose is limited to the planning, realisation and operation of the project for a limited period of time. Where possible, local limited corporations are established in the country where the relevant project is located, or equity interests are acquired in such corporations. Ecolutions' influence is safeguarded through the corresponding shareholder agreements.

ECONOMIC CONDITIONS

RENEWABLE ENERGY AND CLIMATE PROTECTION: THE MARKET OF THE FUTURE

By the end of 2009 investment in the renewable energy sector had improved slightly on the previous quarters. In 2009 total worldwide investment came to USD 145 billion, a fall of only 6.5% on the record USD 155 billion invested in 2008 (source: Bloomberg New Energy Finance). This is a very positive development in the renewable energy sector, which has remained relatively stable despite the worst financial crisis in 60 years. These figures stemmed from significant investment in the Asian Pacific sphere, which compensated for the declining investment activity in Europe and in North, Central and South America.

Direct investment in renewable energy generation projects was the most active sector in 2009, with some investments in very large wind and solar projects standing out. About USD 81 billion was invested in wind turbine, solar farm and biofuel projects in 2009. The greater part of this investment went on China, where wind farm projects accounted for the majority of the expenditure (USD 15.86 billion), followed by biomass and waste recycling (USD 2.86 billion) and solar (USD 1.27 billion) (source: Bloomberg New Energy Finance).

Compared with China, investment in renewable energy generation within India was less on the whole. Investment activity in India was focused on the wind sector (USD 259 million), followed by small hydro power stations (USD 179 million) and then solar and biomass and waste recycling (USD 55 million each) (source: Bloomberg New Energy Finance).

INTERNATIONAL CLIMATE PROTECTION NEGOTIATIONS

As regards the CO_2 market, the major development of the year was the climate change conference organised by the United Nations Framework Convention on Climate Change (UNFCCC) for its 15th Conference of the Parties (COP) (held in Copenhagen from 7-18 December 2009). It is our view that the outcome of the conference fell well below expectations. Although the negotiations led to great disappointment generally, there were some significant contributions that could develop into a substantive framework for future global accords.

The conference marked the summit of a two-year process that began in Bali in 2007 and reached its provisional and controversial climax in Copenhagen. During the last two days of negotiation the outcome of the conference was summarised in a political agreement by a handful of countries including the leaders of the world's biggest CO_2-producing economies such as China and India (now definitely regarded as a key player in the CO_2 market).

Few specific declarations of intent were agreed, but these should at least help to pave the way for future global climate conventions. Among the points agreed were the following:

- limiting global warming to no more than 2 degrees Celsius;
- the promise to reduce emissions as quickly as possible;
- the agreement of the industrialised countries to assist developing and emerging countries financially (spending USD 100 billion a year between 2013 and 2020); and
- rationalising adjustment and reduction measures.

Market-based mechanisms will continue to be promoted as a key part of the climate solution process.

The market is currently plagued by considerable uncertainty, which could have negative effects in the short term on factors such as CO_2 prices and investment levels.

EFFECTS OF THE FINANCIAL AND ECONOMIC CRISIS

The financial and economic crisis had a major bearing on the global energy sector. According to the "World Energy Outlook" (WEO) 2009, investment in polluting technologies was scaled back in 2009 while CO_2 emissions are expected to have fallen by up to 3% in 2009 – a greater reduction than at any time in the last 40 years. The effects of the financial and economic crisis could mean that, even without additional legislation, emissions in 2020 will be 5% lower than the predictions published by the International Energy Agency (IEA) in mid-2008. The economic recession could thus have the effect of reducing greenhouse gas emissions and limiting the rise in global warming to just 2 degrees Celsius.

In addition, renewable energy and climate protection remained high up on the agenda of most countries in the period under report despite the economic crisis. In 2009 China and India, occupying top and fourth spot in the environmental pollution list, announced ambitious voluntary targets for energy efficiency, committing themselves ever more deeply to playing their part in ensuring a cleaner environment. This came despite their negative attitude to legally binding emission reduction programmes under the new global climate convention, where they vehemently put forward their demand for "uniform but differentiated responsibility" for industrialised and development countries. The former, they maintained, were responsible for providing financial resources for the purposes of adapting to and reducing the effects of climate change in poorer countries.

The financial crisis and the gradual recovery in 2009 had different effects on the CO_2 market. On the one hand, the increase in the price of crude oil from the historic low of USD 50/barrel (2008) to the year high of USD 80/barrel in December 2009 had a positive impact on the prices of emission certificates of both European Union Allowances (EUAs) and Certified Emission Reductions (CERs). These are closely related to energy raw materials. On the other hand, industrial production did not recover fully in 2009, which led to less demand for certificates from participants in the European Union Emissions Trading Scheme (EU ETS), triggering increasing pressure on suppliers.

Finally, access to loans for project financing improved only slightly in 2009. The lagging consequences of the financial and economic crisis mean that outside financing remains hard to obtain, despite low interest rates.

INVESTMENTS, HOLDINGS AND DEVELOPMENT OF THE DIVISIONS

The 2009 financial year was dominated by the operative realisation of the first investments and the continued expansion of business activities.

PRINCIPAL INVESTMENTS DIVISION

Development of the initial investments proved to be difficult:

- **<u>Loudi landfill gas capture facility (Hunan province, China):</u>** The project was planned as a pilot system with an output of up to 1 MW, three generators and an investment sum of TEUR 1,433 in order to test various options for the use and optimisation of European landfill gas capture technology on Chinese landfill sites. Unfortunately, and contrary to forecasts, gas production lagged well behind expectations. A number of measures to increase gas output were tried, but without success. Given actual production levels, the project cannot be operated economically over the long term. Operation of the plant was therefore ceased and work was begun on liquidating the project company and realising the assets. All existing obligations associated with the closure of the plant were fully considered in the 2009 financial year (see “Results of operations” on p. 9 for further details).

- Based on the practical experience gained with the implementation of the pilot system, the other landfill gas capture projects in the pipeline were subjected to further due diligence. With these projects, too, the achievement of a higher capacity factor is not sufficiently likely. Ecolutions will not therefore commit any further investment in landfill gas capture facilities. The generators ordered for these projects in December 2008 and worth TEUR 4,172 are likewise to be sold. Impairments to the lower market value have been made (see “Results of operations” on p. 9 for further details).

- **<u>Talegaon and Inzuri biomass waste incineration plants (Maharashtra province, India):</u>** Ecolutions HK1 invested some TEUR 1,120 in Turboatom-TPS Projects Ltd., Neu Delhi (“Turboatom”), a Joint Venture (“JV”) with an Indian partner. This corresponds to about 37% of the total investment sum of TEUR 3,056. Turboatom is responsible for the development and construction of two biomass plants with a total capacity of 15 MW each and holds rights to nine further projects. Ecolutions HK1 has a 49% stake in Turboatom; the projects are entirely financed from equity. It continues to prove difficult to attract outside capital at investment company level. During the JV partnership there was also a significant loss of confidence in the joint venture partner of Turboatom. As part of a restructuring process, ecolutions was able to persuade strong operating partners such as two leading European energy suppliers to invest in the project. However, negotiations were made more difficult by the joint venture partner. After consulting the two leading European energy suppliers, ecolutions has therefore decided against further investment until the legal situation has been optimised. An unscheduled write-down to the invested sum was made accordingly (see “Results of operations” on p. 9 for further details).

- **<u>Sautada wind farm project (Maharashtra province, India):</u>** Ecolutions has secured rights to a 45 MW wind farm project through the investment company ecolutions Green Energy Investment Ltd. (“eGEI”, “SPC Sautada”). The investment was to be financed in conjunction with a major energy supplier from the Arab world, with the project being delivered as a turnkey plant by Indian wind farm manufacturer RRB Energy Ltd. An advance payment of TEUR 3,700 was made by eGEI to secure the rights to the Sautada wind farm project. This is fully secured by a bank guarantee on first demand submitted through the State Bank of India. The project is currently 100% financed by equity. A consortium of development and local banks was put together for the project financing.

As part of the due diligence for the project, a second (independent) wind study by internationally renowned expert Garrad Hassan was commissioned. Measuring masts were installed on the proposed site for this purpose. Wind measurements taken on site over the course of a year revealed a much lower wind potential, so that both banks and the investor consortium, on mature consideration, decided against investment. The bank guarantee was redeemed in May 2010.

OTHER INVESTMENTS

On the balance sheet date of 31 December 2009 ecolutions held available-for-sale financial assets to the total sum of TEUR 1,151 (of which non-current assets: TEUR 651). These stem from investments made by the parent company in 2007, the foundation year, and include shares in AGO AG, a listed company active in the biomass sector, and shares in Carbon Asset Fund ("CAF"), an investment vehicle run by the London Carbon Capital Markets group (www.carboninternational.com). Interests in two carbon funds managed by Natsource Asset Management LLC, the Aeolus I and Aeolus II funds (www.natsource.com), were sold off in full in the 2009 financial year. The parent company does not intend to hold the shares in CAF until maturity.

The performance of CAF depends to a large extent on the movement of CO_2 certificate prices. The collapse in CO_2 prices and the loss in value of the investment projects are an objective indicator that the asset has been impaired. CAF was accordingly written down by TEUR 4,192 to the lower fair value.

SERVICES DIVISION

During the 2009 financial year services were largely performed from India. Ecolutions Carbon India Pvt. Ltd., Mumbai, India, ("eIND") was consolidated for the first time on 29 August 2009 and widens the reporting entity of the group.

On 31 December 2009 Ecolutions Carbon India Pvt. Ltd., Mumbai, India, had four employees in its Services department.

TRADING DIVISION

The Trading division is currently in the expansion stage. Ecolutions Trading GmbH, Frankfurt am Main, ("eTRADE") was founded in the financial year. There are two procurement channels for CO_2 certificates:

- Access to certificates already issued or to be issued by third-party project owners through the conclusion of purchase contracts or agreements to secure rights. eTRADE relies on the services of regional companies for such access.
- Conclusion of contracts with the investment companies and/or investment holding companies that entitle eTRADE to acquire the certificates from the ecolutions investment portfolio.

It was not possible to generate any certificates from the ecolutions project portfolio in the 2009 financial year.

NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Ecolutions KGaA was founded in March 2007, so that 2009 is the second full financial year of the parent company and the ecolutions group. The results of operations reflect the difficulty in expanding the business activities.

In 2009 the ecolutions group recorded revenues of TEUR 96 (previous year: TEUR 253), of which TEUR 67 was for CDM services and TEUR 29 for electricity sales. Ecolutions KGaA did not realise any income from sales of certificates in the financial year (previous year: TEUR 253). Interest income of TEUR 137 (previous year: TEUR 1,057) and other operating income of TEUR 168 (previous year: TEUR 260) was recorded, essentially comprising gains from the sale of the shares in Aeolus I. The other operating income of the previous year stem largely from periodic income from the recognition of the eligibility of ecolutions KGaA for the deduction of input tax, backdated to 2007.

The other operating expenses in the financial year total TEUR 3,068 (previous year: TEUR 3,188). Of this total, TEUR 967 (previous year: TEUR 1,048) went on the management and liability fee for the general partner and TEUR 613 (previous year: TEUR 817) on legal and consulting costs, of which TEUR 0 (previous year: TEUR 325) comprised capital market consulting costs. Personnel expenses rose to TEUR 900 (previous year: TEUR 263) due to an increased payroll.

Based on an objective indication that the available-for-sale asset (shares in Carbon Asset Fund ("CAF")) is impaired, a writedown of TEUR 4,192 was recognised in the profit or loss for the financial year.

The valued-at-equity company SPC Turboatom, which contains the Talegao and Inzuri biomass projects, was written down off-schedule in the financial year on the basis of objective indications of impairment. The loss from application of the at-equity method is TEUR 1,217.

The generators ordered for primary use in biogas capture facilities were written down by TEUR 2,322 to the lower fair value. Further writedowns of TEUR 1,043 were carried out in connection with the closure of the Loudi biogas capture facility.

The consolidated net loss for the year is TEUR 12,586 and is thus substantively influenced by the result of the impairments.

NET ASSETS AND FINANCIAL POSITION

On 31 December 2009 the group had equity of TEUR 26,743 (previous year: TEUR 39,332). Given a balance sheet total of TEUR 27,802 (previous year: TEUR 40,000), this corresponds to an equity ratio of some 96% (previous year: 98%).

Even after considering the possibility of the financial crisis lasting longer and the investment commitments to which the group is already bound, the group has sufficient liquid resources (liquid assets including term moneys of TEUR 20,949 (previous year: TEUR 19,492). The group was almost entirely equity financed on the balance sheet date. There are thus no major negative effects on the liquidity situation of the group.

RISKS AND OPPORTUNITIES

Ecolutions' business model concentrates on the development and seed and growth financing of renewable energy generation projects in the solar, wind and water power segments of the market (predominantly in Germany, China and India), as the feed-in tariffs available in the target markets offer the prospect of predictability and long-term stability in revenue from electricity generation.

There is worldwide consensus that a shift in energy generation towards renewable sources is essential given the process of climate change and shrinking fossil fuel supplies. The key regional areas in this regard are the fast-growing emerging countries of China and India and the European solar market. This established market allows short-term investment with a rapid exit while at the same time strengthening the strategic position of ecolutions in the solar sector, the fastest-growing market segment in China and India.

The addition of the solar investment segment for the European market reduces the dependency of the previous business model on the sufficient receptiveness of, and demand on, the markets for emission rights. Ecolutions' projects are intended to provide a steady basic return from the sale of energy and, as regards the Asian markets, deliver additional potential returns through the trade in CO_2 certificates.

The key factors influencing the success of the group are therefore as follows:

- **Energy demand**
  The further macroeconomic development of the target regions influences the supply and demand for energy. The financial crisis led to a weakening of the economies in the target markets, and hence to lower energy demand, in the financial year.

- **Prices for electricity from renewable energy**
  The movement of prices is determined both by the regulatory environment of the particular country (e.g. subsidy mechanisms, feed-in tariffs) and by supply and demand. In the financial year, India in particular developed its regulatory framework positively, enhancing the economic viability of electricity from renewable generation. In Germany, sharp falls in module prices alongside steady feed-in tariffs has opened a market window until 30 June 2010 from which ecolutions will profit through investment in the first half of 2010.

- **Prices for CO_2 certificates**
  Emission certificates are standardised assets in their own right which do not have any material positive distinguishing features other than their price. Prices have fallen sharply due to the crisis on the financial markets and the ongoing uncertainty with regard to the nature and form of a successor to the Kyoto Protocol. This has had a negative impact on the growth of the Trading division.

- **Political support for renewable energy**
  The market for renewable energy is heavily influenced by the political desire for subsidies in the form of feed-in tariffs. Long-term growth is thus significantly affected by the continuation of political support for climate protection and renewable energy.

- **Availability of financial resources**
  The success of the group is dependent on the capital available from ecolutions both directly (in the form of equity) and indirectly (in the form of co-investment funds). As the projects developed by ecolutions normally provide for some element of outside financing, the availability and costs of project funding play a key role. With the willingness of banks to lend money, particularly for foreign projects, having declined sharply due to the financial crisis, there may be delays in the development of the project portfolio.

The performance of the projects will be influenced by the risks specific to plant construction, such as in particular inadequate project funding, delays in construction, shortcomings in technical design and lack of registration of the CO_2 certificates.

Given the cross-border activities of the ecolutions group, it is also exposed to risks associated with changes in exchange rates. Exchange rate risks in this industry are normally hedged by currency swaps. Swap markets, however, have had limited availability because of the financial crisis and remain very volatile. No currency swaps were used in the financial year.

To counter the particular risks of the financial crisis, ecolutions took additional measures in the financial year, including the following:

- Expansion of the sphere of activities to include the European solar market
- Central liquidity management with a concentration of free liquidity in German
- Expansion of the risk management system and introduction of internal audits in the subsidiaries and special-purpose vehicles

SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Significant events occurring within the first few months of the 2010 financial year:

- **Crediting of the redeemed bank guarantee**
  In 2008 an advance payment of EUR 3.7 million was made to secure the rights to the Sautada wind farm project (“SPC Sautada”, “eGEI”). This sum was fully protected by a bank guarantee. With the project not ultimately going forward, the bank guarantee was redeemed in May 2010 and was paid into the bank account of eGEI. The liquid assets are again available for the realisation of other projects in the pipeline.

- **Consistent implementation of the solar strategy**
  In October 2009 ecolutions was mandated to be the lead arranger charged with the arrangement, structuring and syndication of equity and outside capital for Germany’s fifth-largest solar farm project, “Finow Tower” near Berlin. The project will be realised with Solarhybrid AG as the general contractor. Following commissioning at the end of May 2010, the farm will have a total capacity of 25 MW. In February 2010 ecolutions provided seed financing in the form of interim mezzanine equity funding to the sum of EUR 10.5 million, arranged project financing to the tune of EUR 48 million and negotiated contracts with a German retail investment fund for underwriting of the equity after commissioning. Ecolutions also provided consulting and other services for procurement of the Chinese modules. In the 1st quarter ecolutions posted sales revenues of TEUR 402 from these activities.

- **Foundation of ecolutions Solar GmbH**
  To group its business activities and realise the pipeline of German, Italian and French solar projects of some 250 MW, ecolutions bundled the activities in the newly formed subsidiary ecolutions Solar GmbH and its subsidiary, ecolutions Solar Deutschland GmbH. Ecolutions is currently in negotiation with a solar market specialist with regard to a participation in the subsidiary.

- **Termination of the co-operation with Ruixin**
  With landfill gas capture activities having been relinquished, ecolutions terminated its co-operation with Ruixin, which arose from collaboration with the environmental institute of the Chinese province of Zheijang, by mutual agreement in January 2010. This enabled the cost base to be cut by about EUR 0.4 million p.a. Further cost-cutting programmes are in progress.

- **Initial results of successful restructuring and positive quarterly results**
  The restructuring of the company and implementation of its modified strategic and operative orientation have been driven forward and realised consistently in the 2010 financial year. By successfully building up its European solar business, the management has played a key role in the turnaround of the company. The group was able to close the 1st quarter of 2010 with positive earnings figures.

OUTLOOK

The restructuring programmes initiated by the management alongside the consistent implementation of the global solar strategy and the concentration of operations on the core segments of solar, wind and water power have begun to bear fruit after just a short period of time. Further planned restructuring measures will be taken within the next 12 months. With general conditions still unstable, the management has refrained from offering detailed quantitative statements for the coming 24 months in the outlook for 2010. The management of the parent company expects to achieve sales revenues of at least EUR 2.0 million from services in the solar investment segment in the 2010 financial year. The management of the group parent, ecolutions KgaA, anticipates positive consolidated results for 2010 and 2011, however, which are expected to be attributable to the positive development of the solar investment segment. At the same time, the management assumes that the highly promising project pipeline will offer outstanding opportunities in the core segments of wind and water power.

In the current 2010 financial year ecolutions is concentrating in particular on the further expansion of its global solar activities. At least five new solar projects are to be arranged and brought to grid connection by the end of the year. Ecolutions expects that the falling prices for solar modules and converters will have a positive impact on the production costs for these projects. Projects are also to be realised in India, including a hydro power station coming on stream in 2010. In the wind power segment, work will proceed on expanding the project pipeline further, particularly in India and China.

The worldwide project pipeline will be developed in line with the financial resources available to ecolutions. Depending on the inflows of further capital and negotiations on the corresponding project funding, ecolutions is planning projects with a total volume of over 50 MW in 2010 and 2011 and assumes that it will realise the first revenues from the sale of investments.

Given the uncertainty with regard to the continuation of the Kyoto Protocol, the next few months are expected to see CO_2 certificate markets tread water at a very low level. The Trading division will therefore restrict itself to the acquisition of projects under the Gazprom framework agreement.

Management will continue to focus on the progress of restructuring and the associated cost optimisation.

Frankfurt am Main, 10 June 2010

The Management of Altira Ecolutions Management GmbH

signed Petra Leue-Bahns

Ecolutions GmbH & Co. KGaA

Consolidated Statement of financial position as of 31 December 2009

Assets	Notes	31.12.2009	31.12.2008
		TEUR	TEUR
Non-current assets			
Intangible Assets	9.1	14	0
Property, plant and equipment	9.2	61	49
Available-for-sale financial assets	9.3	651	496
Investment in an associate	3.2	0	1.216
Other financial assets	9.3	3.532	6.780
Financial Assets "fair value through profit or loss"	9.3	160	0
Deferred taxes	7.8	280	0
		4.698	**8.541**
Current assets			
Inventories	9.4	0	4
Available-for-sale financial assets	9.3	500	10.618
Trade and other receivables	9.5	24	10
Tax receivable	9.5	351	388
Other current assets	9.5	1.280	947
Fixed deposits	9.3	164	0
Cash and cash equivalents	9.6	20.785	19.492
		23.104	**31.459**
		27.802	**40.000**

Equity & Liabilities	Notes	31.12.2009	31.12.2008
		TEUR	TEUR
Equity			
Share capital	9.7	28.400	28.400
Capital reserve	9.7	17.666	17.702
Other reserves	9.7	(627)	(657)
Retained earnings	9.7	(18.699)	(6.113)
Equity attributable to equity holders of the parent		26.740	39.332
Non controlling interests		3	0
Equity, in total		**26.743**	**39.332**
Liabilities			
Non-current liabilities			
Deferred Taxes	7.9	59	0
General Partner's share	9.9	50	50
Other liabilities	9.9	0	10
		109	**60**
Current liabilities			
Provisions	9.8	814	308
Trade and other payables	9.9	53	114
Other current liabilities	9.9	83	186
		950	**608**
		27.802	**40.000**

Consolidated Income Statement
Ecolutions GmbH & Co. KGaA
for the period ended 31 December 2009

	Notes	2009 TEUR	2008 TEUR
Revenue	(7.1)	96	253
Other operating income	(7.2)	168	260
Costs of purchased services	(7.3)	-569	-158
Personnel expenses	(7.4)	-900	-263
Depreciation and amortization of intangible and tangible assets		-38	-7
Other operating expenses	(7.5)	-3.068	-3.188
Earnings before interests and taxes (EBIT)		**-4.311**	**-3.103**
Foreign exchange	(7.7)	5	17
Fair Valuation of financial assets	(7.7)	-7.397	-3.400
Financial income	(7.7)	137	1.057
Financial expense	(7.7)	0	-8
Financial result		**-7.255**	**-2.334**
Subtotal		**-11.566**	**-5.437**
At Equity Valuation	(3.2)	-1.217	0
Earnings before tax (EBT)		**-12.783**	**-5.437**
Income tax	(7.8)	197	-3
Loss for the period		**-12.586**	**-5.440**
attributable to:			
minority interests		-1	0
equity holders of the parent		-12.585	-5.440
Average number of shares (basic/diluted)	(8)	28.400	28.400
		28.400	28.500
Earnings per share (basic/diluted)			
basic, for profit for the year attributable to ordinary holders of the parent		-0,44	-0,19
diluted, for the year attributable to ordinary equity holders of the parent		-0,44	-0,19
Earnings per share for continuing operations			
Earnings per share for continuing operations attributable to ordinary equity holders of the parent		-0,44	-0,19
diluted, for the profit from continuing operations attributable to ordinary equity holders of the parent		-0,44	-0,19

Consolidated Statement of comprehensive income
Ecolutions GmbH & Co. KGaA
for the period 1 January to 31 December 2009

	2009 EUR	2008 EUR
Profit (loss) for the period	-12.586	-5.440
Net (loss) / gain on available-for-sale financial assets	154	-633
Income tax	-8	32
	146	-601
Exchange differences on translation of foreign operations	-116	-6
Recycling	0	1.750
Other comprehensive income (loss) for the period, net of tax	**30**	**1.143**
Total comprehensive income for the period, net of tax	**-12.556**	**-4.297**
Attributable to:		
Equity holders of the parent	-12.556	-4.297
Minority interests	-1	0
	-12.557	-4.297

Ecolutions GmbH & Co. KGaA

Consolidated Statement of Changes in Equity for the Financial Year 2009

	Subscribed capital	**Capital reserve**	Revaluation reserve for financial investments
At 1 January 2008	28.400	17.669	(1.792)
Impairments on available-for-sale financial assets	0	0	(601)
Difference from the translation of financial statements of foreign operations	0	0	
Total income and expense for the year recognised directly in equity	**0**	**0**	**(601)**
Revenue transfer of impairments on available-for-sale financial assets	0	0	1.750
Consolidated net result for 2008	0	0	0
Total income and expense for the year	**0**	**0**	**1.149**
Stock option programme	0	33	0
At 31 December 2008[1)]	**28.400**	**17.702**	**(643)**

1) after allowing for rounding differences

	Subscribed capital	**Capital reserve**	Revaluation reserve for financial investments
At 1 January 2009	28.400	17.702	(643)
Impairments on available-for-sale financial assets	0	0	146
Difference from the translation of financial statements of foreign operations	0	0	0
Total income and expense for the year recognised directly in equity	**0**	**0**	**146**
Revenue transfer of impairments on available-for-sale financial assets	0	0	0
Consolidated net result for 2009	0	0	0
Total income and expense for the year	**0**	**0**	**146**
Stock option programme	0	(36)	0
Acquisition of minority interests (Annex 3.1)	0	0	0
At 31 December 2009[1)]	**28.400**	**17.666**	**(497)**

1) after allowing for rounding differences

Translation reserve	Other reserves	Net loss	Shareholders of the parent company	Minority interests	Total equity
(8)	(1.800)	(673)	**43.596**	0	**43.596**
0	(601)	0	**(601)**	0	**(601)**
(6)	(6)	0	**(6)**	0	**(6)**
(6)	**(607)**	**0**	**(607)**	**0**	**(607)**
0	1.750	0	1.750	0	1.750
0	0	(5.440)	(5.440)	0	(5.440)
(6)	**1.143**	**(5.440)**	**(4.297)**	**0**	**(4.297)**
0	0	0	**33**	0	**33**
(14)	**(657)**	**(6.113)**	**39.332**	**0**	**39.332**

Translation reserve	Other reserves	Net loss	Shareholders of the parent company	Minority interests	Total equity
(14)	(657)	(6.113)	**39.332**	0	**39.332**
0	146	0	**146**	0	**146**
(116)	(116)	0	**(116)**	0	**(116)**
(116)	**30**	**0**	**30**	**0**	**30**
0	0	0	0	0	**0**
0	0	(12.586)	(12.585)	(1)	**(12.586)**
(116)	**30**	**(12.586)**	**(12.555)**	**(1)**	**(12.556)**
0	0	0	**(36)**	0	**(36)**
0	0	0	**0**	4	**4**
(130)	**(627)**	**(18.699)**	**26.740**	**3**	**26.743**

Ecolutions GmbH & Co. KGaA

Consolidated Cash Flow Statement

for the Financial Year 2009

	Notes	01.01.2009 - 31.12.2009 TEUR	01.01.2008 - 31.12.2008 TEUR
Consolidated net profit (loss)		(12.586)	(5.440)
Interest and taxes recognised as income		(334)	(1.046)
Result from fair valuation	7.7	7.397	3.400
Depreciation, amortisation and write-downs on tangible assets	9.1 / 9.2	38	7
Other non-cash income / expenses		(118)	24
Investment in associates	3.2	20	0
Unscheduled write-down of shares in associated company	3.2	1.197	0
Increase (-) in inventories, trade accounts receivable and other assets not attributable to investment or financing activities		(576)	(379)
Decrease (-) / increase in provisions, trade accounts payable and other liabilities not attributablel to investment or financing activities		542	(527)
Interest received	7.7	137	1.057
Interest paid	7.7	0	(8)
Income tax paid		(32)	(311)
Cashflow from operating activities		**(4.315)**	**(3.223)**
Proceeds from the sale of available-for-sale financial assets		6.013	0
Payments for the acquisition of companies valued at equity		0	(1.155)
Advance payments for the acquisition of subsidiaries	3.1	0	(3.656)
Acquisition of a subsidiary less cash reserves acquired	3.1	(66)	0
Payments for investment in fixed assets	9.1 / 9.2	(19)	(56)
Advance payments for the acquisition of tangible fixed assets		0	(3.124)
Cashflow from investment activities		**5.928**	**(7.991)**
Cashflow from financing activities		**0**	**0**
Net change in cash funds		**1.613**	**(11.214)**
Change in cash funds due to consolidation		30	0
Change in cash funds due to exchange rates		(350)	3
Cash funds (= cash and cash equivalents) on 01.01.		**19.492**	**30.703**
Cash funds (= cash and cash equivalents) on 31.12.		**20.785**	**19.492**

Notes

for the 2009 financial year

to the consolidated financial statements of Ecolutions GmbH & Co. KGaA (IFRS) to 31 December 2009

1 General disclosures

Ecolutions GmbH & Co. KGaA (referred to below as "Ecolutions" or "the Company") has its registered office at Grüneburgweg 18 in Frankfurt am Main, Germany. Ecolutions' business activities consist in worldwide investment in projects and undertakings that contribute directly or indirectly to climate protection or can profit directly or indirectly from the consequences of climate change. The main activities of the Company and its subsidiaries ("the Group") are described in section 6.

The consolidated financial statements and the group management report for the 2009 financial year were released to the Supervisory Board for approval and publication by decision of the management on 10 June 2010.

2 Accounting methods

2.1 Principles for preparation of the financial statements

The consolidated financial statements are in principle prepared according to the historical cost convention. Exceptions to this are the available-for-sale financial assets and commodity futures contracts, which were valued at the fair value. Assets and liabilities - where due within more than one year - are divided according to whether they are current or non-current. Net inflows/outflows from operating activities are determined using the indirect method.

Declaration of conformity with IFRS

These consolidated financial statements of Ecolutions to 31 December 2009 were prepared in conformity with the International Financial Reporting Standards (IFRS) as applicable in the EU. The preparation of these financial statements in accordance with international standards was voluntary within the meaning of sec. 315a (3) HGB [German Commercial Code].

Consolidation principles

Consolidation principles from 1 January 2009

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries to 31 December 2009.

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which the Group gained control. Consolidation ends as soon as the parent company no longer has control. The financial statements of the subsidiaries are prepared using consistent accounting methods for the same reporting period as the financial statements of the parent company.

All intercompany balances, income and expenses as well as unrealised gains and losses and dividends from intercompany transactions are eliminated in full.

A change in the extent of the equity interest in a subsidiary with no loss of control is recognised as an equity transaction.

Losses are allocated to the non-controlling interests even if this leads to a negative balance.

If the parent company loses control of a subsidiary,

- it derecognises the assets (including goodwill) and the liabilities of the subsidiary;
- it derecognises the carrying amount of all non-controlling interests in the former subsidiary;
- it derecognises the cumulative translation differences recorded in equity;
- it records the fair value of the consideration received;
- it records the fair value of the remaining equity interest;
- it records net profits or losses in the income statement;
- it transfers the elements accruing to the parent company from the other net earnings to the income statement or, where required, to the revenue reserves.

Consolidation principles before 1 January 2009

In comparison to the requirements set out above, which were applied prospectively in the year under report, the following deviating principles applied in the past:

- Non-controlling interests represented the share of the net earnings and net assets that is not attributable to the Group. The net earnings accruing to these interests were consequently reported separately in the income statement from the share of net earnings that is attributable to the shareholders of the parent company. In the balance sheet they are reported within the equity, separated from the equity accruing to the shareholders of the parent company. The acquisition of non-controlling interests is recognised under the parent-entity extension method. The difference between the purchase price and the carrying amount of the pro rata acquired net assets is recorded as goodwill.

- Losses were allocated to the non-controlling interests until their balance was zero. The excess losses were allocated to the parent company except in cases where the non-controlling interests had undertaken to make up for the losses.

- Where there was a loss of control, the Group consolidated the remaining equity interest at the amount of the corresponding share in the net assets at the time of the loss of control.

2.2 New standards and standards applicable for the first time

IFRS 8 Operating Segments

IFRS 8 was published in November 2006 and became effective for financial statements covering periods beginning on or after 1 January 2009.

IFRS 8 “Operating Segments” follows what is known as the management approach, whereby segment reporting is focused solely on financial information that is used by the operating decision-makers of the entity for the internal control of that entity. IFRS 8 does not in fact apply to the Group because the Group – not being listed on the stock market – does not fall within the scope of the Standard. However, the Group applies the Standard voluntarily. Disclosures pursuant to IFRS 8, including adjusted comparative information, are set out in section 6.

Amendments to IFRS 1 and IAS 27 – Cost of an investment in a subsidiary, jointly controlled entity or associate

The amendments to IFRS 1 and IAS 27 were published in May 2008; the Standards in their modified form became effective for financial statements covering periods beginning on or after 1 January 2009. The amendments to IFRS 1 allow an entity to determine the cost of an investment in a subsidiary, jointly controlled entity or associate in its IFRS opening balance sheet by using the carrying amounts under the accounting practices previously applied or by using the fair values as a substitute for the cost (deemed cost). The amendments to IAS 27 concern only the separate individual financial statements of a parent company and state in particular that all dividends from subsidiaries, jointly controlled entities and associates must be presented as income in the separate individual financial statements. The amendments to these Standards do not have any effect on the consolidated financial statements.

Amendments to IFRS 2 – Vesting conditions and cancellations

The amendment to IFRS 2 was published in January 2008 and became effective for financial statements covering periods beginning on or after 1 January 2009. The new regulation both clarifies what is meant by vesting conditions and regulates the reporting of a termination of share-based payment plans by employees. This new regulation has no effect on the consolidated financial statements.

Amendments to IFRS 7 – Improvement of disclosures

The amendment was published in March 2009 and became effective for financial statements covering periods beginning on or after 1 January 2009. The amendments lay out additional requirements for determination of the fair values and for the liquidity risk. The Group applies these amendments, relative to the IFRS 7 financial instruments, with effect from 1 January 2009. The amendment requires a quantitative analysis of the determination of fair values on the basis of a three-level hierarchy for each class of financial instrument that is presented at the fair value. In addition, there is now a requirement for a transition between the initial and the final balance in the case of valuations at the level 3 fair value and the disclosure of material reclassifications between levels 1 and 2 of the measurement hierarchy.

The amendment also clarifies the requirements for disclosures of liquidity risks stemming from transactions relating to derivatives and of assets used for the purposes of liquidity management. The disclosures about the liquidity risk have not been materially modified by the new regulation; they are set out in section 10.1.

Improvements to IFRS 2008

In May 2008 the IASB published for the first time a collective standard amending various IFRSs with the aim of eliminating inconsistencies and clarifying formulations. Different transitional rules apply for each standard. However, the mandatory first-time adoption does not affect financial years beginning before 1 January 2009.

IAS 1 – Presentation of Financial Statements

The revised IAS 1 Standard "Presentation of Financial Statements" was published in September 2007 and became effective for financial statements covering periods beginning on or after 1 January 2009. The Standard contains amendments to the presentation and reporting of financial information in the financial statements. The new elements include in particular the introduction of a comprehensive statement that covers both the results achieved in a period and the unrealised gains and losses that had previously been reported within equity. Financial information must be presented either in a single section of the financial statements (statement of comprehensive income) or in two sections (an income statement and an abbreviated statement of comprehensive income). The individual elements of the other results can be presented either net, i.e. after recognition of the tax effects, or gross, i.e. before recognition of the tax effects, with the total income tax on these elements being presented as a summary amount.

The Company has opted to have two sections of the financial statements. The individual elements of the other results are reported net. Overall this new Standard has an influence on the form and manner in which financial information is published, but not on the approach and valuation of assets and liabilities in the financial statements.

IAS 23 Borrowing Costs

The revised IAS 23 Standard was published in March 2007 and became effective for financial statements covering periods beginning on or after 1 January 2009. The Standard requires the capitalisation of borrowing costs that are directly attributable to a qualifying asset. Because of the business activities of the companies included in the consolidated financial statements, this new regulation has no effects on the consolidated financial statements; the borrowing costs of the 2009 and 2008 financial years were recognised as expense in the income statement.

Amendments to IAS 32 and IAS 1 – Puttable financial instruments and instruments with obligations arising on liquidation

The amendments to IAS 32 and IAS 1 were published in February 2008 and became effective for financial statements covering periods beginning on or after 1 January 2009. It introduces an exception whereby puttable financial instruments can be classified as equity provided that certain criteria are met. Disclosures for these financial instruments are also laid down.

The general partner's contribution (TEUR 50) of Altira ecolutions Management GmbH, Frankfurt, was classified as borrowings.

Amendments to IAS 39 Financial instruments: Recognition and measurement and IFRS 7: Financial instruments: Disclosures

In October 2008, as a result of the worldwide financial crisis, the IASB published amendments to the IAS 39 and IFRS 7 Standards. The amendments allow the reclassification to another category, under certain conditions, of financial assets or financial liabilities from the "held for trading" category that are to be reported as profit or loss at their fair value. It is a requirement that these would in principle meet the criteria for classification in the "loans and receivables" category had the extraordinary circumstances not occurred or the intention to sell not been given up; disclosures in the notes are also required if this option is exercised. Reclassifications performed on or after 1 November 2008 become effective on the date of reclassification. Reclassifications before 1 November 2008, by contrast, can be performed with effect from an earlier date, but not before 1 July 2008.

As the Group has assigned neither financial assets nor financial liabilities to the "held for trading" category, the amendments are not relevant for the Group.

The International Financial Reporting Interpretations Committee (IFRIC) published two Interpretations that became effective for the 2009 financial year. These are:

- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

These Interpretations have no relevance for the consolidated financial statements.

New accounting regulations

The following summary presents IFRS/IAS Standards and Interpretations that are applicable in subsequent years:

Standard	Published by the IASB	Mandatory adoption
Endorsed:		
IFRS 3 Business Combinations (revised 2008)	January 2008	1 July 2009
IFRS 1 First-Time Adoption of International Financial Reporting Standards (revised 2008)	November 2008	1 July 2009 and 1 January 2010
IAS 27 Consolidated and Separate Financial Statements (revised 2008)	January 2008	1 July 2009
Amendments to IAS 39 Qualifying hedged items	July 2008	1 July 2009
Amendments to IAS 39 and IFRIC 9 – Reassessment of embedded derivatives	March 2009	Financial years ending on or after 30 June 2009
IFRIC 12 Service Concession Arrangements	November 2006	30 March 2009
IFRIC 15 Agreements for the Construction of Real Estate	July 2008	1 January 2009 and 1 January 2010
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	July 2008	1 July 2009
IFRIC 17 Distributions of Non-cash Assets to Owners	November 2008	1 July 2009
IFRIC 18 Transfers of Assets from Customers	January 2009	1 July 2009
Amendments to IFRS 2 – Group cash-settled share-based payments	June 2009	1 January 2010
Amendments to IAS 32 – Classification of rights issues	October 2009	1 February 2010
Not yet endorsed:		
IFRS 9 Financial Instruments: Classification and Measurement	November 2009	1 January 2013
IAS 24: Related Party Disclosures (revised 2009)	November 2009	1 January 2011
Amendment to IFRS 1 – Further exemptions for IFRS users	July 2009	1 January 2010
Standard	Publication	Mandatory adoption

Amendment to IFRIC 14 – Prepayments of a minimum funding requirement	November 2009	1 January 2011
Improvements to IFRS 2009	April 2009	1 January 2010
Improvements to IFRS 2010	May 2010	1 January 2010
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	November 2009	1 July 2010
Amendments to IFRS 1 – Limited exemption from comparative IFRS 7 disclosures for first-time adopters	January 2010	1 January 2013

The Standards and Interpretations listed under “Endorsed” in the above table have been published by the IASB and IFRIC and already adopted in EU law within the comitology procedure, but were not yet mandatory in the 2009 financial year. With the exception of IAS 27 and IFRS 3 (see below), the Group is not applying these Standards and Interpretations before they become mandatory.

IFRS 3 Business Combinations (revised 2008)

The revised IFRS 3 Standard was published in January 2008 and became effective for financial statements covering periods beginning on or after 1 July 2009. The Standard was extensively revised as part of the IASB and FASB convergence process. The major amendments concern in particular the introduction of an option for the measurement of non-controlling interests between presentation at the pro rata identifiable net assets (known as the purchased goodwill method) and the full goodwill method, whereby the entire goodwill of an entity, including that part applicable to the non-controlling interests, must be presented.

Other main changes are the re-measurement as profit or loss of existing equity interests at the time control is first obtained (step acquisition), the mandatory consideration on the acquisition date of a consideration linked to the occurrence of future events and the treatment as profit or loss of transaction costs. The transitional clauses provide for the prospective application of the new regulation. There are no changes for assets and liabilities resulting from business combinations before the first-time adoption of the new Standard. The Standard was applied early together with IAS 27. There have been no effects from the early application of IFRS 3.

As the Group expects to continue to apply the purchased goodwill method in the event of future business combinations, the new regulation will not give rise to any effects.

IFRS 1 First-Time Adoption of IFRS (revised 2008)

The revised IFRS 1 Standard was published in November 2008 and became effective for financial statements covering periods beginning on or after 1 July 2009 or 1 January 2010. The revision of the Standard comprises solely editorial changes and a restructuring of the Standard. The revision does not result in any changes of accounting and valuation regulations for first-time adopters of IFRS.

IAS 27 Consolidated and Separate Financial Statements

The revised IAS 27 Standard was published in January 2008 and became effective for financial statements covering periods beginning on or after 1 July 2009. The amendments essentially concern accounting for interests without a controlling influence (non-controlling interests), which will in future participate fully in the losses of the Group, and for transactions that lead to a loss of control over a subsidiary and whose effects are to be treated as profit or loss. By contrast, the effects of sales of interests not lead to a loss of control must be presented as revenue-neutral in equity. The transitional clauses provide for prospective application. There are therefore no changes for assets and liabilities resulting from such transactions before the date the new Standard became effective.

The Standard was applied early in the Group in conjunction with IFRS 3. This led to the non-controlling interests having a negative value in the 2009 financial year.

Amendments to IAS 39 – Qualifying hedged items

The amendments to IAS 39 were published in July 2008 and became retrospectively effective for financial statements covering periods beginning on or after 1 July 2009. The changes set out in detail how the principles for the presentation of hedges as contained in IAS 39 are to be applied to the designation of a unilateral risk in a hedged item and to the designation of inflation risks as a hedged item.

It clarifies that it is permissible to designate only a part of the changes to the fair value or of the cashflow fluctuations of a financial instrument as a hedged item. This does not give rise to any effects on the consolidated financial statements.

Amendments to IAS 39 and IFRIC 9 – Reassessment of embedded derivatives

These amendments to IAS 39 and IFRIC 9 were published in March 2009 and became effective for financial statements covering periods beginning on or after 30 June 2009. The changes require an entity to assess whether an embedded derivative must be separated from the underlying contract if an entity reclassifies a hybrid financial asset from the category of financial instruments to be assessed as profit or loss at the fair value. They do not have any effects on the consolidated financial statements.

IFRIC 12 Service Concession Arrangements

IFRIC Interpretation 12 was published in November 2006 and became in principle effective for financial statements covering periods beginning on or after 30 March 2009. The Interpretation regulates the balance sheet treatment in the financial statements of the concession operator of obligations assumed and rights received within service concessions. It does not have any effects on the consolidated financial statements.

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC Interpretation 15 was published in July 2008 and became effective for financial statements covering periods beginning on or after 1 January 2009 (IFRIC 15.24 only) or 1 January 2010. In particular, it regulates the time of realisation of the revenues from real estate contracts, especially for the construction components contained in them. The Interpretation is aimed primarily at commercial real estate developers and will not have any effect on the future financial statements of the Group.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC Interpretation 16 was published in July 2008 and became prospectively mandatory for financial statements covering periods beginning on or after 1 July 2009. IFRIC 16.18 is already applicable from 1 October 2008. They do not have any effects on the consolidated financial statements. The Interpretation provides guidance on how to account for hedging instruments relating to a net investment in a foreign operation. This Interpretation is applicable prospectively and will have no effects on the Group.

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC Interpretation 17 was published in November 2008 and became prospectively mandatory for financial statements covering periods beginning on or after 1 July 2009. The Interpretation regulates the conditions for the recognition and measurement of distributions of non-cash assets to owners. The Group does not expect there to be any transactions falling within the scope of the prospectively applicable IFRIC 17.

IFRIC 18 Transfers of Assets from Customers

IFRIC Interpretation 18 was published in January 2009 and became effective for financial statements covering periods beginning on or after 1 July 2009. This Interpretation offers guidance on how to account for agreements under which an entity receives from a customer cash or an item of property, plant or equipment that the entity must use in order to connect the customer to a network, for instance, and/or provide the customer with ongoing access to a supply of goods or services. The Interpretation adopts a position in particular on the criteria for the recognition of customer contributions and the date and extent of the realisation of profits from such transactions. This Interpretation is applicable prospectively and will have no effects on the Group.

IFRS 9 Financial Instruments: Classification and Measurement

In November 2009 the International Accounting Standards Board (IASB) published a new IFRS for the classification and measurement of financial instruments. The publication marks the conclusion of the first part of a three-phase project to replace IAS 39 Financial Instruments: Recognition and Measurement with a new Standard.

IFRS 9 introduces new regulations for the classification and measurement of financial assets. The regulations must be applied from 1 January 2013, although early application is allowed. The IASB intends to expand IFRS 9 during 2010 in order to add new requirements for the classification and measurement of financial liabilities, the derecognition of financial instruments, impairments and hedge accounting. By the end of 2010 IFRS 9 is to have completely replaced IAS 39. The Company is still exploring the effects of the new Standard.

IAS 24: Related Party Disclosures (revised 2009)

The revised Standard was published in November 2009 and became effective for financial statements covering periods beginning on or after 1 January 2011.

The objective of IAS 24 is to ensure that the financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding items with such parties. The Company does not expect this to have any effect on the consolidated financial statements.

Amendments to IFRS 2 – Group cash-settled share-based payments

The amendments to IFRS 2 were published in June 2009 and became effective for financial statements covering periods beginning on or after 1 January 2010. In amending IFRS 2 the IASB has sought to clarify the accounting of share-based payments in the Group that are settled in cash. The amendments were a response to requests to the IASB to clarify how an individual subsidiary in a group is to account in its own financial statements for certain share-based payment agreements. As the Group has not agreed any group share-based payments, this Standard will not have any effect on the financial statements.

Amendment to IFRS 1 – Further exemptions for IFRS users

The amendments to IFRS 1 were published in July 2009 and became effective for financial statements covering periods beginning on or after 1 January 2010. IFRS 1 specifies how entities must proceed when adopting the IFRS as a basis for the preparation of their financial statements and was amended by two additional exceptions for first-time adopters. They do not have any effects on the consolidated financial statements.

Amendments to IAS 32 – Classification of rights issues

The amendments to IAS 32 were published in October 2009 and became effective for financial statements covering periods beginning on or after 1 February 2010.

The stated objective of IAS 32 is to improve the understanding of readers of the financial statements of the influence of financial instruments on the financial position and profit or loss of an entity. It firstly clarifies the classification as equity or borrowings of financial instruments that have been issued by an entity. Secondly, it contains regulations on accounting for treasury shares. The offsetting of assets and liabilities in the balance sheet is also only allowed under strict conditions. The Group does not expect these revised regulations to have any effect on the consolidated financial statements.

Amendment to IFRIC 14 – Prepayments of a minimum funding requirement

In November 2009 the IASB published an amendment to its requirements on accounting for pension plans, to become effective for financial statements covering periods beginning on or after 1 January 2011. The amendment applies under the limited circumstances under which an entity is subject to minimum funding requirements and makes prepayments of the contributions that satisfy these requirements. Following the change, it is now permitted for an entity to present the benefit from such a prepayment as an asset. This Interpretation will not have any effect on the Group.

Improvements to IFRS 2009

In April 2009 the IASB published a collective standard amending various IFRS Standards with the aim of eliminating inconsistencies and clarifying formulations. Different transitional rules apply for each standard. However, the mandatory first-time adoption does not affect financial years beginning before 1 January 2010.

Improvements to IFRS 2010

On 6 May 2010 the International Accounting Standards Board (IASB) published its “Annual Improvements to IFRS 2008-2010”, modifying six International Financial Reporting Standards (IFRSs) and one Interpretation (IFRIC).

Unless otherwise noted, the amendments take effect for reporting years beginning on or after 1 January 2011. Their early application is allowed.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation takes effect for financial years beginning on or after 1 July 2009. The Interpretation regulates the issuance of equity instruments for the complete or partial extinguishing of financial liabilities to lenders. The Company is still exploring the effects of the new standard.

Amendments to IFRS 1 – Limited exemption from comparative IFRS 7 disclosures for first-time adopters

IFRS 1 – Amendment of IFRS 7 disclosure requirements for IFRS first-time adopters. On 28 January 2010 the IASB published a minor amendment to IFRS 1 First-Time Adoption of International Financial Reporting Standards. The amendment, entitled "Limited exemption from comparative IFRS 7 disclosures for first-time adopters", gives IFRS first-time adopters relief in the first-time adoption of the additional disclosure requirements that were added to IFRS 7 in March 2009. In light of the crisis on the financial markets, supplementary disclosures for fair valuation and on liquidity risks associated with financial instruments had been specified, although in the first year the disclosures did not need to include a comparison with previous years.

This transitional requirement disadvantaged IFRS first-time adopters. The amendment to IFRS 1 now allows first-time adopters also to benefit from this relief. The modified IFRS 1 is mandatory for financial statements covering periods beginning on or after 1 July 2010. Its earlier application is allowed.

3 Basis of consolidation and consolidation methods

3.1 Subsidiaries

Business combinations from 1 January 2009

Business combinations are accounted for by applying the purchase method. The cost of purchasing an entity is determined as the sum of the transferred consideration measured at the fair value at the time of purchase and the non-controlling interests in purchased entities. In every business combination the acquirer measures the non-controlling interests in the purchased entity either at the fair value or at the corresponding share of the identifiable net assets of the purchased entity. Costs incurred as part of the business combination are recognised as expenses.

If the Group acquires an entity, it assesses the suitable classification and designation of the financial assets and acquired liabilities in conformity with the contractual terms and conditions, economic circumstances and conditions prevailing at the time of purchase. This also entails separating the derivatives embedded in underlying contracts.

In the event of successive business combinations, the equity interest previously held by the acquirer in the purchased entity is determined again at the fair value at the time of purchase, and the resulting profit or loss is presented accordingly.

The agreed contingent consideration is presented at the fair value at the time of purchase. Subsequent changes to the fair value of a contingent consideration that constitutes an asset or a liability are presented either in the income statement or in the other results in conformity with IAS 39. A contingent consideration that is classified as equity is not measured again and its later settlement is accounted for in equity.

On first recognition the goodwill is measured at cost that is determined as the excess of the transferred consideration over the acquired identifiable assets and acquired liabilities of the Group. If this consideration is below the fair value of the net assets of the purchased entity, the difference is presented in the income statement.

After first recognition the goodwill is measured at cost less cumulative impairment expenses. For the purposes of the impairment test, the goodwill acquired as part of a business combination is, from the time of purchase, assigned to the cash-generating units of the Group that are expected to profit from the business combination. This applies regardless of whether other assets or liabilities of the purchased entity are assigned to these cash-generating units.

If goodwill was assigned to a cash-generating unit, and a division of this unit is sold, the goodwill attributable to the sold division is considered as a constituent element of the carrying amount of the division when the results from the sale of this division are determined. The value of the sold part of the goodwill is determined on the basis of the relative values of the sold division and the remaining part of the cash-generating unit.

Business combinations before 31 December 2008

Under the method previously applied for accounting for corporate acquisitions, the following principles applied in deviation from the requirements set out above:

Transaction costs directly attributable to the corporate acquisition constituted part of the acquisition cost. The non-controlling interest (previously presented as a minority interest) was measured at the corresponding share of the identifiable net assets of the purchased entity.

In the case of successive business combinations, individual acquisition processes were recorded separately. An additionally acquired interest did not have an effect on the goodwill from the previous acquisition process.

If the Group purchased an entity, the embedded derivatives accounted for separately from the underlying contract by the purchased entity were only re-assessed at the time of purchase if the business combination led to a change in the contractual terms and conditions that resulted in a material change in cash flows that would otherwise have arisen under the contract.

A contingent consideration was only presented if the Group had a current obligation, if there was more in favour of an outflow of resources with economic benefit than against and if a reliable estimate was possible. Subsequent adjustments of the contingent consideration had an effect on goodwill.

Intercompany transactions, balances and profits and losses from transactions between Group companies are eliminated. Minority interests represent the share in the results and net assets not attributable to the Group.

In addition to the parent company, the following companies were fully consolidated in the consolidated financial statements for the 2009 financial year:

	Capital share		Currency	Equity (IFRS) at 31 December 2009		Results (IFRS) 2009	
	direct %	indirect %	WE	T-WE	T-EUR	T-WE	T-EUR
1. Ecolutions New Energy Investment Co., Ltd., Hong Kong, PR China	100		EUR	-7,729	-7,729	-6,816	-6,816
2. Ecolutions Pte. Ltd., Singapore, Singapore	100		EUR	-202	-202	-202	-202
3. Ecolutions Trading GmbH, Frankfurt am Main, Germany	100		EUR	110	110	85	85
4. Ecolutions New Energy Investment (Asia) Co., Ltd., Hong Kong, PR China		100	EUR	-224	-224	-185	-185
5. Loudi Zhonghan-Ecolutions New Energy Co., Ltd., Loudi, PR China		100	CNY	-1,216	-124	-3,183	-336
6. Ecolutions Carbon India Pvt. Ltd, Mumbai, India		99	INR	19,978	302	-4,331	-64
7. Ecolutions Green Energy India Pvt. Ltd, Mumbai, India		99.96	INR	233,860	3,522	-706	-10

Apart from Ecolutions Carbon India Pvt Ltd., Mumbai, India, and Ecolutions Green Energy India Pvt. Ltd., Mumbai, India, these subsidiaries were founded by the Group or purchased at the time of foundation. The costs thus correspond in principle to the pro rata equity. There was therefore no goodwill from the initial consolidation of these companies. Ecolutions Trading GmbH, Ecolutions Pte. Ltd Singapore, Ecolutions Carbon India Pvt. Ltd and Ecolutions Green Energy have been fully consolidated in the consolidated financial statements for the first time in the financial year. Because of trust agreements concluded in the previous year, the interests in Loudi are fully attributable to the Group under commercial considerations.

On the balance sheet date Ecolutions had no special-purpose entities to consolidate. No subsidiaries were de-consolidated in the consolidated financial statements for the 2009 financial year.

Corporate acquisitions in 2009

Purchase of ecolutions Carbon India Pvt. Ltd., Mumbai, India (“eIND”)

On 29 August 2009 Ecolutions Pte Ltd., Singapore, acquired 99.0% of the shares in eIND, an unlisted company registered in India that operates for the Group in the Services segment (see section 6).

The Group has decided to measure the non-controlling interest in the purchased entity at its fair value.

The fair values of the identifiable assets and liabilities of eIND at the time of purchase are as follows:

TEUR	Fair value	Carrying amount
Property, plant and equipment	27	27
Receivables and other assets	113	113
Cash and cash equivalents	3	3
	143	143
Liabilities	73	73
Total identifiable net assets at the fair value	**70**	**70**
Non-controlling interests at fair value	1	
Total consideration	**69**	
Cash costs	**69**	
Acquisition costs		
Purchase price	69	
Costs directly attributable to the purchase	0	
	69	
Cash resources acquired	3	
Payment of purchase price	(69)	
Actual net cash outflow	(66)	

Acquired assets and assumed liabilities

The fair value of the trade receivables amounts to TEUR 113. None of the trade receivables was impaired and the entire contractually specified amount is provisionally collectible.

The purchase did not result in any goodwill. No contingent liabilities were ascertained at the time of purchase.

The fair value of the non-controlling interests in eIND was estimated using the discounted earnings method. As eIND is not a listed company, no market information was available.

Since its acquisition eIND has contributed TEUR 65 to the sales revenues of the Group and -TEUR 27 to its pre-tax operating result for the period. Had the business combination taken place at the start of the year, the effects on sales revenues would have been TEUR 65 and on consolidated results -TEUR 64.

Purchase of Ecolutions Green Energy India Pvt. Ltd., Mumbai, India ("eGEI")

On 2 March 2009 New Energy Investment Co. Ltd., Hong Kong, acquired 99.96% of the shares in eGEI, an unlisted company registered in India that operates for the Group in the Equity segment (see section 6).

The Group has decided to measure the non-controlling interest in the purchased entity at its fair value.

The fair values of the identifiable assets and liabilities of eGEI at the time of purchase are as follows:

TEUR	Fair value	Carrying amount
Advance payments for property, plant and equipment	3,695	3,695
Cash and cash equivalents	1	0
	3,696	3,695
Liabilities	0	0
Total identifiable net assets at the fair value	**3,696**	**3,695**
Non-controlling interests at fair value	1	
Total consideration	**3,695**	
Cash costs	**3,695**	
Acquisition costs:		
Purchase price	3,696	
Costs directly attributable to the purchase	0	
	3,696	
Cash resources acquired	1	
Payment of purchase price	(3,696)	
Actual net cash outflow	(3,695)	

Acquired assets and assumed liabilities

The fair value of the advance payments on property, plant and equipment amounts to TEUR 3,695.

The purchase did not result in any goodwill. No contingent liabilities were ascertained at the time of purchase.

The fair value of the non-controlling interests in eGEI was estimated using the discounted earnings method. As eGEI is not a listed company, no market information was available.

Since its acquisition eGEI has contributed TEUR 0 to the sales revenues of the Group and -TEUR 10 to its pre-tax operating result for the period. Had the business combination taken place at the start of the year, the effects on sales revenues would have been TEUR 0 and on consolidated results -TEUR 10.

3.2 Joint ventures

A joint venture is a contractual arrangement in which two or more partners carry on an economic activity that is subject to joint control. The Group exercises its option under IAS 31.38 to account for its interests in the joint venture companies in application of the equity method.

Under the equity method, the interests in a jointly controlled entity are presented in the balance sheet at cost plus the changes that occur after the purchase in the share of the Group in the net assets of the associated entity. The goodwill associated with the joint venture is contained in the carrying amount of the interest and is subject to neither scheduled amortisation nor a separate impairment test.

The income statement shows the interest of the Group in the results for the period of the joint venture. Changes reported directly in the equity of the joint venture are presented by the Group in proportion to its interest and, where necessary, are set out in the statement of changes in equity. Unrealised gains and losses from transactions between the Group and the joint venture are eliminated in proportion to the interest in the entity.

The share of the profits of a joint venture is set out in the income statement. These are the gains attributable to the owners of the joint venture, and hence the gains after tax and non-controlling interests in the subsidiaries of the entity.

The financial statements of the joint venture are prepared to the same cut-off date as the financial statements of the parent company. Where necessary, adjustments to Group-wide accounting methods are made.

After applying the equity method, the Group determines whether it is necessary to present an additional impairment loss for the Group's interests in joint ventures. On each cut-off date the Group determines whether there is objective evidence that its interest in a joint venture could be impaired. If this is the case, the difference between the achievable amount of the interest in the entity and the carrying amount of the interest is recorded in profit or loss as an impairment loss.

If the controlling influence or joint control is lost, the Group values all interests that it holds in the former joint venture at the fair value. Differences between the carrying amount of the interest in joint ventures at the time of the loss of controlling influence or joint control and the fair value of the interests held together with the proceeds of sale are recorded in the income statement.

On 31 July 2008 Ecolutions New Energy Investment acquired 49.0% of the voting shares in TURBOATOM-TPS PROJECTS Ltd., New Delhi, India. The following table contains summary financial information on the Group's equity participation in TURBOATOM-TPS PROJECTS Ltd., New Delhi, India:

	2009 TEUR	2008 TEUR
Share in the assets and liabilities of the associated company:		
Current assets	55	51
Non-current assets (assets under construction)	3,057	1,287
Current liabilities	-437	-202
Non-current liabilities	0	0
Equity	**2,674**	**1,136**
Share in the proceeds and results of the associated company:		
Sales revenues	0	0
Result	-20	61
Unscheduled depreciation and amortisation	-1,197	0
Book value of participation	**0**	**1,217**

In addition to the net annual results of -TEUR 20, an impairment loss of -TEUR 1,197 pursuant to IAS 28.31ff was recorded in the financial year. The valuation result for SPC Turboatom is -TEUR 1,217.

Ecolutions did not participate in any further joint ventures after the balance sheet date of 31 December 2009 but before release of these financial statements for publication.

3.3 Currency translation

The consolidated financial statements are prepared in euros, the functional and reporting currency of the parent company. Each company within the Group defines its own functional currency.

If the functional currency of the foreign subsidiaries does not correspond to the functional currency of the Group, its financial statements are translated into euros as follows. Equity items are translated at historic rates, asset items and liabilities at the rate on the balance sheet date. The expense and income variables of these subsidiaries are translated at average rates. Resulting currency translation differences are treated as revenue-neutral and shown as a separate item in equity until the subsidiary is deconsolidated. Any goodwill arising from the purchase of a foreign operation and adjustments to the fair value are treated as assets or liabilities of the foreign operation and translated at the spot rate. The procedure for translation of the joint ventures valued at equity is analogous.

The following rates were applied for translation of the subsidiaries:

Country	Country	Spot rate 31 December 2009	Average rate 2009
1 CNY	PR China	0.10230	0.10543
1 INR	India	0.01492	0.01485

If the functional currency of the foreign subsidiary is the euro, transactions in a foreign currency are translated at the rates prevailing at the time of the transaction. Monetary balance sheet items in a foreign currency are recognised at the middle rate of the balance sheet date. The foreign currency gains and losses resulting from the translation are presented as profit or loss.

4 Accounting policies

4.1 Intangible assets

Intangible assets acquired for a consideration are measured in the Group at amortised cost.

Intangible assets that were not acquired as part of a business combination are recognised initially at cost. The acquisition cost includes the costs directly attributable to the purchase in addition to the purchase price itself.

The costs of intangible assets acquired through business combinations correspond to their fair value at the time of purchase.

Intangible assets with a finite useful life are depreciated regularly over their useful economic life. The useful life is governed by the period of time in which the intangible asset brings economic benefit for the Group; useful lives of two to five years are assumed. Depending on the category of asset, depreciation follows the linear method, the degressive method or the performance-based method. The useful life and the depreciation method are reviewed on every balance sheet date.

Research and development costs (Equity segment)

The following deviating principles for the equity model apply for the research and development costs for the Trading segment:

Development activities in the Equity Investments segment comprise the planning and design of CDM projects and processes in which the Group intends to participate with equity. The Group employs both internal and external resources in its search for suitable participations in CDM projects. These costs are reviewed by the management and assessed with regard to whether and when the capitalisation and recognition requirements exist. Research and development costs are normally borne by the investment holding companies of the Group (ecolutions HK1, ecolutions HK2 and ecolutions Singapore).

Development costs are capitalised if the development costs can be reliably measured, the product or process is technically and economically viable, a future economic benefit is probable and the Group intends to complete the intangible asset and is able to exploit or sell it. The capitalised development costs comprise costs that are directly attributable to the asset for it to be used as intended. The capitalisation criteria are essentially dependent on milestones defined internally. Development costs are not capitalised as assets until it has been ensured, through the internal approvals process, that financial resources are available so that investment projects under development can be brought to completion and the asset can be exploited or sold.

Expenditure on research, e.g. the search for, and assessment and final selection of, possible alternatives must be recorded as expense in the period in which it arises.

4.2 Property, plant and equipment

Property, plant and equipment in the Group are recognised at cost less cumulative scheduled depreciation and cumulative impairment expenses. The acquisition cost includes the costs directly attributable to the purchase in addition to the purchase price itself. The construction cost comprises all costs directly attributable to the construction process as well as overheads that have been incurred in order to bring the assets to their current condition.

The scheduled linear depreciations are based on useful lives of three to five years. Property, plant and equipment is derecognised either on disposal or when no future economic benefit is expected from the use or sale of the recognised asset. The gain or loss arising from the derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised as profit or loss in the income statement in which the asset is derecognised.

The residual values, useful lives and depreciation methods for the assets are reviewed at the end of each financial year and adjusted prospectively if necessary.

4.3 Impairments of non-financial assets

The carrying amounts of property, plant and equipment and of intangible assets are reviewed for depreciation and amortisation on every balance sheet date if there is evidence that depreciation and amortisation may be necessary.

If there is such evidence, the recoverable amount of the asset is estimated in order to ascertain the extent of any impairment loss.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. In the determination of the value in use, the estimated future cash flows are discounted to the cash value at the interest rate currently available on the market that reflects the specific risks of the asset. If the estimated recoverable amount of an asset falls below the carrying amount, the carrying amount of the asset is reduced to the recoverable amount.

The impairment loss is immediately recognised as profit or loss.

If the grounds for an impairment fall away, the impairment loss is reversed to the amortised carrying amount that would have applied had the impairment not been recognised. If impairments had been recognised previously in respect of goodwill and other intangible assets with an indefinite useful life, the impairment loss is not reversed in subsequent periods if the grounds fall away.

4.4 Financial assets

Initial recognition

Financial assets within the meaning of IAS 39 are classified either as financial assets that are measured at fair value through profit or loss, as loans and receivables, as held-to-maturity investments, as available-for-sale financial assets or as derivatives that were designed as hedging instruments and are effective as such. The Group defines the classification of its financial assets on initial recognition.

On initial recognition the financial assets are measured at their fair value. In the case of investments not classified as measured as profit or loss at fair value, transaction costs directly attributable to the purchase of the assets are also considered.

Purchases or sales of financial assets that provide for delivery of the assets within a period of time that is defined by regulations or conventions of the respective market (regular-way purchases) are recognised on the trading day, i.e. on the day on which the Group enters into an obligation to buy or sell the asset.

The financial assets of the Group comprise cash and current deposits, trade receivables, receivables from loans granted and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets measured at fair value through profit and loss

The class of financial assets measured at fair value through profit and loss contains the held-for-trading investments and financial assets that are classified on initial recognition as measured at fair value through profit and loss. Financial assets are classified as held for trading if they are acquired for the purposes of sale in the near future. This category comprises derivative financial instruments transacted by the Group that do not meet the accounting criteria for hedges pursuant to IAS 39. Financial assets recognised at fair value through profit and loss are recognised at fair value in the balance sheet; gains and losses are recognised through profit or loss.

The Group has not classified any financial assets as measured at fair value through profit and loss.

Derivatives embedded in underlying contracts are accounted for separately if their risks and features are not closely tied to those of the underlying contracts and the underlying contracts are not measured at the fair value. These embedded derivatives are measured at the fair value, with gains or losses resulting from changes to the fair value being recognised through profit or loss. They are re-assessed only in the event of a change in the contractual terms and conditions that results in a material change in cash flows that would otherwise have arisen under the contract.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in the consolidated income statement if the loans and receivables are derecognised or impaired and within the scope of amortisation.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payment amounts and fixed maturity dates are classified as held-to-maturity investments if the Group has the positive intention and ability to hold them to maturity Following initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. This method uses a rate that exactly discounts estimated future cash payments through the expected life of the financial asset to the net carrying amount of the financial asset. Gains and losses are recognised in the consolidated income statement if the investments are derecognised or impaired and within the scope of amortisation. The Group had no held-to-maturity financial investments during the financial years to 31 December 2008 and 2007.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are classified as available for sale and those that cannot be classified under one of the three above categories. Following initial recognition, available-for-sale financial assets are measured at their fair value. Unrealised gains or losses are recognised directly in equity. If such an asset is derecognised, the cumulative gain or loss previously recognised directly in equity is recognised through profit or loss. If such an asset is impaired, the cumulative loss previously recognised directly in equity is recognised through profit or loss.

4.5 Financial liabilities

Initial recognition

Financial liabilities within the meaning of IAS 39 are classified as either financial liabilities that are measured at fair value through profit or loss, as loans or as derivatives that were designed as hedging instruments and are effective as such. The Group defines the classification of its financial liabilities on initial recognition.

On initial recognition the financial liabilities are measured at their fair value, in the case of loans plus the directly attributable transaction costs.

The financial liabilities of the Group comprise accounts payable and other liabilities, current account overdrafts, loans, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities measured at fair value through profit and loss

Financial liabilities measured at fair value through profit and loss comprise the held-for-trading financial liabilities as well as other financial liabilities that are classified on initial recognition as measured at fair value through profit and loss.

Financial liabilities are classified as held for trading if they are acquired for the purposes of sale in the near future. This category comprises derivative financial instruments transacted by the Group that do not meet the accounting criteria for hedges pursuant to IAS 39.

Gains and losses from financial liabilities that are held for trading are recognised through profit and loss.

The Group has not classified any financial liabilities as measured at fair value through profit and loss.

Loans

Following initial recognition, interest-bearing loans are measured at amortised cost using the effective interest method.

Gains and losses are recognised through profit and loss when the liabilities are derecognised and within the scope of amortisation.

Financial guarantee contracts

Financial guarantee contracts concluded by the Group are contracts that require the making of payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the terms of a debt instrument. On initial recognition the financial guarantee contracts are recognised as a liability at their fair value less the transaction costs directly associated with conclusion of the guarantee contract. The liabilities are subsequently measured at the best possible estimate of the expenses required in order to meet the current obligation on the balance sheet date or at the recognised amount less cumulative amortisation, if higher.

4.6 Balancing of financial instruments

Financial assets and liabilities are balanced and the net amount is reported in the consolidated balance sheet if, and only if, a legal claim to offset the recognised amounts against each other exists at the present time and there is an intention to bring about a balance on a netting basis or to discharge the associated liability at the same time as realisation of the asset concerned.

4.7 Fair value of financial instruments

The fair value of financial instruments that are traded on organised financial markets is determined by the market price (bid price) quoted on the balance sheet date. The fair value of financial instruments for which no active market exists is determined using suitable valuation methods. The possible valuation methods include use of the most recent market transactions between knowledgeable, willing and independent parties, reference to the current fair value of another instrument that is substantially the same, the use of discounted cash flow methods and other valuation models.

4.8 Amortised cost of financial instruments

The amortised cost is calculated using the effective interest method less any impairment losses and principal repayments or impairments. The calculation considers all discounts and premiums in the acquisition as well as transaction costs, and includes fees that are an integral part of the effective interest rate.

4.9 Impairment of financial assets

On each balance sheet date the Group determines whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that this loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. There may be evidence of an impairment if there are indications that the obligor or a group of obligors has significant financial difficulties, in the case of a default or delinquency in interest or principal payments, if there is a probability of a bankruptcy or other financial reorganisation and if observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with default.

Outstanding receivables from customers

With regard to outstanding receivables from customers amortised at cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there are objective indications that an impairment has occurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (with the exception of estimated future credit defaults that have not yet occurred). The carrying amount of the asset is reduced using an allowance account and the impairment loss is recognised in profit or loss. Interest income from the impaired carrying amount continues to be recognised at the original effective interest rate of the asset. Receivables are derecognised inclusive of the associated impairment if they are classified as uncollectible and all securities have been claimed and realised. If the amount of an estimated impairment loss increases or decreases, the impairment loss recognised earlier is increased or reduced through profit or loss by adjusting the allowance account. If a derecognised receivable is subsequently classified as collectible again as a result of an event occurring after derecognition, the corresponding amount is recognised directly in profit and loss.

The present value of the estimated future cash flows is discounted at the original effective interest rate of the financial asset. If a loan has a variable interest rate, the discount rate used to measure an impairment loss corresponds to the current effective interest rate.

Available-for-sale financial assets

On each balance sheet date, the Group determines for available-for-sale financial assets whether there is objective evidence that an asset or group of assets is impaired.

In the case of equity instruments classified as available for sale, a significant or continuing decline in the fair value of the instrument to below its cost would constitute objective evidence. If there is evidence of impairment, the cumulative loss – the difference between the cost and the current fair value less any earlier impairment loss on this instrument recognised through profit and loss – is deducted from the equity and recognised in profit and loss. Impairments for equity instruments are not reversed through profit or loss; a rise in the fair value after impairment is recognised directly in equity.

Determination of the impairment of debt instruments classified as available for sale is governed by the same criteria as for financial assets measured at amortised cost. Interest income from the impaired carrying amount of the asset continues to be recognised at the original effective interest rate and is reported under "Financial income". If the fair value of a debt instrument rises in a subsequent reporting period and the rise is objective attributable to an event occurring after the impairment had been posted through profit and loss, the amount of the reversal is recognised in profit and loss.

4.10 Derecognition of financial instruments

Financial assets

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognised if one of the following requirements is met:

- The contractual rights to receive cash flows from a financial asset expire.
- The Group has transferred its contractual rights to receive cash flows from the financial asset to third parties or has assumed a contractual obligation to pay the cash flow to a third party immediately under an agreement that meets the requirements of IAS 39.19 (pass-through agreement) and either a) transferred substantially all the risks and rewards of ownership of the financial asset or b) neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, but transferred control of the asset.

If the Group transfers its contractual rights to cash flows from an asset or enters into a pass-through agreement and neither transfers nor retains substantially all the risks and rewards of ownership of this asset and also retains control of the transferred asset, the Group recognises a new asset to the extent of its continuing involvement.

If the continuing involvement, through its form, guarantees the transferred asset, the extent of the continuing involvement corresponds to the lower of the original carrying amount of the asset and the maximum amount of the consideration received that the Group might have to repay.

Financial liabilities

A financial liability is derecognised if the obligation underlying this liability is discharged, cancelled or expires.

If an existing financial liability is exchanged for another financial liability of the same lender with substantially different terms, or the conditions of an existing liability are substantially modified, such an exchange or such a change is treated by derecognising the original liability and recognising a new liability. The difference between the respective carrying amounts is recognised in profit or loss.

4.11 Accounting for Emission Reduction Purchase Agreements ("ERPAs")

The Group enters into purchase and sale contracts for CO_2 certificates with customers and project developers. CO_2 certificates under the Kyoto Protocol, also known as Certified Emissions Reductions ("CERs"), are generated under the highly regulated Carbon Development Mechanism ("CDM"). This process comprises numerous stages: approval of the project and monitoring method, project plan, project approval by the Designated National Authority ("DNA"), project validation by a Designated Operational Entity or equivalent ("DOE"), project approval by the Host Country, registration, verification and certification by a DOE. Verification must be conducted annually.

The Group collaborates with consultants from both within and outside the Group in all phases of the process and uses their knowledge and experience to go through the complex approval process. CO_2 certificates are also generated under voluntary and regional emission reduction programmes outside the Kyoto Protocol.

Ecolutions enters into purchase and sale contracts for the acquisition and sale of CERs as well as Voluntary Emission Reductions ("VERs").

The Group recognises some purchase and sale contracts within the scope of IAS 39 because the requirements for cash settlement or the written option are met. These contracts are classified as derivatives under IAS 39 and are presented in the balance sheet at the fair value. Gains and losses from a change in the fair value for these derivatives, which are not included in hedges, are recognised in the income statement through profit and loss.

4.12 Inventories

Inventories are recognised on receipt at cost. They are subsequently measured at the lower of cost and net realisable value. The acquisition cost includes the costs directly attributable to the purchase in addition to the purchase price itself. The construction cost comprises all costs directly attributable to the construction process as well as overheads that have been incurred in order to bring the inventories to their current condition. The net realisable value represents the estimated sale price less all estimated costs until completion and costs of marketing, selling and distribution.

4.13 Other assets

Other assets that are not financial assets are presented at amortised cost. Identifiable default risks are considered through devaluation.

4.14 Cash and current deposits

The "Cash and current deposits" item comprises cash on hand, bank deposits and current deposits with an original term of less than 3 months. For the purposes of the consolidated cash flow statement, the cash and cash equivalents comprise the cash and current deposits defined above less current account overdrafts.

4.15 Provisions

Provisions are formed if there is a present legal or constructive obligation as a result of a past event that will probably lead to an outflow of resources and whose amount can be reliably estimated. The outflow of resources is to be regarded as probable if it is more likely than not.

The provisions are measured at the best estimate of the extent of the obligation. For individual risks, this amount is the respective most probable value. Provisions that do not lead to an outflow of resources in the subsequent year are reported on the liabilities side at the present value.

The recognition and measurement of provisions are reviewed and, where necessary, adjusted on each balance sheet date.

4.16 Taxes

Actual taxes

The actual tax refund claims and tax liabilities for current and earlier periods are measured at the amount at which a refund from the tax authorities or a payment to the tax authorities is expected. The amount is calculated on the basis of the tax rates and tax legislation prevailing on the balance sheet date in the countries in which the Group is active and realises taxable income.

Actual taxes relating to items that are posted directly in equity are recognised in equity rather than in the income statement. The management regularly assesses the tax situation with regard to whether an obligation exists under prevailing tax legislation. Tax provisions are recognised where necessary.

Deferred taxes

Deferred taxes are formed using the liability method on temporary differences existing on the balance sheet date between the recognised value of an asset or liability in the balance sheet and its value on the tax balance sheet.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of:

- deferred tax liabilities from the initial recognition of goodwill or of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affected neither the accounting profit nor the taxable profit;

- deferred tax liabilities from taxable temporary differences associated with investments in subsidiaries, associates and branches, and interests in joint ventures, if the time of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses brought forward and unused tax credits to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the unused tax losses brought forward and tax refunds can be utilised, with the exception of:

- deferred tax assets from deductible temporary differences arising from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affected neither the accounting profit nor the taxable profit;

- deferred tax assets from deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, if it is probable that the temporary differences will not reverse in the foreseeable future or there will be insufficient taxable profit available against which the temporary differences can be utilised.

The carrying amount of the deferred tax assets is reviewed on every balance sheet date and reduced in line with the extent to which it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be utilised at least in part. Unrecognised deferred tax assets are reviewed on every balance sheet date and recognised in line with the extent to which it has become probable that future taxable profit will allow the deferred tax asset to be realised.

Deferred tax assets and liabilities are measured using the tax rates that are expected to prevail in the period in which an asset is realised or a liability is settled. The tax rates (and tax laws) prevailing on the balance sheet date are applied. Future changes in tax rates are considered if material requirements for their effectiveness are met in the form of legislative procedures on the balance sheet date.

Deferred taxes relating to items that are not recognised in the income statement are recognised either in the other profit or directly in equity, depending on the underlying transaction.

Deferred tax assets and deferred tax liabilities are settled against each other if the Group has an enforceable claim to set off the actual tax refund claims against actual tax liabilities and these relate to income tax of the same taxable entity that is collected by the same tax authority.

The actual income tax is determined on the basis of the expected taxable income and recognised as a liability less payments in advance. If the payments in advance exceed this amount, the difference is carried as an asset.

4.17 Realisation of expense and revenue

Sales revenues from the sale of goods and products are recognised if the following conditions are met:

- the Group has transferred the substantial risks and rewards from ownership of the goods to the buyer;
- the amount of the sales revenues can be reliably determined;
- it is probable that the economic benefits from the transaction will flow to the Company; and
- the costs already incurred or still to be incurred in association with the sale could be reliably determined.

Revenue and income from the performance of services are recognised if the amount of the revenues and the costs associated with the performance of services and the degree of completion of the service on the balance sheet date can be reliably determined.

Operating expenses affect profit or loss when the service is utilised or at the time they are caused.

Interest income and expense is recognised on an accrual basis.

The Group is not in receipt of any government grants. The Group does not realise any earnings from fees or commission.

4.18 Stock option programmes

The obligations under stock option programmes are calculated in accordance with IFRS 2 using actuarial methods based on option price models. Share-based payment transactions providing for settlement through equity instruments are measured at the fair value at the time they are granted. The fair value of the obligation is recognised in instalments as personnel expense over the vesting period.

4.19 Contingent liabilities and contingent assets

Contingent liabilities are possible obligations that result from past events and whose existence is dependent on the occurrence or non-occurrence of one or more uncertain future events that are not fully under the control of the Group. The contingent liabilities also include present obligations that result from past events but were not recognised as provisions because an outflow of resources is not probable or the amount of the obligation cannot be estimated with sufficient reliability.

Contingent assets are possible assets that result from past events and whose existence is dependent on the occurrence or non-occurrence of one or more uncertain future events that are not fully under the control of the Group.

Contingent liabilities and contingent assets are in principle explained in the notes rather than being recognised in the balance sheet.

5 Substantive discretionary decisions, estimates and assumptions

Discretionary decisions

In preparing the consolidated financial statements, the management takes discretionary decisions and makes estimates and assumptions that have an effect on the amount of the income, expenses, assets and liabilities, and on the disclosure of contingent liabilities, reported at the end of the period under report. However, the uncertainty associated with these assumptions and estimates can give rise to results that require considerable adjustments in subsequent periods to the carrying amount of the relevant assets or liabilities. The management must exercise discretion in its application of the accounting policies in the following circumstances in particular:

- cases in which IFRS allow options for measurement;
- determination of the functional currency.

In applying the Group's accounting methods, the management has taken the following discretionary decisions that have a major bearing on the amounts shown in the consolidated financial statements:

Estimates and assumptions

Estimates and assumption are in particular required when

- determining the fair value of financial assets;
- determining the useful life of property, plant and equipment;
- assessing the need for, and the amount of, an unscheduled amortisation or impairment of financial assets;
- recognising and measuring the provisions; and
- investigating the possibility of realising deferred taxes on the assets side.

The assumptions underlying the estimates are subject to regular review in the Group. At the time the consolidated financial statements were prepared there was no anticipated change in the underlying assumptions and estimates, so that – as things stand – no substantive changes in the reported assets and liabilities in the 2010 financial year are expected. The most important forward-looking assumptions and other main sources of estimating uncertainties existing on the balance sheet date that give rise to a considerable risk that a substantive adjustment to the carrying amounts of assets and liabilities will be required within the next financial year are set out below.

Impairment of non-financial assets

An impairment exists if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is calculated on the basis of available data from binding sale agreements for similar assets in an arms-length transaction or observable market prices, adjusted for directly attributable costs for disposing of the asset. The value in use is calculated using a discounted cash flow method. The cash flows are derived from the medium-term plans; restructuring measures to which the Group is not yet committed and substantive future investment that will increase the earnings capacity of the tested cash-generating unit are not included. The recoverable amount depends heavily on the discounting rate used in the discounted cash flow method, the expected future cash inflows and the growth rates used for the purposes of extrapolation.

Share-based payments

The costs from the granting of equity instruments to employees are measured in the Group at the fair value of these equity instruments at the time they are granted. The fair value of share-based payments must be estimated using the most suitable valuation technique; this depends on the conditions under which they are granted. This estimate also requires the determination of suitable input parameters flowing into this valuation technique, including in particular the anticipated option term, volatility and dividend yield, as well as the corresponding assumptions. The assumptions and the techniques applied for estimating the fair value of share-based payments are set out in section 9.10.

Taxes

Uncertainties exist with regard to the interpretation of complex tax legislation and the amount and time of origin of future taxable profit. Given the breadth of international business relations and the long-term nature and complexity of existing contractual arrangements, it is possible that deviations between the actual results and the assumptions made or future changes in such assumptions will in the future require adjustments to already recognised tax income and tax expense. The Group forms provisions based on reasonable estimates for possible effects of external tax audits in the countries in which it is active.

The amount of such provisions depends on a variety of factors, such as experience from previous external tax audits and differing interpretations of the tax legislation by the tax-paying entity and the competent tax authority. Such differing interpretations can arise from a large number of varying circumstances, depending on the conditions prevailing in the country in which the relevant group entity is registered.

Deferred tax assets are recognised for all unused tax losses brought forward to the extent that it is probable that taxable income will be available so that the losses brought forward can actually be utilised. In determining the amount of the deferred tax assets that can be capitalised, the management must exercise a significant level of discretion with regard to the expected time of occurrence and the amount of the future taxable income as well as future tax-planning strategies.

The Group has tax losses brought forward of TEUR 21,584 (2008: TEUR 9,562). These are for subsidiaries with a history of losses. The losses brought forward do not lapse and cannot be settled against the taxable income of other companies within the Group. The subsidiaries have neither taxable temporary differences nor tax-structuring options that could lead in part to the recognition of deferred tax assets.

If the Group could not capitalise all non-considered deferred tax assets, the profit would rise by TEUR 5,465.

Further details of taxes are given in section 7.9.

Fair value of financial instruments

If the fair value of financial assets and financial liabilities reported in the balance sheet cannot be determined with the aid of data from an active market, it is calculated using valuation techniques, including the discounted cash flow method. The input parameters going into the model are, where possible, based on observable market data. If this is not possible, determination of the fair values is to a certain extent subject to discretion. The discretionary decisions relate to input parameters such as liquidity risk, credit risk and volatility. Changes in the assumptions concerning these factors could have an effect on the recognised fair value of the financial instruments.

The Group has entered into supply and purchase agreements for CO_2 certificates (CERs/VERs) under which the realisation of revenues from these contracts depends on the certificate prices and on the quantities issued. The defined CER/VER price for determining the fair value of the certificate supply and purchase agreements, known as Emission Reduction Purchase and Sales Agreements (“ERPAs”), is based on commercial and standard external terms. The ERPAs are measured at the fair value, having due consideration for current and anticipated future CER/VER prices.

For the purposes of determining the fair value, the management makes assumptions regarding the amount of the anticipated future cash flows from the project, the discount rates to be applied and the period over which the expected future benefits will inflow. The calculation is based on the following assumptions:

- Discount of 35% on the CO_2 certificates originally planned and the CO_2 certificates expected to be issued

- Discount rate of 16%

- The forward price was assumed at EUR 10/CER (for base assumption, see section 10.1) and is EUR 1.31/CER below the spot market price of EUR 11.31/CER (sensitivity 3, see section 10.1)

6 Segment reporting

For the purposes of corporate control, the Group is organised by products and services into business units and has the following three reporting business segments:

- In its Equity Investments division ecolutions initiates climate protection projects and invests in these projects through its regional subsidiaries. The investment projects are focused in the renewable energy generation sector, particular wind, solar, water power and electricity generation from the incineration of biomass and landfill gases. Investment is conducted by the regional companies of the ecolutions group together with institutional co-investors; ecolutions is striving to achieve a broader diversification of its portfolio of minority holdings.

- The Services division provides the services required for the registration of CO_2 certificates for the planned climate protection projects under the Clean Development Mechanism of the Kyoto Protocol (e.g. feasibility studies, the preparation of technical and financial project documentation, applications etc.). The associated services, e.g. the calculation of emissions (known as the carbon footprint) and engineering services for the biomass waste incineration and landfill gas capture sectors are performed by the regional companies.

- The Trading division is run primarily by ecolutions Trading GmbH, Frankfurt am Main, and, in addition to the distribution of the CO_2 certificates that were generated from the project portfolio of the regional companies, also includes the trade in CO_2 certificates from third-party projects.

No business segments were combined in order to form the above reporting segments.

The operating results of the business units are monitored separately by management for the purposes of reaching decisions on the allocation of resources and determining the earnings capacity of the units. The earnings capacity of the segments is assessed on the basis of the operating results. Determination of the operating results can to a certain extent differ from the consolidated financial statements (see following table). The consolidated financing (including financing expenses and income) and income taxes are controlled at group level and are not assigned to the individual business segments.

The intercompany prices between the business segments are determined on standard market terms on the arm's length principle.

Financial year to 31 December 2009	Trading	Services	Equity	Consolidation	Total
	EUR	EUR	EUR	EUR	EUR
Sales revenues					
Revenues from external customers	0.00	67,507.36	28,905.36	0.00	96,412.72
Revenues from transactions with other segments	0.00	233,282.00	0.00	-233,282.00	0.00
Total sales revenues	**0.00**	**300,789.36**	**28,905.36**	**-233,282.00**	**96,412.72**
Segment profit/loss	**-23,946.47**	**-3,837,459.64**	**-346,093.98**	**-98,008.00**	**-4,305,508.09**
Financing income					136,582.59
Result of fair valuation					-7,397,024.71
At equity valuation (section 3.2)					-1,216,753.84
Income tax					196,678.31
Consolidated annual net profit/loss					**-12,586,025.74**

Revenues from transactions with other segments are eliminated for consolidation purposes.

The profit or loss of the individual business segments does not include financing income (EUR 136,582.59), fair valuation of assets (EUR 7,397,024.71), at-equity valuation (EUR 1,216,753.84) and income tax (EUR 196,678.31).

	Trading	Services	Equity	Consolidation	Total
	EUR	EUR	EUR	EUR	EUR
Assets of the segment	12,058.09	38,305,866.36	3,610,660.90	-14,127,354.00	27,801,231.35

Other disclosures					
	EUR	EUR	EUR	EUR	EUR
Interests in associates	0.00	0.00	0.00	0.00	0.00
Investment	0.00	18,714.99	242.44	0.00	18,957.43

Financial year to 31 December 2008	Trading EUR	Services EUR	Equity EUR	Consolidation EUR	Total EUR
Sales revenues					
Revenues from external customers	252,397.92	468.00	0.00	0.00	252,865.92
Revenues from transactions with other segments	0.00	149,741.53	0.00	-149,741.53	0.00
Total sales revenues	**252,397.92**	**150,209.53**	**0.00**	**-149,741.53**	**252,865.92**
Segment profit/loss	**4,590.23**	**-2,944,524.46**	**-115,022.00**	**-31,227.58**	**-3,086,183.81**
Financing income					1,057,166.21
Result of fair valuation					-7,644.82
At equity valuation (section 3.2)					-3,400,000.00
Income tax					-3,341.00
Consolidated annual net profit/loss					**-5,440,003.42**

Revenues from transactions with other segments are eliminated for consolidation purposes.

The profit or loss of the individual business segment does not include financing income (EUR 1,057,166.21), financing expenses (EUR 7,644.82), the negative result of fair valuation (EUR 3,400,000.00) or income tax (EUR 3,341.00).

	Trading EUR	Services EUR	Equity EUR	Consolidation EUR	Summe EUR
Assets of the segment	**0.00**	**55,247,001.09**	**163,079.74**	**-15,409,683.77**	**40,000,397.06**

Other disclosures

	EUR	EUR	EUR	EUR	EUR
Interests in associates	0.00	0.00	1,216,753.84	0.00	1,216,753.84
Investment	0.00	40,565.88	14,869.14	0.00	55,435.02

Revenue from external customers

	2009 EUR	2008 EUR
China	28.905	10.334
India	67.507	0
Germany	0	242.532
Sum	**96.412**	**252.866**

Segement revenues are allocated according to the venue of the respective group entities.

In prior year revenue in amount of TEUR 243 was generated with one single customer in the trading segment.

Non current assets

	2009 EUR	2008 EUR
China	32.261	3.168.846
India	3.559.462	4.872.729
Germany	665.403	500.015
Sum	**4.257.126**	**8.541.590**

Non current assets include property, plant & equipment, prepayments (work in progress), investment in an associate and intangible assets.

7 Notes to the income statement

7.1 Revenues

Revenues in the financial year essentially stem from electricity sales of TEUR 29 and services rendered in the Clean Development Mechanism sector of TEUR 67. At TEUR 252, the revenues of the previous year comprised almost exclusively proceeds from the sale of emissions certificates.

7.2 Other operating income

The other income includes periodic income of TEUR 71 (previous year: TEUR 253), largely made up of turnover tax refunds in the previous year. A net gain of TEUR 88 from the disposal of the Aeolus I fund as part of the release of the NOMURA certificate.

7.3 Cost of materials

A TEUR 417, this item essentially comprises purchased services. In the previous year the expenses of TEUR 151 were largely associated with the sale of emissions certificates.

7.4 Personnel expenses

	2009	2008
	TEUR	TEUR
Wages and salaries	839	217
Social security charges	61	12
Stock option plans	0	34
	900	263

The social security charges relate in the main to expenses for statutory pension insurance.

The average number of employees in 2009 was 34 (previous year: 11). These are divided among the departments as follows:

	2009	2008
General Management and Business Development	4	7
Finance and Administration	9	2
Project Development	17	2
Trading	4	0
	34	11

7.5 Other operating expenses

	2009 TEUR	2008 TEUR
Activity and liability fee of the personally liable partner	967	1,048
Legal and consulting costs	613	817
Travel expenses	132	81
Advertising costs	220	101
Accounting and audit costs	244	281
Rentals and leases	121	46
Miscellaneous other expenses	771	814
	3,068	3,188

The auditor's fee pursuant to sec. 314 (1) no. 9 HGB is:

	2009 TEUR	2008 TEUR
Audit services	131	163
Other services	2	2
Total	**133**	**165**

The other expenses include periodic expenses of TEUR 93 (previous year: TEUR 39).

7.6 Research and development costs

The research and development costs associated with CDM projects and reported as expenses in the income statement during the financial year amount to TEUR 98 (previous year: TEUR 60).

7.7 Financial result

	IAS category*	2009	2008
		TEUR	TEUR
Exchange rate differences	-	**5**	**17**
Fair value of Emission Rights Purchase Agreements ("ERPAs")	FVtpl	160	0
Fair value of other financial assets (impairment)	L&R	-3,365	0
Transfer through profit and loss from equity of impairments on available-for-sale financial assets	AfS	0	-1,750
Recognition through profit and loss of impairments on available-for-sale financial assets	AfS	-4,192	-1,650
Result from fair valuation		**-7,397**	**-3,400**
Interest income from deposit account balances and current accounts	L&R	137	1,057
Total financial income		**137**	**1,057**
Interest expense from deposit account balances and current accounts	L&R	0	-8
Total financial expense		**0**	**-8**
Financial result		**-7,255**	**-2,334**

* AfS: Available-for-sale (financial assets)
* L&R: loans and receivables
* FVtpl: Fair value through profit or loss

The short-term time deposit investments cover different periods of between one day and three months, depending on the cash flow requirements of the Group at the time. They are subject to interest at the relevant interest rates for short-term deposits.

7.8 Income tax

Deferred tax of TEUR 280 (previous year: TEUR 0) was formed on the asset side for the corporation tax losses brought forward of TEUR 13,915 (previous year: TEUR 9,562) and trade tax losses brought forward of TEUR 11,305 (previous year: TEUR 6,695). Allowance was made in particular for the current uncertainty with regard to the time at which tax income will be realised in the current economic climate.

The key elements of the income tax expense for the 2009 and 2008 financial years are comprised as follows:

Consolidated income statement

	2009 TEUR	2008 TEUR
Actual income tax:		
Actual tax expense	32	3
Deferred income tax:		
Origin and reversal of temporary differences and valuation of tax losses brought forward	-229	0
Tax expense (income) reported in the consolidated income statement	-197	3

Other result

	2009 TEUR	2008 TEUR
Deferred taxes from items recognised directly in equity during the financial year:		
Net losses/gains from available-for-sale financial assets	-8	0
Income tax recognised directly in equity	**-8**	**0**

The tax reconciliation explains the relationship between the effective tax expense and the computed tax expense that is derived from the IFRS consolidated results for the year (before income tax) by applying the income tax rate of the parent company of 31.93% (previous year: 31.93%):

TEUR	2009	2008
IFRS earnings before income tax	-12,783	-5,437
Computed tax revenue (group tax rate)	4,082	1,736
Non-deductible expenses	28	12
Tax-free income	-1	-68
Differences from trade tax additions	156	169
Permanent differences	36	-190
Non-realisable losses brought forward	2,684	1,638
Deviation in tax rates	979	179
Other	3	-1
Effective income tax (original and deferred taxes)	197	-3
Group tax rate (as %)	-1.54%	0.06%

The deferred taxes are comprised as follows:

	Consolidated balance sheet		Consolidated income statement	
	2009 TEUR	2008 TEUR	2009 TEUR	2008 TEUR
Revaluation of available-for-sale financial assets at fair value	-8	0	0	0
Revaluation of derivative commodity futures (VERPAs and ERPAs)	-51	0	-51	0
Capitalised development costs	0	0	0	0
Tax loss deductions	280	0	280	0
Deferred tax expense / (income)			**229**	**0**
Deferred tax claim / (liability), net	**221**	**0**		
Reported in the balance sheet as follows:				
Deferred tax claim	280	0		
Deferred tax liability	-59	0		
Deferred tax claim, net	**221**	**0**		

	2009	**2008**
Reconciliation of the deferred tax liability recognised in equity, net		
As at 1 January	0	0
Tax revenue (expense) recognised in the reporting period	-8	0
As at 31 December	-8	0

8 Earnings per share

The figure for the basic earnings per share is calculated by dividing the earnings attributable to the holders of ordinary shares in the parent company by the weighted average number of ordinary shares in circulation during the year.

The figure for the diluted earnings per share is calculated by dividing the earnings attributable to the holders of ordinary shares in the parent company by the weighted average number of ordinary shares in circulation during the year and adding the weighted average number of ordinary shares that would arise from the conversion of all potential ordinary shares with diluting effect into ordinary shares.

The following table shows the amounts used as the basis for calculating the basic and diluted earnings per share:

	2009 TEUR	2008 TEUR
Earnings attributable to the owners of ordinary shares in the parent company used to calculate the basic earnings	-12,585	-5,440
Earnings attributable to the owners of ordinary shares in the parent company used to calculate the basic earnings, adjusted for the dilution effect	-12,585	-5,440

	2009	2008
Weighted average number of ordinary shares used to calculate the basic earnings per share	28,400,000	28,400,000
Dilution effect:		
Stock options	0	100,000
Weighted average number of ordinary shares, adjusted for the dilution effect	28,400,000	28,500,000

There were no further transactions with ordinary shares or potential ordinary shares in the period between the balance sheet date and preparation of the consolidated financial statements.

9 Notes to the balance sheet

9.1 Intangible assets

TEUR	2009			2008
	Software / licences	Development costs	Total	Software / licences
Historic costs at 01.01.	0	0	0	0
Change in the basis of consolidation	4	0	4	0
Additions	15	0	15	0
Historic costs at 31.12.	19	0	19	0
Cumulative depreciation at 01.01.	0	0	0	0
Change in the basis of consolidation	(2)	0	(2)	0
Depreciation	(3)	0	(3)	0
Cumulative depreciation at 31.12.	(5)	0	(5)	0
Carrying amount at 01.01.	**0**	**0**	**0**	**0**
Carrying amount at 31.12.	**14**	**0**	**14**	**0**

There were no indications of a need for unscheduled depreciation pursuant to IAS 36 for the intangible assets for the 2009 financial year.

9.2 Property, plant and equipment

TEUR	2009	2008
Historic cost at 01.01.	56	0
Change in the basis of consolidation	42	0
Effects from changes in exchange rates	5	0
Additions	0	56
Historic cost at 31.12.	103	56
Cumulative depreciation at 01.01.	(7)	0
Change in the basis of consolidation	(17)	0
Effects of changes in exchange rates	(1)	0
Scheduled depreciation	(14)	(7)
Unscheduled depreciation	(3)	0
Cumulative depreciation at 31.12.	(42)	(7)
Carrying amount at 01.01.	**49**	**0**
Carrying amount at 31.12.	**61**	**49**

This item includes office and business equipment as well as motor vehicles.

There were indications of a need for unscheduled depreciation pursuant to IAS 36 for the property, plant and equipment for the 2009 financial year. The Group has no restrictions on disposals or property, plant and equipment pledged as security for liabilities.

9.3 Other financial assets

	2009 TEUR	2008 TEUR
Other financial assets (including derivatives)		
Other financial assets		
Available-for-sale financial assets	**1,151**	**11,114**
Current	500	10,618
Non-current	651	496
Other financial assets	**3,696**	**6,780**
Current	164	0
Non-current	3,532	6,780
Derivative financial instruments		
Commodity futures (VERPAs/ERPAs)	**160**	**0**
Current	0	0
Non-current	160	0
Total other financial assets (including derivatives)	**5,007**	**17,894**
Total current	**664**	**10,618**
Total non-current	**4,343**	**7,276**

Available-for-sale financial assets

The Group holds securities of a listed stock corporation and units in a Carbon Asset Fund. The index certificate reported on the balance sheet last year, which comprised three Carbon Funds, was divided into individual assets in the 2009 financial year. Two of the three Carbon Funds have been sold. The remaining Carbon Asset Fund will be classified as available for sale and reported under current assets.

The fair value of the listed securities is determined by the market prices published on an active market. The fair value of the unlisted units in the Carbon Asset Fund was determined using methods in which all input parameters that have a substantive effect on the recognised fair value are either directly or indirectly observable on active markets. According to calculations by the management, the use of sufficiently possible alternatives as data that flow into the valuation process could lead to the fair value falling by TEUR 50 (2008: TEUR 0) on less favourable assumptions or rising by TEUR 50 (2008: TEUR 0) on more favourable assumptions.

Impairment of available-for-sale financial assets

On each balance sheet date, the Group determines for available-for-sale financial assets whether there is objective evidence that an asset or group of assets is impaired. In the case of equity instruments classified as available for sale, a significant or continuing decline in the fair value of the instrument to below its cost would constitute objective evidence. The decision on what is meant by “significant” or “continuing” is a discretionary one. In making this discretionary decision, the Group assesses – among other factors – price fluctuations in the past as well as the length of time in which and extent to which the fair value of a financial investment is below its cost.

Based on these criteria, the Company has identified an impairment of TEUR 4,192 in the Carbon Asset Fund; this has been recognised under financial expenses in the income statement (section 7.7). This is due to the performance of the Carbon Asset Fund, which is linked heavily to the movement of CO_2 certificate prices and the economic success of the projects.

The neutral change of TEUR 146 shown in the statement of changes in equity relates to the change in the fair value of listed securities and the resulting tax burden.

The following table shows the carrying amounts and fair values of all financial instruments recognised in the consolidated financial statements:

	Carrying amount		**Fair value**	
	2009	**2008**	**2009**	**2008**
	TEUR	**TEUR**	**TEUR**	**TEUR**
Financial assets				
Cash and cash equivalents	20.785	19.492	20.785	19.492
Term money (duration > 3 months)	164	0	164	0
Derivative commodity futures (VERPAs/ERPAs)	160	0	160	0
Available-for-sale financial assets	1.151	11.114	1.151	11.114
Trade accounts receivable and other assets	304	365	304	365
Tax receivables	351	980	351	980
Advance payments	4.532	6.780	4.532	6.780
	2009	**2008**	**2009**	**2008**
	TEUR	**TEUR**	**TEUR**	**TEUR**
Financial liabilities				
Trade accounts payable and other liabilities	136	300	136	300

The fair value of the financial assets and financial liabilities is reported at the amount at which the instrument concerned could be swapped between willing parties in a transaction at the present time (excluding forced sale and liquidation).

The methods and assumptions used to determine the fair values are as follows:

- Cash and current deposits, trade accounts receivable, trade accounts payable and other current liabilities approximate their carrying amount very closely, largely because of the short durations of these instruments.

- The fair value of the available-for-sale financial assets is, where available, determined on the basis of prices on active markets. In certain cases the fair value is determined using a recognised valuation method.

- The Group transacts derivative financial instruments with a variety of parties. Derivatives valued using a valuation method with input parameters observable on the market are primarily commodity futures for the purchase and delivery of CO_2 certificates. Among the most commonly applied valuation methods are the forward price and swap models using present value calculations. The models consider different variables, e.g. spot exchange and forward prices, yield curves and forward rates of the underlying CO_2 certificates.

Net gain or loss from financial assets and financial liabilities measured at fair value through profit and loss:

	2009 TEUR	2008 TEUR
Financial assets measured at fair value through profit and loss	-7,397	-3,400
Financial liabilities measured at fair value through profit and loss	0	0
Net gain	**-7,397**	**-3,400**

Hierarchy of fair values

On 31 December 2009 the Group held the following financial instruments measured at fair value:

The Group applies the following measurement hierarchy to determine and report fair values of financial instruments for each valuation method:

- Level 1: Listed (unadjusted) prices on active markets for similar assets and liabilities
- Level 2: Methods in which all input parameters that have a substantive effect on the recognised fair value are either directly or indirectly observable
- Level 3: Methods that use input parameters that have a substantive effect on the recognised fair value and are not based on observable market data

Assets measured at fair value

	31.12.2009	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit and loss				
Emission Rights Purchase Agreements (ERPAs)	160	0	160	0
Available-for-sale financial assets				
Shares	651	651	0	0
Carbon Asset Fund ("CAF")	500	0	0	500

In the period from 1 January to 31 December 2009 there were no reclassifications between measurements at fair value of level 1 and level 2 and no reclassifications to or from measurements at fair value of level 3.

9.4 Inventories

This item includes the emission certificates intended for sale in the ordinary course of business.

9.5 Accounts receivables and other assets

TEUR	IAS 39 category*	2009	2008
Trade accounts receivable, current	L&R	24	10
Financial assets, subtotal		24	10
Payments in advance for the purchase of property, plant and	-	1,000	3,124
Payments in advance for the purchase of subsidiaries	-	0	3,656
Income tax claims	-	351	388
Turnover tax claims	-	0	593
Other assets	-	280	354
Other assets, subtotal		1,631	8,115
		1,655	**8,125**
of which non-current		0	6,780
of which current		1,655	1,345

* L&R: loans and receivables

On the balance sheet date there was an obligation to purchase generators of TEUR 4,172, of which TEUR 3,082 had been paid in advance in the financial year. Due to a change in strategy by the management and withdrawal from biomass projects in China, the ordered generators are largely obsolete. For this reason write-downs of TEUR 2,322 were made on the fair value in the financial year.

The fair value of the financial assets corresponds almost entirely to the reported book values.

On 31 December 2009 trade accounts receivable and other assets were impaired in the nominal amount of TEUR 94 (2008: TEUR 10). The change in the adjustment account is as follows:

	Individual adjustment	Adjustment on portfolio basis	Total
	TEUR	TEUR	TEUR
As at 1 January 2008	0	0	0
Additions charged as expenses	70	0	70
Utilisation	0	0	0
Reversal	0	0	0
Accrued interest	0	0	0
As at 31 December 2008	70	0	70
Additions charged as expenses	0	0	0
Utilisation	0	0	0
Reversal	0	0	0
Accrued interest	0	0	0
As at 31 December 2009	**70**	**0**	**70**

On 31 December 2009 the maturity structure of the trade accounts receivable was as follows:

	Total	Neither overdue nor impaired	Overdue, but not impaired				
			< 30 days	30-60 days	60-90 days	90-120 days	> 120 days
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
2009	24	0	0	24	0	0	0
2008	10	10	0	0	0	0	0

9.6 Cash and cash equivalents

This item includes all cash on hand, readily accessible deposits in bank accounts and time deposits with a term of less than three months. The book value of these assets corresponds to their fair value.

The funds in the consolidated cash flow statement are stated in accordance with the above definition.

9.7 Subscribed capital and reserves

The subscribed capital is stated at the nominal amount. The Company has subscribed capital (share capital) of EUR 28,400,000.00, which is divided into 28,400,000.00 no-par value registered ordinary shares with a notional par value of EUR 1.00 each. The subscribed capital is fully paid up.

The personally liable partner was authorised by resolution of the general meeting of 7 March 2008 to increase the share capital of the Company, with the consent of the Supervisory Board, in partial amounts on one or more occasions in the period up to 28 February 2013 by up to a total of EUR 14,200,000.00 through the issuance of new no par value bearer shares against contributions in cash or in kind (Authorised Capital I).

The share capital of the Company has been contingently increased by up to EUR 400,000.00 through the issuance of up to 400,000 no par value bearer shares. The contingent capital increase will only be performed to the extent that subscription rights were issued pursuant to the 2007 stock option programme as provided for by resolution of the general meeting of 8 August 2007, the owners of the subscription rights exercise their option and the Company does not grant any treasury shares to meet the subscription rights.

The share capital of the Company was contingently increased by up to EUR 5,000,000.00 through the issuance of up to 5,000,000 new dividend-paying bearer shares granting dividend rights from commencement of the financial year of their issuance (Conditional Capital II). The contingent capital increase serves the granting of shares to the owners or creditors of convertible bonds that were issued by the Company from 7 March 2008 to 31 January 2010 pursuant to the authorisation of the general meeting. This conditional capital was recorded on the commercial register on 14 April 2008.

The share capital was further contingently increased by up to EUR 2,000,000.00 through the issuance of up to 2,000,000 no par value bearer shares (Conditional Capital III). The contingent capital increase will only be performed to the extent that owners of stock options that were issued by the Company from 25 August 2008 to 31 August 2011 on the basis of the authorisation of the general meeting, the owners of the subscription rights exercise their option and the Company does not grant any treasury shares to meet the subscription rights (2008 stock option programme). The personally liable partner is authorised, with the consent of the Supervisory Board, to determine the further details of the option terms and the issuance and form of the stock options.

The amendment to the articles of association of the Company decided by the general meeting of 7 March 2008 was recorded on the commercial register on 14 April 2008. The amendment to the articles of association of the Company decided by the general meeting of 25 August 2008 was recorded on the commercial register on 25 September 2008.

The capital reserve comprises the premium for the capital increase of TEUR 20,400 carried out in the 2007 financial year. The costs of TEUR 2,734 directly attributable to the capital increase were settled neutrally against the capital reserve. The compensations to be paid from the granting of stock options are also settled against the capital reserve.

The other reserves comprise the revaluation reserve for financial investment and the currency translation reserve.

The revaluation reserve for financial investments results from the revaluation of available-for-sale financial assets. If a revalued financial asset is impaired, that portion of the revaluation reserve applicable to it is reversed against the income statement. If available-for-sale financial assets are sold, the corresponding portion of the reserve is realised and recognised through profit and loss.

The reserve for currency differences is used to recognise differences from the translation of the financial statements of foreign subsidiaries. No amounts having an effect on profit and loss were taken from this reserve during the period under report.

The net loss includes the earnings achieved by the companies included in the consolidated financial statements.

9.8 Provisions

The reported provisions essentially concern provisions for accounting and audit costs and are all due within one year.

TEUR	2009	2008
As at 01.01.	306	45
Changes in the basis of consolidation	16	0
Effects from changes in exchange rates	7	0
Additions	755	302
Utilisation	-238	-40
Reversal	-32	-1
As at 31.12.	814	306

The provisions comprise in the main audit fees (TEUR 118, previous year: TEUR 223), outstanding invoices (TEUR 165, previous year: TEUR 83), current tax obligations (TEUR 230, previous year: TEUR 0) and operating obligations associated with the relinquishment and closure of the LOUDI biogas capture project LOUDI (TEUR 100, previous year: TEUR 0).

9.9 Liabilities

The trade accounts payable and other liabilities include the financial liabilities measured at amortised cost. These costs essentially correspond to the fair values. They are non-interest-bearing and are due within one year, except for TEUR 8 (previous year: TEUR 10). The Group has not granted any securities or guarantees for liabilities.

The personally liable partner (Altira Ecolutions Management GmbH, Frankfurt am Main) made a capital contribution of TEUR 50, which was not paid on the share capital.

9.10 Stock option programmes

In the 2007 financial year Ecolutions GmbH & Co. KGaA issued 100,000 stock options to members of the management as part of the 2007 stock option plan. In all, 400,000 stock options can be issued within this plan. The plan was classified as a share-based payment agreement providing for settlement through equity instruments. Cash settlement is precluded. There were no cancellations or changes to this plan in either the 2008 or the 2007 financial year. No further stock options were issued under this stock option plan in the 2008 financial year.

The options can only be exercised for as long as the beneficiary is in a non-terminated employment relationship with the Company or with an associate of the Company. Non-exercised options lapse with immediate effect if the employment with the Company ends, for whatever reason.

Non-exercised options lapse with immediate effect if the company in which the beneficiary is employed leaves the reporting entity of the Group as an associate through a sale or other measures.

The provisions set out above exclude options for which the respective waiting period has expired and options for which the waiting period expires in the year in which the employment relationship ends through passage of time or the company leaves the reporting entity of the Company. Such options may be exercised once within one year of departure.

The options lapse without compensation not later than seven years after the date of issue if they have not been exercised by the beneficiary by this date.

With the exception of the following vesting periods (“Vesting Periods”), the options may be exercised at any time after the waiting period has expired and the performance target has been reached:

- in the period from the 21st calendar day before a general meeting of the Company until the end of the day of the general meeting;
- in the period from the day on which the Company publishes an offer to its shareholders to subscribe to new shares in an obligatory stock exchange gazette or in the electronic Bundesanzeiger until the day on which the eligible shares of the Company can first be officially traded ex-rights on the Frankfurt stock exchange; and
- in the period from the 15th calendar day before publication of the quarterly results or annual results until publication of the quarterly results or annual results.

After the waiting period has expired, the options may only be exercised if, by the 31 December of the year preceding the year in which the beneficiary wishes to exercise his options ("Reference Date"), the maximum deviation from plan is 15% of the adjusted results (IFRS) in the respective tranche year (i.e. for the first tranche year 2007 is deemed to be the basis of the approved annual financial statements to 31 December 2007). The 100,000 stock options issued under the 2007 stock option plan lapsed in the 2009 financial year.

In the 2008 financial year the ordinary general meeting authorised the Supervisory Board and the personally liable partner of the parent company to establish a further stock option plan. Under the plan, a total of up to 2,000,000 stock options may be issued to members of the management and to selected managers of the personally liable partner, selected managers and other key personnel of Ecolutions GmbH & Co. KGaA and members of the management, selected managers and other key personnel of entities that are associated with Ecolutions or in which Ecolutions has an equity interest. The stock options cannot be exercised until after a Waiting Period of two years and thereafter within a period of three years, provided that the performance targets defined in the plan are met. The options were to be issued in three tranches in 2008, 2009 and 2010. In the 2008 and 2009 financial years the Supervisory Board did not make use of its power to establish the 2008 stock option plan.

The stock options issued so far from the 2007 stock option plan developed as follows in the 2009 financial year:

TEUR	2009	2008
Stock options outstanding at the start of the reporting period	100	100
Options granted in the reporting period	0	0
Options realised in the reporting period	0	0
Options exercised in the reporting period	0	0
Options lapsed in the reporting period	100	0
Options outstanding at the end of the reporting period	0	100
Options exercisable at the end of the reporting period	0	0

On 31 December 2009 the stock options had a weighted average residual term of 4.9 years (previous year: 5.9 years). The weighted average fair value of the options granted during the 2007 financial year was EUR 0.67. On 31 December 2009 the total value of the stock options issued and measured according to IFRS was TEUR 67.

The stock options were calculated on the basis of a binomial model. The following model parameters were applied in the valuation of tranche 1:

Share price on the measurement date (EUR)	2.50
Projected duration of the options (years)	2.00
Exercise price (EUR)	2.50
Projected dividend yield (years)	0.00%

Risk-free interest rate for the term	3.81%
Projected volatility for the term	43.52%

Given the lack of available stock prices, the share price on the measurement date was determined on the basis of the last available company valuation. The projected duration of the stock options was determined on the basis of the assessment of the management that the stock options will be exercised early. The management assumed on the day of granting the stock options that they would be exercised on the first possible date after expiry of the waiting period. The risk-free interest rate was determined from the yield curve for quoted Federal securities of the German Bundesbank that are calculated using the Svensson Method. As the lack of a stock market listing meant that the company did not have a quoted price for a long enough period to allow the volatility to be estimated, the future volatility during the projected term was calculated on the basis of appropriate historic volatilities of a peer group of comparable undertakings in the same industry.

As the management of Ecolutions does not expect any fluctuation during the vesting period and both beneficiaries are members of the management, the projected fluctuation of tranche 1 on 31 December 2007 was fixed at 0%. The projected fluctuation is adjusted to current expectations on every balance sheet date and the expense already recognised is corrected accordingly if there is any change in the fluctuation.

The stock options granted to date lapsed in their entirety in the 2009 financial year, before the end of the vesting period, and can no longer be exercised by the beneficiaries. The expense previously recorded in the period periods was therefore adjusted in the capital reserve on 31 December 2009 and the corresponding income recorded.

The Company accrued the following expense / (income) from the stock option programme:

TEUR	2009	2008
Periodic expense / (income) from share-based payment transactions	(36)	34
of which for share-based payment transactions providing for settlement through equity instruments	(36)	34

10 Financial risk management and capital management

10.1 Financial risk management

In its operative business activities the Group is exposed to a variety of financial risks: the market risk, the credit risk and the liquidity risk. The Group systematically identifies, measures and controls these risks through a risk management system. The results of the risk and opportunity analysis influence the strategic and operative decision processes in the organisation.

Market risk

The market risk describes the risk that the fair value of future cash flows from financial instruments will fluctuate as a result of changes in market prices. The market risk is comprised of the currency risk, the risk of an interest rate change and other market risks. Market risks stem in particular from changes in commodity prices, exchange rates, interest rates and share prices.

These risks are limited by systematic risk management and countered by hedging, among other methods. Group entities are also subject to stringent risk management. Internal guidelines lay down binding requirements on operational frameworks, responsibilities and controls.

The central risk management department of the Group has specified guidelines for commodities. These state that derivatives may be used to hedge against price risks and to increase margins.

The national, regional and global certificate market is exposed to political and regulatory risks. The general conditions and the regulations governing the certificate market have a significant bearing on the market prices of CO_2 certificates. Major changes in supply and demand lead to enormous fluctuation in the market prices of CO_2 certificates. The Group does not at present mitigate this risk. It is estimated that an increase of EUR 1 in the market price over the next few years would lead to the Group's CO_2 certificate portfolio being worth TEUR 50 more than on the balance sheet date. The derivative commodity futures were measured on the basis of the following assumptions:

	Price	Projected shortfall	Value in TEUR	
Base assumptions	**10€/CER**	**35%**	**160**	**Section 9.3**
Sensitivity 1	€9/CER	40%	102	
Sensitivity 2	€11/CER	30%	204	
Sensitivity 3	€11.31/CER	30%	215	

All derivative financial instruments are stated as assets or liabilities at their fair value. When interpreting the positive and negative fair values of derivative financial instruments, it should be borne in mind that – with the exception of the volume in commodity trading (proprietary trading) – these are normally associated with hedged items carrying compensating risks.

The duration of the commodity derivatives is governed by the duration of the underlying hedged items and is thus largely in the short to medium-term segment.

An interest rate risk, i.e. possible fluctuations in the value of a financial instrument due to changes in market interest rates, is a threat for medium and long-term liabilities in particular. As the Group has only current liabilities at present, it is not exposed to any substantial interest rate risks. Ecolutions can, nevertheless, be indirectly exposed to the risk of changes in interest rates if the certificates and investments acquired by Ecolutions are financed by debt. This was not the case on the balance sheet date, however. This indirect exposure is, though, extremely difficult to quantify.

Foreign currency risks arise if future business transactions, assets and liabilities reported on the balance sheet are stated in a currency that is not the functional currency of the Group. Because of its international activities, the Group is exposed to a foreign currency risk that stems primarily from changes in the rate of exchange between the euro and the Chinese yuan, Indian rupee and US dollar. The following table shows the sensitivity of the Group to a 1% rise or fall in the euro against the respective foreign currency. A positive figure means a rise in the net result for the year and in equity if the euro rises by 1% against the respective currency. If the euro falls by 1% against the respective currency, this has an equally large and opposite effect on the net result for the year and for equity, so that the items would be negative.

	2009 Exchange rate on 31.12.	Change in TEUR
CNY	0.10230	0
INR	0.01492	39
HKD	0.08998	0
US dollar	0.69770	0
SGD	0.49660	0
		39

If the euro had been 1% higher (lower) against these currencies on the balance sheet date, the earnings before tax and the equity would have been TEUR 39 higher (lower) (previous year: TEUR 44).

The Company has invested TEUR 500 in a Carbon Asset Fund with a geographical focus on China, India and African countries and a USD-denominated fund for Kyoto-compatible investments. Ecolutions can only have a slight influence on this indirect risk, which cannot be reliably measured in that regard.

The other market risks in the Group essentially concern the risk of fluctuations in the fair value of the financial investments. The market risk is due to the possibility that individual investments held by Ecolutions might perform below expectations, which could cause their fair value to fall and, in extreme cases, cause the holdings or investments to become worthless. If there is no active market for such investments, their liquidity or fungibility may be restricted. The market risks and opportunities for CO_2 investments are also determined to a large extent by international political developments and trends in the industry.

If the fair value of the available-for-sale financial assets on the balance sheet date were to rise (fall) by 10%, the value of the financial assets would rise (fall) by TEUR 115 (previous year: TEUR 1,111).

Credit risk

The credit risk is the risk of the Company incurring a financial loss due to a failure of the Company's counterparties to meet their financial obligations. Ecolutions counters the credit risk primarily by closely monitoring its business partners. Before taking on a new customer, the Group carries out a credit check to assess the credit rating of potential customers. A payment period of 21 days is usually granted for accounts receivable. There is no significant concentration of the credit risk. The management is accordingly satisfied that no risk provision beyond the impairments already recognised is required.

As far as can be identified, the Group is not exposed to any major default risks of a counterparty or a group of counterparties with similar characteristics. The default risk from liquid assets is low because the counterparties are banks with excellent credit ratings from international credit rating agencies and the investments are spread over five banks.

The maximum default risk of the Group corresponds to the carrying amount of the financial assets on the balance sheet date:

TEUR	2009	2008
Available for sale financial assets	1,151	11,114
Accounts receivable	24	10
Time deposits (term > 3 months)	164	0
Cash and cash equivalents	20,785	19,492
	22,124	30,616

Liquidity risk

The liquidity risk describes the risk that financial liabilities cannot be settled when they fall due. Ecolutions counters the liquidity risk in the main by flexible liquidity planning. In the financial year there were no delays in payment or breaches of contract by the Group. The contractual and non-discounted cash flows of the original financial liabilities are as follows:

TEUR	Carrying amount 31.12.2009	2009 Contractual cash flows	Cash flows 2010	2011	2012	2013	from 2013
Accounts receivable and other liabilities (inc. general partner capital)	186	186	136	0	0	0	50
	186	**186**	**136**	**0**	**0**	**0**	**50**

The issuance of CO_2 certificates is highly regulated by the Kyoto Protocol. As the majority of CO_2 certificates are delivered over the period 2008-2012, the Group attaches great importance to the analysis of liquidity risks in the annual issue periods of the CO_2 certificates.

The Group has implemented structured plans and procedures so that financial liabilities associated with CDM projects are settled promptly when due.

10.2 Capital risk management

The Group controls its capital with the aim of ensuring that its ability to service debt and its financial base remain secure in the future and that its enterprise value rises in the long term. This ensures that all entities in the Group can operate on a going-concern basis.

The managed capital of the Group consists of liabilities, cash and cash equivalents as well as equity. This is made up of the subscribed capital, the capital reserve, the other reserves and the net loss.

Ecolutions can control its capital structure by modifying dividends, capital reductions, issues of new units and the issuance of financial instruments classified as equity under IFRS. It strives to achieve a capital structure that is commensurate with the business risk. The indebtedness of individual companies in the Group is monitored using the ratio of net indebtedness (current liabilities less cash and cash equivalents) to equity. On the balance sheet date the current liabilities of the Group, amounting to TEUR 950 (previous year: TEUR 608), were fully covered by cash resources.

The parent company is subject to the legislation governing stock corporations. Compliance with these requirements is monitored on an ongoing basis. The requirements were met in the financial year.

11 Contingent claims, contingent liabilities and other financial obligations

The leases concluded by the Group are classified as operating leases, relate largely to leased office premises and are of unlimited duration. As in the previous year, there were no conditional rental payments. No options to buy have been agreed. The individual leases are of minor importance for the net assets, financial position and results of operations of the Group. The following minimum leasing payments will fall due in subsequent periods:

TEUR	31.12.2009	31.12.2008
Up to one year	41	34
Two to five years	80	46
More than five years	0	46
	121	**126**

Commitments to buy property, plant and equipment

On 31 December 2009 there were obligations to buy property, plant and equipment in the amount of TEUR 1,090 (2008: TEUR 2,331) associated with the purchase of the 14 generators (see section 9.5).

12 Related party disclosures

Parties related to Ecolutions include the management and senior employees, the Supervisory Board and close members of these parties.

Entities related to Ecolutions in addition to the shareholders include all consolidated subsidiaries and joint venture companies.

The personally liable partner, Altira Ecolutions Management GmbH, Frankfurt am Main (formerly Ecolutions Management GmbH) is the sole party authorised and obligated to manage the business. Altira Ecolutions Management GmbH is a wholly-owned subsidiary of Altira Aktiengesellschaft, Frankfurt am Main. Angermayer, Brumm & Lange Unternehmensgruppe GmbH, Frankfurt am Main, is the majority shareholder of Altira Aktiengesellschaft.

In addition to the limited liability shareholders, Altira Ecolutions Management GmbH as personally liable partner also has an interest in the net earnings of Ecolutions through its equity interest. The base amount for the share of the personally liable partner in the net annual profit is the net income/loss for the year under German law after deduction of the activity and liability fee accruing to the personally liable partner, before deduction of the profit share accruing to the personally liable partner and before deduction of any corporation tax and solidarity supplement. Of this base amount, if it is positive, the personally liable partner receives a share of 20%. If the equity interest has been reduced through losses, the profits of subsequent financial years that accrue the equity interest must be used to replenish the equity interest.

The managing directors of the general partner are:

- Mr Dietram Oppelt, Hanover, Chairman of the Board, Director Corporate Strategy and Development, Director Operations and head of the Trading division (until 26 November 2009)
- Ms Petra Leue-Bahns, Kriftel, Commercial Director, Director Financing, Controlling, Investor Relations and Corporate Governance; taking over sole management from 27 November 2009

The following are or were appointed to the Supervisory Board:

- Andreas Lange, Frankfurt am Main, member of the board of Altira AG, Chief Investment Officer - Chairman
- David Zimmer, Frankfurt am Main, member of the board of Altira AG, Chief Finance Officer, (from 10 November 2009)
- Dr. Hartmut Schüning, Hamburg, former Finance Director of Q-Cells AG, Vice-Chairman
- Dr. Friedrich Schneider, Krefeld, member of the board of Arcadis N.V.
- Arne Berg Lorenzen, Casablanca, Morocco, Executive Vice President Operations of Theolia S.A.
- Ralf Jungebloed, Hamburg, Managing Director of Mirolux Anlagenbau GmbH (until 3 November 2009)
- Vincent Vaultier, Marseille, France, Chief Financial Officer of Theolia S.A. (from 15 January 2009)

Theolia Emerging Markets S.A., Casablanca, Morocco, has a 35.21% interest in Ecolutions.

The extent of the business relations is set out in the following overview:

TEUR	Altira AG	Altira Ecolutions Management GmbH	Members of the Supervisory Board	Theolia Emerging Markets S.A.
Other expenses				
2009	110	967	48	0
2008	0	1,042	7	0
Non-current liabilities				
2009	0	50	0	0
2008	0	50	0	0
Current liabilities				
2009	100	5	43	0
2008	0	685	7	0

The emoluments of the Supervisory Board in the financial year came to TEUR 48 (previous year: TEUR 7).

No other business transactions (purchase or sales agreements, purchased or received services, loans or security granted or received, rental or lease payments paid or received) took place with other related parties or members of these parties or with other related entities in 2009.

All transactions with related parties are conducted on standard market terms. The outstanding items existing at the end of the financial year are not collateralised, are non-interest-bearing and are settled by payments.

13 Events after the balance sheet date

Redemption of the bank guarantee
In 2008 an advance payment of EUR 3.7 million was made to secure the rights to the Sautada wind farm project ("SPC Sautada", "eGEI"). This sum was fully protected by a bank guarantee. With the project not ultimately going forward, the bank guarantee was redeemed in May 2010 and was paid into the bank account of eGEI.

Consistent implementation of the solar strategy
Ecolutions was mandated to be the lead arranger charged with the arrangement, structuring and syndication of equity and outside capital for Germany's fifth-largest solar farm project, "Finow Tower". In February 2010 Ecolutions provided seed financing in the form of interim mezzanine equity funding to the sum of EUR 10.5 million. Ecolutions also provided consulting and other services in 2010 for procurement of the solar modules (for more details see "Significant events occurring after the balance sheet date" in the management report, Annex 6).

Foundation of ecolutions Solar GmbH
To group its business activities in the solar sector and realise the pipeline of German, Italian and French solar projects, ecolutions GmbH & Co. KgaA established a new subsidiary, ecolutions Solar GmbH, and the sub-subsidiaries ecolutions Solar Deutschland GmbH and ecolutions Solar Verwaltungs GmbH, each based in Frankfurt am Main (for more details see "Significant events occurring after the balance sheet date" in the management report, Annex 6).

Termination of the co-operation with Ruixin Limited

With landfill gas capture activities having been relinquished, Ecolutions terminated its co-operation with Ruixin Ltd., which arose from collaboration with the environmental institute of the Chinese province of Zheijang, by mutual agreement in January 2010 (for more details see “Significant events occurring after the balance sheet date” in the management report, Annex 6).

No further events of relevance for the consolidated financial statements had taken place by the time the financial statements were prepared.

Frankfurt am Main, 10 June 2010

The Management of Altira Ecolutions Management GmbH

signed Petra Leue-Bahns

Auditor's report

To Ecolutions GmbH & Co. KGaA, Frankfurt am Main

We have audited the consolidated financial statements prepared by Ecolutions GmbH & Co. KGaA, Frankfurt am Main -- comprising the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes -- and the group management report for the financial year from 1 January 2009 to 31 December 2009. Preparation of the consolidated financial statements and group management report in compliance with the IFRS as applicable in the EU and the supplementary regulations of German commercial law pursuant to sec. 315a (1) German Commercial Code (HGB) is the responsibility of the legal representatives of the company. It is our duty to express an opinion on the consolidated financial statements and group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements issued by the Institut der Wirtschaftsprüfer (IDW – Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements prepared in accordance with the applicable accounting regulations and the group management report are detected with reasonable certainty. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and group management report are examined primarily on a test basis within the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the definition of the reporting entity, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not give rise to any objections.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRS as applicable in the EU and the supplementary regulations of German commercial law pursuant to sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these regulations. The group management report is consistent with the consolidated financial statements, offers a fair view of the position of the group overall and pertinently presents the risks and opportunities of future development.

Frankfurt am Main, 10 June 2010

KPMG AG
Public Accountants

ecolutions GmbH & Co. KGaA

Supervisory Board

Supervisory Board Report to the Annual General Meeting 2010

In the 2009 financial year, the Supervisory Board of ecolutions GmbH Co. & KGaA performed its duties according to the legal and statutory rules and supervised the Management with the required diligence. The members of the Supervisory have been continuously informed within and outside the scheduled meetings on a regular basis about the current business operations, earnings, financial position and risk situation. The Supervisory Board was involved in determining the Company's strategy policies and was included in decision-making as required by law and statute.

The Supervisory Board held five regular meetings in the 2009 financial year. Apart from meetings, the Supervisory Board held several telephone conferences and individual members advised the Management as experts on specific matters. The Company's present and future business profile was a matter of the consultation as well. At its meetings on 23 September 2009 and 16 December 2009 the extension of the business activities into the sector of the development of and investments in solar pv plants in Germany and Europe. Concurrently, exiting the activities in landfill and bio mass projects was discussed.

At the meeting on 23 September 2009, market potential and strategic business development in India was also discussed. At the meeting on 16 December 2009, the first solar project, the FinowTower Park of 25 Megawatt was presented and the preliminary budget for the 2010 financial year was approved. The meeting on 09 Februar 2010 was held exclusively for the purpose of the Company's strategic and business profile include the consideration of short-term and mid-/long-term objectives, business segments, activities in respect to the different countries and of the project pipeline. At its meeting on 16 March 2010, the Supervisory Board discussed in detail the preliminary figures of the financial statement and the group financal statement, the short-term and mid-term financial planning of the Company, the report on the current business activities, in particular on the solar segment in Europe. At its meeting on 23 June 2010, the Supervisory Board discussed and approved the financial statement and the group financial statement validating the business profile and strategy to the present successful implementation, the further modification of the business model with respect to market conditions and the agenda for the Annual General Meeting. The Supervisory Board further approved several proposed investments.

Exercising its nomination right pursuant to the Articles of Association, on 03 November 2009 Altira Aktiengesellschaft recalled its nominated member of the Supervisory Board, Ralf Jungebloed and replaced him by David Zimmer. Also on 03 November 2009 Theolia Emerging Markets exercising its nomination right pursuant to the Articles of Association recalled Vincent Vautier and nominated Marc van't Noorende as new member of the Supervisory Board.

KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, was appointed and approved as auditor for the 2009 financial year by the Annual General Meeting on 31 August 2009 and audited the financial statement, the group financial statement, the management report and the group management report and issued an unqualified certificate.

The Supervisory Board examined the audited financial statement and the group financial statement as well as the management report and the group management report. The result of the examination revealed no findings or objection. The Supervisory Board approved the financial statement and the group financial statement and proposed presenting the financial statement to the Annual General Meeting for adoption.

The Supervisory Board thanks the Managing Directors and employees of the General Partner and the Company for their commitment and dedication in the challenging market conditions of 2009.

Frankfurt am Main, 14 July 2010

Andreas Lange
Vorsitzender des Aufsichtsrats