

Consolidated Financial Statements 2010 (IFRS)

Group Report

Supervisory Board Report



Ecolutions GmbH & Co. KGaA

Consolidated Balance Sheet as of 31 December 2010

	Notes		31.12.2010	31.12.2009
A S S E T S		TEUR	TEUR	TEUR
Noncurrent assets				
Intangible assets	(9.1)	10		14
Property, plant and equipment	(9.2)	65		61
Available-for sale financial assets	(9.3)	456		651
Other financial assets	(9.3)	0		3.532
Commodities futures	(9.3)	360		160
Deferred tax assets	(7.8)	<u>280</u>		<u>280</u>
Total noncurrent assets			<u>1.171</u>	<u>4.698</u>
Current assets				
Solar parks	(9.5)	15.362		0
Available-for sale financial assets	(9.3)	500		500
Trade receivables	(9.4)	7.848		24
Income tax receivables	(9.4)	51		351
Other current assets	(9.4)	6.155		1.280
Time deposits	(9.3)	0		164
Cash and cash equivalents	(9.6)	<u>12.966</u>		<u>20.785</u>
Total current assets			<u>42.882</u>	<u>23.104</u>
Total assets			<u>44.053</u>	<u>27.802</u>

	Notes	TEUR	31.12.2010 TEUR	31.12.2009 TEUR
Equity				
Share capital	(9.7)	28.400		28.400
Capital reserve	(9.7)	17.666		17.666
Other reserves	(9.7)	-443		-627
Loss carried forward	(9.7)	<u>-17.738</u>		<u>-18.699</u>
Equity attributable to the equity holders of the parent			27.885	26.740
Non-controlling interest			0	3
Total equity			<u>27.885</u>	<u>26.743</u>
Noncurrent liabilities				
Deferred tax liabilities	(7.8)	74		59
Shares of general partner	(9.10)	<u>50</u>		<u>50</u>
Total noncurrent liabilities			<u>124</u>	<u>109</u>
Current liabilities				
Provisions	(9.8)	627		814
Liabilities to banks	(9.9)	13.465		0
Trade payables	(9.10)	1.919		53
Other current liabilities	(9.10)	<u>33</u>		<u>83</u>
Total current liabilities			<u>16.044</u>	<u>950</u>
Total liabilities			<u>16.168</u>	<u>1.059</u>
Total equity & liabilities			<u>44.053</u>	<u>27.802</u>

Ecolutions GmbH & Co. KGaA
Consolidated Income Statement
for the period from 1 January to 31 December 2010

	Notes	2010 TEUR	<i>adjusted*</i> 2009 TEUR
Revenues	(7.1)	31.749	96
Other operating income	(7.2)	317	173
Cost of materials	(7.3)	-26.078	-569
Personnel expenses	(7.4)	-1.022	-900
Amortisation of intangible assets and depreciation of property, plant and equipment		-19	-38
Other operating expenses	(7.5)	-3.427	-3.068
Operating result		1.520	-4.306
Fair value remeasurement	(7.7)	-40	-7.397
Financial income	(7.7)	229	137
Financial expense	(7.7)	-527	0
Financial result		-338	-7.260
Sub-total		1.182	-11.566
Result from at-equity valuation of associates	(3.2)	0	-1.217
Result before taxes		1.182	-12.783
Income tax expense	(7.8)	-222	197
Net result for the year		960	-12.586
attributable to:			
Non-controlling interests		0	-1
Consolidated result attributable to the limited shareholders of the Company		960	-12.585
Average number of shares (basic/diluted)	(8)	28.400.000 28.400.000	28.400.000 28.400.000
Earnings per share (basic/diluted)			
basic, relating to profit attributable to shareholders of the parent company		0,03	-0,44
diluted, relating to profit attributable to shareholders of the parent company		0,03	-0,44
Earnings per share for continuing operations			
basic, relating to profit attributable to shareholders of the parent company		0,03	-0,44
diluted, relating to profit attributable to shareholders of the parent company		0,03	-0,44

* Certain amounts presented are different from those shown in the consolidated financial statements for the 2009 financial year due to adjustments made (see Note 1)

Consolidated Statement of Comprehensive Income
Ecolutions GmbH & Co. KGaA
for the period from 1 January to 31 December 2010

	01.01.2010 - 31.12.2010 TEUR	01.01.2009 - 31.12.2009 TEUR
Net result for the year	960	-12.586
Net gain (loss) on the sale of available-for- sale financial assets	-195	154
Income tax	0	-8
	-195	146
Currency translation on foreign operations	379	-116
Other comprehensive income for the year, net of tax	184	30
Total comprehensive income, net of tax	1.144	-12.556
Attributable to:		
Shareholders of the parent company	1.144	-12.555
Non-controlling interests	0	-1
	1.144	-12.556

Ecolutions GmbH & Co. KGaA
Consolidated Statement of Cash Flows
for the financial year 2010

		01.01.2010 - 31.12.2010	01.01.2009 - 31.12.2009
	Notes	TEUR	TEUR
Consolidated net profit (loss) for the year		960	-12.586
Interest and taxes recognised in the income statement		520	-334
Fair value remeasurement	7.7	40	7.397
Depreciation on property, plant and equipment	9.1 / 9.2	19	38
Other non-cash income / expenses		0	-118
Share of associates profits	3.2	0	20
Impairment write-down of shares in associates	3.2	0	1.197
Increase (-) in inventories, trade receivables, and other assets that are not associated with investing or financing activities		-23.671	-576
Decrease (-) / increase in provisions, trade payables and other that are not associated with investing or financing activitiesliabilities		1.665	542
Interest received	7.7	229	137
Interest paid	7.7	-527	0
Income taxes paid		-82	-32
Cash flows used in operating activities		-20.847	-4.315
Proceeds from the sale of available-for-sale financial assets		0	6.013
Redemption of a guarantee from a supplier		3.532	0
Acquisiton of a subsidiary, less acquired cash and cash equivalents	3.1	0	-66
Payments for investments in property, plant and equipment	9.1 / 9.2	-27	-19
Issuance of short-term loans		-13.879	0
Repayment of short-term loans		10.629	0
Cash flows from investing activities		255	5.928
Proceeds on loans taken up		13.465	0
Cash flows from financing activities		13.465	0
Change in cash funds from cash-relevant transations		-7.127	1.613
Change in cash funds due to consolidation		-915	30
Change in cash funds due to exchange rates		223	-350
Cash funds (=cash and cash equivalents) as of 01.01.		20.785	19.492
Cash funds (=cash and cash equivalents) as of 31.12.		12.966	20.785

Ecolutions GmbH & Co. KGaA
Consolidated Statement of Changes in Equity
for the financial year 2010

	Share capital TEUR (Note 9.6)	Capital reserve TEUR (Note 9.6)
Balance, 1 January 2010	28.400	17.666
Changes in valuation of available-for-sale financial assets (Note 7.7)	0	0
Difference from the translation of financial statements of foreign operations	0	0
Gains and losses recognized directly in income	0	0
Result for the year	0	0
Total comprehensive income for the year	0	0
Acquisition of non-controlling interests (Note 3.1)	0	0
Balance, 31 December 2010	28.400	17.666

	Share capital TEUR (Note 9.6)	Capital reserve TEUR (Note 9.6)
Balance, 1 January 2009	28.400	17.702
Changes in valuation of available-for-sale financial assets (Note 7.7)	0	0
Difference from the translation of financial statements of foreign operations	0	0
Gains and losses recognized directly in income	0	0
Result for the year	0	0
Total comprehensive income for the year	0	0
Share-based compensation	0	-36
Acquisition of non-controlling interests (Note 3.1)	0	0
Balance, 31 December 2009	28.400	17.666

Translation reserve TEUR (Note 9.6)	Revaluation reserve TEUR (Note 9.6)	Loss carried forward TEUR	Total TEUR	Non- controlling interest TEUR	Total equity TEUR
-130	-497	-18.699	26.740	3	26.743
0	-195	0	-195	0	-195
379	0	0	379	0	379
379	-195	0	184	0	184
0	0	960	960	0	960
379	-195	960	1.144	0	1.144
0	0	0	0	-3	-3
249	-692	-17.738	27.885	0	27.885

Translation reserve TEUR (Note 9.6)	Revaluation reserve TEUR (Note 9.6)	Loss carried forward TEUR	Total TEUR	Non- controlling interest TEUR	Total equity TEUR
-14	-643	-6.113	39.332	0	39.332
0	146	0	146	0	146
-116	0	0	-116	0	-116
-116	146	0	30	0	30
0	0	-12.585	-12.585	-1	-12.586
-116	146	-12.585	-12.555	-1	-12.556
0	0	0	-36	0	-36
0	0	0	0	4	4
			0		
-130	-497	-18.699	26.740	3	26.743



Notes to the Consolidated Financial Statements

of ecolutions GmbH & Co. KGaA (IFRS)

for the year ended 31 December 2010

1. General disclosures

ecolutions GmbH & Co. KGaA (referred to below as “ecolutions” or “the Company”) has its registered office in Grüneburgweg 18 in Frankfurt am Main, Germany. The business activities of ecolutions consist of the worldwide investment in projects and companies that contribute directly or indirectly to climate protection or that can profit directly or indirectly from climate change. The primary activities of the Company and its subsidiaries (the “Group”) are described in Note 6.

The exchange differences (+TEUR 42; prior year: -TEUR 5) shown as separate position shown within the financial result in the prior year’s financial statements are presented in the consolidated financial statements either as exchange gains within other operating income or as exchange losses within other operating expenses, since exchange gains and losses relate to the operations of the Company, and this results in a more transparent presentation.

2. Accounting policies

2.1 Basis for preparation of the consolidated financial statements

Declaration of conformity with IFRS

In the consolidated financial statements of ecolutions as of 31 December 2010, the applicable binding International Financial Reporting Standards (IFRS) – as adopted by the European Commission for application in the EU –, as well as the interpretations of the of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) have been observed. The preparation of these consolidated financial statements according to international standards was performed voluntarily in accordance with Art. 315a Abs. 3 of the German Commercial Code (HGB).

Principles of consolidation

Principles of consolidation beginning 1 January 2010

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries as of 31 December 2010.

Subsidiaries are fully consolidated from the date of acquisition, i.e., from the time the Group obtains control. Consolidation is terminated as soon as control through the Group no longer exists. The financial

statements of the subsidiaries are prepared under application of uniform accounting policies and for the same reporting period as that of the parent company.

All intra-group balances, income and expenses, as well as unrealized income and expenses and dividends from intra-group transactions are entirely eliminated.

A change in the investment amount in a subsidiary that does not result in loss of control is recognized as an equity transaction.

Losses are assigned to non-controlling interests even when this results in a negative balance of non-controlling interests in equity.

If the parent company loses control over a subsidiary, the parent

- derecognizes the assets (including goodwill) and the liabilities of the subsidiary,
- derecognizes the carrying amount of all non-controlling interests in the former subsidiary,
- derecognizes the cumulative translation adjustments recorded to equity,
- recognizes the fair value of the consideration received,
- recognizes the fair value of the remaining investment,
- recognizes the gain or loss in the income statement,
- reclassifies to profit or loss any balance in comprehensive income that relates to the parent company.

Principles of consolidation prior to 1 January 2010

In comparison to the requirements described above, which have been applied in the reporting period on a prospective basis, differing principles of consolidation were applicable in past, as follows:

- The acquisition of shares without control is recognized according to the so-called parent-entity extension method. Under this method, the difference between the acquisition price and the carrying amount of the proportionally acquired net assets is recognized as goodwill.
- Losses were assigned to non-controlling interests until their balance amounts to zero. The excess losses were assigned to the parent company except in cases where the non-controlling interests had the obligation to compensate for the losses.
- Upon loss of control, the group recognized the remaining investment in the amount of the related portion of net assets at the time of loss of control.

2.2 New and amended Standards and Interpretations

The recognition and measurement methods applied generally represent the methods applied in the prior year, with the following exceptions:

New or amended IFRS with relevance for the Company that were applied at 1 January 2010:

IFRS 3 "Business Combinations"

IAS 27 "Consolidated and Separate Financial Statements"

IAS 39 "Financial Instruments: Recognition and Measurement: Eligible Hedged Items"

"Improvements to IFRS 2009"

"Improvements to IFRS 2010"

IFRS 3 "Business Combinations"

The revision of IFRS 3 deals with the following issues: In connection with business combinations achieved in stages, the shares already held are remeasured to fair value at the date of acquisition. With regard to the valuation of non-controlling interests, an option was introduced to apply either the purchased goodwill method or the full goodwill method: As an alternative to the method existing up until now of recognizing non-controlling interests at the proportional share of net assets, they can also be recognized at fair value, i.e., with the share of goodwill that is attributable to the non-controlling interests. Furthermore, acquisition-related costs are to be entirely recognized as expense. The changes were prospectively applied and have no significant effect on the presentation of the consolidated financial statements.

IAS 27 "Consolidated and Separate Financial Statements"

The new provisions of IAS 27 provide that the changes in the amount of holding in a fully consolidated company that do not result in loss of control are to be treated as transactions between shareholders without income statement effect. Accordingly, these transactions do not lead to either the recognition of goodwill or to the recognition of disposal gains or losses. For sales of shares that lead to the loss of control, the remaining shares are to be remeasured at fair value through the income statement and cumulative other comprehensive income recorded in equity relating the shares is to be recognized in profit or loss or in retained earnings. In addition, losses attributable to the non-controlling interests are to be assigned in their full amount to the non-controlling interests even if a negative carrying amount results. The changes were applied prospectively and have no significant effect on the presentation of the consolidated financial statements. As a result of the revision of IAS 27, consequential amendments were made to further standards. IAS 21 "The Effects of Changes in Foreign Exchange Rates" were revised in such a manner that the translation differences recognized without income statement effect are to be recognized in profit and loss upon disposal or (partial) sale of foreign operations. The amendments to IAS 28 "Investments in Associates" and IAS 1 "Investments in Joint Ventures" require that the remaining shares in connection with the sale of shares that lead to loss of control or joint control are to be revalued through the income statement.

IAS 39 “Financial Instruments: Recognition and Measurement: Eligible Hedged Items”

The changes to IAS 39 clarify how the principles contained in IAS 39 relating to the treatment of hedging relationships are to be applied to the designation of a one-sided risk in a hedged item and the designation of inflation risks as hedged items. It is clarified that it is permitted to designate only a portion of the change in fair value or cash flow fluctuations of a financial instrument as a hedged transaction. There were no significant effects resulting from the application of the changes.

“Improvements to IFRS 2009”

The second improvements standard, which was issued in connection with the annual update, includes improvements to ten standards and two interpretations, primarily to eliminate inconsistencies and to clarify wording. No significant effects resulted from the application of the changes.

“Improvements to IFRS 2010”

The provisions of the third improvements standard, which are to be applied already in the 2010 financial year, clarify that the consequential amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”, IAS 28 “Investments in Associates” and IAS 31 “Interests in Joint Ventures” as a result of the revision of IAS 27 “Consolidated and Separate Financial Statements” are to be applied on a prospective basis. No significant effects resulted from the application of the changes.

The other changes that are to be mandatorily applied for the first time in reporting periods beginning on or after 1 January 2010 have no effect on the consolidated financial statements of the Company.

2.3 IFRS issued but not yet applied

Standards that were published up to the date of the issuance of the consolidated financial statements but were not yet required to be applied are mentioned below. This list relates to issued standards and interpretations which the Group reasonably foresees a future application. The Group intends to apply the standards when they become effective.

Changes to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”

The change to IFRS 1 was issued in January 2010 and is to be first applied for reporting periods beginning on or after 1 June 2010. The revision permits first-time IFRS adopters to take advantage of the transition provisions of the revised IFRS 7 “Improving Disclosures about Financial Instruments” issued in March 2009. These provisions provide an exemption, in the first year of application, from the requirement to make mandatory disclosures of comparative information in the notes.

IAS 24 “Related Party Disclosures (revised)”

The revised standard is to be applied for reporting periods beginning on or after 1 January 2011. As a result of the change, the definition of related party entities and individuals is clarified in order to simplify determining such relationships and to eliminate inconsistency in application. The amended standard introduces a partial exemption from the disclosure requirement for government-related entities. The Group expects no effects on the net assets, financial position or results of operations. Early adoption is permitted both for the exemption provisions for government-related entities and for the entire standard.

IAS 32 “Financial Instruments: Presentation – Classification of Rights Issues”

The revised IAS 32 is to be applied for reporting periods beginning on or after 1 February 2010. The revised standard changes the definition of a financial liability to the effect that rights issues (and certain options or warrants) are to be classified as equity instruments if such rights provide for the purchase of a fixed number of equity instruments of the entity at a fixed amount in any currency and the entity and the entity offers them pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

IFRS 9 Financial Instruments: “Classification and Measurement”

In its issued version, IFRS 9 reflects the first phase of the IASB project to replace IAS 9 and deals with the classification and measurement of financial assets as defined in IAS 39. The standard is to be applied for reporting periods beginning on or after 1 January 2013. In a further phase, the IASB will address financial liabilities, hedging relationships and derecognition. The application of the first phase of IFRS 9 will have effects on the classification and measurement of financial assets of the Group. In order to present a comprehensive picture of potential effects, the Group will first quantify the effects in connection with the other phases, as soon as these are issued.

IFRIC 14 “Prepayments of a Minimum Funding Requirement (revised)”

The revised IFRIC 14 is to be applied for reporting periods beginning on or after 1 January 2011, on a retroactive basis. The revision includes guidelines for the determination of the recoverable amount of a net pension asset. The revision permits the company to treat prepayments of a minimum funding requirement as an asset. No effect is expected on the consolidated financial statements from the revision.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”

IFRIC 19 is to be applied for reporting periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to extinguish financial liabilities are to be classified as consideration paid. The issued equity instruments are measured at their fair value. If their fair value cannot be reliably measured, then the measurement is to be based on the fair value of the financial liability extinguished. Gains and losses are recognized immediately in profit or loss. The application of this interpretation will not have any effect on the consolidated financial statements.

“Amendment to IAS 12 Deferred Taxes: Recovery of Underlying Assets”

The amendment to IAS 12 was issued in December 2010 and is to be first applied in reporting periods beginning on or after 1 January 2012. The change provides that deferred tax assets and deferred tax liabilities for certain assets are based on the assumption that the carrying amount of such assets will be fully realised through their sale.

“Amendment to IFRS 1 Severe Hyperinflation and Elimination of Fixed Transition Dates for First-time Adopters”

The amendment to IFRS 1 was issued in December 2010 and is to be first applied in reporting periods beginning on or after 1 July 2011. The revision eliminates fixed transition dates for derecognition and the rules for recognition of a gain or loss at the acquisition date in accordance with IFRS and replaces these with the transition date to IFRS. The amendment further clarifies how the recognition under IFRS is resumed after a period in which the entity could not comply with IFRS due to a functional currency having severe inflation.

“Amendment to IFRS 7 – Disclosures on Transfers of Financial Assets”

The amendment to IFRS 7 was issued in October 2010 and is to be first applied in reporting periods beginning on or after 1 July 2011. The amendment sets forth extensive new qualitative and quantitative disclosures regarding transferred financial assets that were not derecognized and with respect to existing ongoing commitments as of the reporting date in connection with transferred financial assets.

IFRS 10 “Consolidated Financial Statements”

IFRS 10 was issued in May 2011 and is to be first applied in reporting periods beginning on or after 1 January 2013. IFRS 10 creates a uniform definition for the term “control” and thereby a uniform basis for the existence of a parent/subsidiary relationship and, with this, a binding definition of the group of consolidated companies. The new standard replaces the previously relevant IAS 27 (2008) “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation – Special Purpose Entities”.

IFRS 11 “Joint Arrangements”

IFRS 11 was issued in May 2011 and is to be first applied in reporting periods beginning on or after 1 January 2013. IFRS 11 governs the accounting for situations in which an entity exercises joint control over a joint venture or a joint operation. The standard replaces IAS 31 “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”, which previously contained the relevant rules for questions relating to the accounting for joint ventures. The most important change in IFRS 11 compared to IAS 31 is the elimination of proportional consolidation for joint ventures: In the future, joint ventures are always to be accounted for under the equity method.

IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 was issued in May 2011 and is to be first applied in reporting periods beginning on or after 1 January 2013. The disclosures in the notes to the consolidated financial statements regarding an entity’s involvement with other entities and joint arrangements result from IFRS 12.

IFRS 13 “Fair Value Measurement”

IFRS 13 was issued in May 2011 and is to be first applied in reporting periods beginning on or after 1 January 2013. IFRS 13 describes how fair value is to be determined and expands the disclosures on fair value.

As of the reporting date, IFRS 9, IFRS 10, IFRS 11, IFRS 12, IFRS 13, as well as the changes to IFRS 1 “Severe Hyperinflation and Elimination of Fixed Transition Dates for First-time Adopters”, IFRS 7 and IAS 12 were not yet recognized by the EU Commission in connection with the endorsement procedure. The future application of the standards and interpretations is not expected to have any significant effect on the net assets, financial position or results of operations of the Group. The Group intends to apply the IFRS as of their effective date if the respective recognition has occurred in connection with the endorsement procedure.

3. Consolidated companies and consolidation methods

3.1 Subsidiaries

The consolidated financial statements comprise the financial statements of ecolutions GmbH & Co. KGaA and its subsidiaries as of 31 December 2010. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies and in which the Group normally has a share of the voting rights in excess of 50%.

The capital consolidation is carried out by eliminating the acquisition cost against Group portion of the remeasured equity of the consolidated subsidiaries at the date of acquisition of the shares or at the date of the first consolidation. The identifiable assets, liabilities and contingent liabilities of the subsidiaries are recognized, regardless of the amount of non-controlling interest, at their full fair value. In the case of each acquisition, a separately exercisable option exists to value the non-controlling interests at fair value or at the proportional amount of net assets. Acquisition-related costs are recognized as expense. In connection with business combinations achieved in stages, shares already held are remeasured with the remeasurement amount recognized in profit and loss. Conditional consideration is recognized at the acquisition date at fair value, and measured in subsequent periods at fair value. Goodwill arising upon the initial consolidation is recognized as an asset and subjected annually to an impairment test according to IFRS 3/IAS 36. Amounts of negative goodwill are recognized directly after the acquisition in profit or loss. Upon deconsolidation, the remaining carrying amount of goodwill is considered in the determination of the gain or loss on disposal.

Changes in the ownership interest that do not lead to loss of control are treated as transactions between shareholders, without profit or loss effect. These transactions do not result in either the recognition of goodwill or the realization of gains or losses on the sale of shareholdings. In connection with sales of shares that lead to a loss of control, the remaining shares are remeasured, and amounts recorded in cumulative other comprehensive income are recognized in profit or loss.

Losses that are attributable to non-controlling interests are assigned in their full amount to non-controlling interests, even if this results in a negative carrying amount.

As in the prior year, in the consolidated financial statements for the 2010 financial year the following companies are fully consolidated in addition to the parent company:

Nr.		Capital share			Curr- ency WE	Equity (IFRS) as of 31 December 2010		Result (IFRS) 2010	
		direct %	indirekt %	held by no.		T-WE	T-EUR	T-WE	T-EUR
1	Ecolutions GmbH & Co. KGaA, Frankfurt am Main, Germany	100			EUR	26,864	26,864	-1,911	-1,911
2	Ecolutions New Energy Investment Co., Ltd., Hong Kong, People's Republic of China	100		1	EUR	-7,014	-7,014	-863	-863
3	Ecolutions Pte. Ltd., Singapore, Singapore	100		1	EUR	-777	-777	-574	-574
4	Ecolutions Trading GmbH, Frankfurt am Main, Germany	100		1	EUR	74	74	-36	-36
5	Ecolutions Solar GmbH, Frankfurt am Main, Germany	100		1	EUR	684	684	659	659
6	Ecolutions New Energy Investment (Asia) Co., Ltd., Hong Kong, People's Republic of China		100	2	EUR	829	829	1,052	1,052
7	Loudi Zhonghan-Ecolutions New Energy Co., Ltd., Loudi, People's Republic of China		100	2	CNY	-165	-19	1,051	117
8	Eudora Investments Pte. Ltd., Singapore, Singapore		100	3	EUR	0	0	0	0
9	Ecolutions Solar Deutschland GmbH, Frankfurt am Main, Germany		100	5	EUR	25	25	0	0
10	Ecolutions Solar Verwaltungs GmbH, Frankfurt am Main, Germany		100	5	EUR	24	24	-1	-1
11	esolare 1 S.R.L., Rome, Italy		100	5	EUR	10	10	0	0
12	esolare 2 S.R.L., Rome, Italy		100	5	EUR	10	10	0	0
13	esolare 3 S.R.L., Rome, Italy		100	5	EUR	10	10	0	0
14	ecocomplete BV, Amsterdam, Netherlands		100	5	EUR	-4	-4	-22	-22
15	Ecolutions Carbon India Pvt. Ltd, Mumbai, Republic of India		100	3 (99.00%)/ 2 (1.00%)	INR	9,359	152	6,161	102
16	Ecolutions Green Energy India Pvt. Ltd, Mumbai, Republic of India		100	6 (99.96%)/ 3 (0.04%)	INR	233,658	3,853	-1,308	-22
17	Solarpark Richelbach II GmbH & Co. KG, Reussenkoege, Germany		100	5	EUR	2,195	2,195	-216	-216

The subsidiaries were either founded by the Group or acquired at the time they were established. As a result, the acquisition costs generally represent the proportional equity. Accordingly, no goodwill arose upon the initial consolidation of these companies.

Acquisitions and sales of companies in 2010

Acquisition/sale of is-solarinvestra Laudenbach GmbH & Co. KG („LDB“)

On 14 May 2010, ecolutions Solar Deutschland GmbH, Frankfurt am Main, (“eSOLD”) acquired 100.0% of the shares in is_solarinvestra Laudenbach GmbH & Co. KG (“LDB”). The object of the company is the construction, administration, use, operation and exploitation of photovoltaic systems. This pertains to

an outdoor array with a total output of 11 MW. The limited partner's shares were acquired at the nominal value of EUR 500.00 shortly after the formation of the company. Management had already decided at the time of the acquisition to develop, plan, structure and finance the solar power plant Laudenschbach/Himmelstadt. In addition, at the time of the acquisition management had already resolved a plan to sell the developed solar park to an investor within twelve months and initiated an active search for a buyer. At the time of the acquisition a complete purchase price allocation was carried out. The fair values of the identifiable assets and liabilities of LDB were equal to each other.

	Fair value	Carrying amount
TEUR		
Property, plant and equipment	139	139
Liabilities	138	138
Total identifiable net assets at the fair value	1	1
Non-controlling interests at fair value	0	
Total consideration	1	
Cash costs	1	
Acquisition costs:		
Purchase price	1	
	1	
Payment of purchase price	(1)	
Actual net cash outflow	(1)	

Subsequently, eSOLD provided the acquired solar photovoltaic company LBD with additional partnership capital in the amount of TEUR 3,786, which served as interim financing during the construction phase. The connection to the power supply network was successfully established on 30 June 2010.

Effective 31 December 2010, eSOLD sold the limited shares in LBD to an institutional solar fund. With respect to the revenue recognition we refer to Notes 7.1 and 7.3.

Acquisition of solar park Richelbach II GmbH & Co. KG ("RI")

On 7 December 2010, ecolutions Solar Deutschland GmbH, Frankfurt am Main, purchased 100.0% of the shares in the solar park Richelbach II GmbH & Co. KG ("RI"). The object of the company is the construction, administration, use, operation and exploitation of photovoltaic systems. This pertains to an outdoor array with a total output of 5.7 MW.

Shortly after the formation of the company, the limited shares were acquired at their nominal value in the amount of EUR 1,000.00. Management had already decided at the time of the acquisition to develop, plan, structure and finance the solar power plant RI. At the time of the acquisition management had already resolved a plan to sell the developed solar park to an investor within twelve months and initiated an active search for a buyer. At the time of the acquisition a complete purchase price allocation was carried out. The fair values of the identifiable assets and liabilities of RI were equal to each other.

At the time of the acquisition a complete purchase price allocation was carried out. The fair values of the identifiable assets and liabilities of RI were equal to each other.

	Fair value	Carrying amount
TEUR		
Solar Park	9.331	9.261
Receivables and other assets	1.714	1.714
Liabilities	11.044	11.044
Total identifiable net assets at the fair value	1	(69)
Non-controlling interests at fair value	0	
Total consideration	1	
Cash-related acquisition costs	1	
Acquisition costs:		
Purchase price	1	
	1	
Payment of purchase price	(1)	
Actual net cash outflow	(1)	

Subsequently, eSOLD provided the acquired solar photovoltaic company RI with additional partnership capital in the amount of TEUR 2,410, which served as interim financing during the construction phase. The connection to the power supply network was successfully established on 23 December 2010. The application to the German Federal Network Agency was submitted on 30 December 2010. As of the balance sheet date the solar park is shown under inventories (Note 9.5)

Acquisitions of companies in 2009

Acquisition of ecolutions Carbon India Pvt Ltd., Mumbai, India ("eIND")

On 29 August 2009, ecolutions Pte Ltd., Singapore, Singapore, acquired 99.0% of the shares in eIND, a non-listed company registered in India, which worked for the Group in the previous business segment "Services" (see Note 6).

The fair values of identifiable assets and liabilities of eIND at the date of acquisition were as follows:

	Fair value	Carrying amount
TEUR		
Property, plant and equipment	27	27
Receivables and other assets	113	113
Cash and cash equivalents	3	3
	<u>143</u>	<u>143</u>
Liabilities	<u>73</u>	<u>73</u>
Total identifiable net assets at the fair value	70	70
Non-controlling interests at fair value	<u>1</u>	
Total consideration	69	
Cash-related acquisition costs	69	
Acquisition costs:		
Purchase price	69	
Direct costs relating to the acquisition	0	
	<u>69</u>	
Cash acquired	3	
Payment of purchase price	<u>(69)</u>	
Actual net cash outflow	<u>(66)</u>	

The fair value of trade receivables amounts to TEUR 113. No amount of the trade receivables was written down, and the entire contractually agreed amount is expected to be collectible.

No goodwill resulted from the acquisition. No contingent liabilities were determined as of the acquisition date.

The fair value of the non-controlling shares in eIND was estimated using a discounted earnings procedure. Since eIND is a non-listed company, there was no market information available.

Since the acquisition date IND has contributed TEUR 65 to revenues and -TEUR 27 to the period result before taxes of the Group. If the business combination had occurred at the beginning of the year, the effect would have been TEUR 65 on revenues and -TEUR 64 on the consolidated result.

Acquisition of ecolutions Green Energy India Pvt. Ltd., Mumbai, India ("eGEI")

On 2 March 2009, ecolutions New Energy Investment (Asia) Co., Ltd., Hong Kong, China, acquired 99.96% of the shares in eGEI a non-listed company registered in India, which worked for the Group in the previous business segment "Equity" (see Note 6).

The fair values of identifiable assets and liabilities of eGEI at the date of acquisition were as follows:

	Fair value	Carrying amount
TEUR		
Advance payments for property, plant and equipment	3.695	3.695
Receivables and other assets	1	0
	<u>3.696</u>	<u>3.695</u>
Liabilities	0	0
	<u>0</u>	<u>0</u>
Total identifiable net assets at the fair value	3.696	3.695
	<u>1</u>	
Total consideration	3.695	
	<u>3.695</u>	
Cash-related acquisition costs	3.695	
Acquisition costs:		
Purchase price	3.696	
Direct costs relating to the acquisition	0	
	<u>3.696</u>	
Cash acquired	1	
Payment of purchase price	(3.696)	
Actual net cash outflow	<u>(3.695)</u>	

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

No goodwill resulted from the acquisition. No contingent liabilities were determined as of the acquisition date.

The fair value of the non-controlling shares in eGEI was estimated using a discounted earnings procedure. Since eGEI is a non-listed company, there was no market information available.

Since the acquisition date eGEI has contributed TEUR 0 to revenues and -TEUR 10 to the period result before taxes of the Group. If the business combination had occurred at the beginning of the year, the effect would have been TEUR 0 on revenues and -TEUR 10 on the consolidated result.

3.2 Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Group accounts for its shares in the joint venture by exercising the option under IAS 31.38 and applying the equity method.

According to the equity method, all shares in a joint venture are recognized in the balance sheet at their acquisition cost plus subsequent changes in the Group's share of net assets of the associate. The goodwill associated with the joint venture is included in the carrying amount of the investment and neither amortised on a scheduled basis or subject to a separate impairment test.

The income statement contains the Group's share of the periodic result of the joint venture. Changes recorded by the joint venture directly in equity are recognized by the Group in the amount of its share and presented in the consolidated statement of changes in equity. Unrealised profits and losses on

transactions between the Group and the joint venture are eliminated in proportion to the investment share in the joint venture.

The share of the income of a joint venture is shown in the income statement. This pertains to the profit attributable to the shareholders of the joint venture and therefore to profit after taxes and non-controlling interests in subsidiaries of the joint venture.

The financial statements of the joint venture are prepared as of the same date as the financial statements of the parent company. If required, adjustments are made to conform to uniform Group accounting policies.

In applying the equity method the Group determines whether it is necessary to recognize an additional write-down for the Group's investment in joint ventures. The Group determines at each reporting date if objective indications exist of a potential impairment of the investment in a joint venture. In such an event, the difference between the recoverable amount of the investment in the joint venture and the carrying amount of the investment is recognized as an impairment loss through the income statement.

In the event of loss of significant influence or the loss of joint management, the Group measures all shares that it holds in the former joint venture at fair value. Amounts of differences between the carrying amount of the investment in the joint venture at the date of loss of significant influence or the loss of joint management and the fair value of the shares held, as well as sales proceeds, are recognized in the income statement.

On July 31, 2008, ecolutions New Energy Investment Co. acquired 49% of the voting shares of TURBOATOM-TPS PROJECTS Ltd., New Delhi, Republic of India.

In the 2009 financial year, in addition to the annual result of -TEUR 20, an impairment loss in the amount of TEUR 1,197 was recognized in accordance with IAS 28.31a ff. The valuation result for SPC Turboatom amounted to -TEUR 1,217 in the prior year. In the 2010 financial year there was no financial information available at the time of preparation of the financial statements. The carrying amount of the investment in SPC Turboatom remains unchanged at TEUR 0.

After the 31 December 2010 balance sheet date ecolutions has not invested in any additional joint ventures.

3.3 Currency translation

The consolidated financial statements are prepared in euro, the functional and presentation currency of the Group. Each company within the Group determines its own functional currency.

If the functional currency of the foreign subsidiary is other than the functional currency of the Group, the financial statements are translated into euro as follows: Equity positions are translated at historical rates and assets and liabilities are translated the rate as of the balance sheet date. The translation of expense and income items of these subsidiaries is carried out at average rates. Resulting currency translation differences are recognized in a separate position in equity without profit or loss effect until de-consolidation of the subsidiary. A goodwill amount arising upon the acquisition of a foreign operation as well as adjustments to fair value are treated as assets or liabilities of the foreign subsidiary and are translated at the rate as of the balance sheet date. For joint ventures accounted for under the equity method the translation is carried out in an analogue manner.

The following exchange rates were applied for the translation of the subsidiaries:

Currency	Country	Rate on balance sheet date 31 December 2010	Average rate in 2010
1 CNY	People's Republic of China	0.11145	0.11166
1 INR	Republic of India	0.01665	0,01651

If the functional currency of the foreign subsidiary is the euro, transactions in a foreign currency are translated at the exchange rate at the date of the transaction. Monetary balances in a foreign currency are recognized at the average exchange rate as of the balance sheet date. The foreign currency gains and losses resulting from the translation are recognized in profit or loss.

4. Accounting policies

The consolidated financial statements are generally prepared by applying the acquisition cost principle. Excluded from this are available-for-sale financial assets and commodity futures transactions, which are measured at fair value. Assets and liabilities, where remaining terms are longer than one year are classified as current and noncurrent.

4.1 Intangible assets

Purchased intangible assets are valued in the consolidated financial statements at acquisition cost.

Intangible assets that were not acquired in connection with a business combination are measured at the time of addition at acquisition cost. In addition to the purchase price, the acquisition costs also comprise the direct acquisition-related costs.

The acquisition costs of intangible assets acquired in connection with business combinations represent their fair value at the date of acquisition.

Intangible assets with a definite useful life are amortized on a scheduled basis over their economic useful life. The useful life is determined by the period in which the intangible asset provides an economic benefit for the Group, whereby useful lives of two to five years are assumed. Amortization is determined, depending upon the asset group, on a straight-line basis, an accelerated basis or a performance-related method. The useful life and amortization method are reviewed at each balance sheet date.

Research and development expenses

Research expenses are recognised as expense in the period in which they are incurred. Development expenses in connection with individual projects are only recognized as intangible assets when the Group can demonstrate the following:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- how the intangible asset will generate future economic benefits;
- the availability of resources for the purpose of completing the asset;
- the ability to reliably determine the expenditure attributable to the intangible asset during its development.

Subsequent to their initial recognition, the development expenses are accounted for by applying the acquisition cost model, i.e., at acquisition cost less accumulated amortization and accumulated write-downs. Amortisation commences with completion of the development stage and from the point in time when the asset is ready for use. Amortisation is carried out over the period in which a future benefit is expected and recognised in amortisation and depreciation. During the development phase an impairment test is performed on an annual basis.

The Group makes advance payments to third parties outside of the Group, normally owners of CDM projects or their CDM consultants, for the validation, registration, verification and issuance of CO₂ certificates. Sales contracts, so-called "Emission Reduction Purchase Agreements" are entered into with the project owners for the purchase of CO₂ certificates (CERs and VERs) to be issued in the future.

The development expenses taken over represent a portion of the consideration for the CO₂ certificates to be delivered by the project company. The development expenses taken over are closely related to the favourable purchase terms for the CO₂ certificates and are shown under other assets until the delivery of the CO₂ certificates. Capitalized development expenses are valued at acquisition cost less scheduled amortization and impairment write-downs. Scheduled amortization is based on performance, i.e., it is determined by the progression of the issued CO₂ certificates (CERs and VERs). In the opinion of the Group, this method best reflects the progression of the use of the future economic benefits of the asset.

In cases where the advance payments are reimbursed, the claim for reimbursement is recognised as an other asset if the general recognition criteria are fulfilled.

4.2 Property, plant and equipment

Property, plant and equipment in the Group are recognized at acquisition or production cost less cumulative scheduled depreciation and cumulative impairment write-downs. In addition to the purchase price, the acquisition costs also comprise the direct acquisition-related costs. Production costs include all costs that are directly attributable to the production process, as well as overhead costs, that have been incurred to place the assets in their current condition.

Scheduled straight-line depreciation is based on useful lives of three to five years. Property, plant and equipment are derecognized upon their disposal or when an economic benefit is no longer expected from the use or the sale of the recognized asset. Gains or losses on the derecognition of the asset are

determined as the difference between the net sales proceeds and the carrying amount of the asset and are recognized through the income statement in the period when the asset is derecognized.

Residual values, useful lives and depreciation methods of the assets are reviewed at the end the financial year and prospectively adjusted, if required.

4.3 Impairment write-downs of non-financial assets

At every balance sheet date the carrying amount of property, plant and equipment and on intangible assets is reviewed for recoverability if indications of impairment exist.

If such indications exist, the recoverable amount of the asset is estimated to determine the amount of a potential impairment loss.

The recoverable amount is higher amount of the fair value less costs to dispose and the value in use. To determine the value in use, the estimated future cash flows are discounted with the current market interest rate that reflects the risks specific to the asset to determine the present value. If the estimated recoverable amount of an asset is less than the carrying amount, the carrying amount is written down to the recoverable amount.

The impairment loss is immediately recognized in profit or loss.

If the reason for the impairment loss no longer exists, a reversal of the impairment write-down is recognized up to the carrying amount that would have existed if there had been no impairment write-down. If write-downs were previously recognized relating to goodwill or other intangible assets with indefinite useful lives, no reversal of the write-down takes place in later periods if the reason for the impairment no longer exists.

4.4 Financial assets

Initial recognition

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

Financial assets are measured at fair value upon initial recognition. In the case of financial investments that are not classified as at fair value through profit and loss, transaction costs are also considered that are directly attributable to the acquisition of the assets.

Purchases or sales of financial assets that provide for the delivery of assets within a time period and which are determined by rules or conventions of the respective markets (normal purchases) are recognized on the trading date, i.e., on the date the Group incurs the obligation to buy or sell the asset.

Financial assets of the Group comprise currency and short-term investments, trade receivables, loan receivables and other receivables, quoted and non-quoted financial instruments, as well as derivative financial instruments.

Subsequent measurement

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

At fair value through profit or loss

The Group holds no financial assets measured at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not quoted on an active market. Such financial assets are measured at amortised cost under application the effective interest method. Gains and losses are recognized in the consolidated income statement when the loans and receivables are derecognized or written down and in connection with amortisation.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets which are classified as available for sale if they are not classified in one of the two categories above. Subsequent to their initial measurement, available-for-sale financial assets are measured at fair value. Unrealised gains or losses are recognized directly in equity. When such an asset is derecognized, the cumulative gains or losses that were previously recorded directly in equity are recognized in profit or loss. If such an asset is written down due to impairment, the cumulative loss that was previously recorded directly in equity is recognized in profit or loss.

4.5 Financial liabilities

Initial recognition

Financial liabilities as defined by IAS 39 are classified either as financial liabilities measured at fair value through profit or loss, as loans or as derivatives that are designated as hedging instruments and are effective as such. The Group determines the classification of its financial assets upon the initial recognition.

Financial liabilities are measured at fair value upon their initial recognition; in the case of loans this also includes directly attributable transaction costs.

Financial liabilities of the Group comprise trade payables and other liabilities, overdrafts, loans, financial guarantees and derivative financial instruments.

Loans

Subsequent to the initial recognition, interest-bearing loans are measured at amortized cost applying the effective interest method.

Gains and losses are recognized in profit or loss if the liability is derecognized and in connection with amortisation.

Financial guarantees

Financial guarantees granted by the Group are contracts that require payment that compensates the guaranteed party and arise because a certain debtor does not meet its payment obligations in accordance with the terms of a financial instrument. Financial guarantees are measured at fair value upon their initial recognition as liability, less transaction costs that are directly related with the granting of the guarantee. The liability is subsequently measured at the best possible estimate of the expense required to settle the current obligation or at the higher recognized amount less accumulated amortization.

4.6 Netting of financial instruments

Financial assets and liabilities are to be netted, and only then to be netted, with the net amount to be shown in the balance sheet when the right currently exists to offset amounts and it is intended to settle on a net basis or concurrently with the realization of respective asset the related liability will be settled.

4.7 Fair value of financial instruments

The fair value of financial instruments that are traded on organized financial markets is determined by the market price (bid price) at the balance sheet date. The fair value of finance instruments for which no active market exists are determined by applying valuation methods. Valuation methods include the application of the most recent transaction between knowledgeable, willing and independent parties, comparison with the current fair value of other financial instruments that are substantially identical, the application of discounted cash flow methods and other valuation models.

4.8 Amortised cost of financial instruments

Amortised cost is calculated by applying the effective interest method, less any impairment and repayments or reductions. The calculation takes into consideration all discounts and premiums in connection with the purchase, as well as transaction costs and fees included that are an integral part of the effective interest rate.

4.9 Impairment of financial assets

The Group determines at each balance sheet date whether there is objective evidence that indicates that an impairment of a financial asset or group of financial assets exists. A financial asset or a group of financial assets is considered impaired, 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 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. Evidence of an impairment could exist if there are indications that the creditor or a creditors is encountering significant financial difficulties, there is a default or delinquency in interest or principle payments, it is probable that the borrower will enter bankruptcy or other financial reorganization, and if there is observable data indicating that there is a measurable decrease in the estimated cash flows, such as changes in the payment status or economic conditions that correlate with defaults.

Outstanding customer receivables

With respect receivables from customers measured at amortised cost it is initially determined, whether objective evidence of impairment exists in connection with financial assets individually which seen by themselves are significant, and individually or collectively in connection with financial assets that seen by themselves are not significant. If the Group determines that in connection with an individually investigated financial asset, whether or not it is significant, there is no objective evidence that an impairment exists, the asset is combined in a group of financial assets with comparable credit risk profiles and the group is investigated for impairment on a collective basis. Assets which are investigated individually and for which an allowance is first recognized or continues to be recognized, are not included in the collective impairment evaluation.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated cash flows (excluding future credit losses that have not been incurred). The carrying amount of the asset is reduced through the use of an allowance account and impairment is recognised in profit or loss. Based on the original effective interest rate, interest income continues to be recognized on the remaining carrying amount. Receivables, together with the related valuation allowance are derecognized if they are determined to be uncollectable and all security has been claimed and utilized. If the amount of the impairment loss increases or decreases, the previously recognised impairment loss is increased or decreased through an adjustment to the allowance account. If a derecognized receivable is subsequently determined to be collectable due to an event that occurs after the derecognition, the respective amount is directly recognized in profit or loss.

The present value of the estimated future cash flows is discounted with the original effective interest rate the financial asset. If a loan is issued with a variable interest rate, the interest rate applied to measure the impairment loss represents the currently effective interest rate.

Available-for-sale financial assets

For available-for-sale financial assets the Group determines as of each balance sheet date whether objective evidence indicates that an impairment of an asset or group of assets exists.

In connection with available-for-sale financial assets, objective evidence would be represented by a significant or continuing decrease in the fair value of the instrument below its acquisition cost. If evidence exists for an impairment, the cumulative loss, which results from the difference between the acquisition cost and the current fair value less any previously impairment loss recorded in profit or loss, is removed from equity and recognized in profit or loss. Allowances for equity instruments are not reversed through profit and loss; an increase in the fair value after the impairment loss is recognized directly in equity.

In connection with the determination of the impairment of debt instruments classified as available-for-sale, the same criteria are applied as in the case of financial assets measured at amortised cost. Based on the original effective interest rate, interest continues to be recognized on the written-down carrying amount of the asset and is presented in "financial income". If the fair value of a debt instrument increases in a subsequent reporting period and the increase can be objectively related to an event after the impairment loss was recognised in profit or loss, the amount of the reversal is recognised in profit or loss.

4.10 Derecognition of financial instruments

Financial assets

A financial asset (or a portion of a financial asset or a portion of a group of similar financial assets) is derecognized if one the following conditions is met:

- The contractual rights to the cash flows from the financial asset expire.
- The Group transfers its contractual rights to receive the cash flows of the financial asset to a third party or takes over a contractual obligation for immediate payment of the cash flows to a third party in connection with an agreement that meets the conditions in IAS 39.19 (pass through agreement) and thereby either (a) substantially transfers substantially all the risks and rewards of ownership of the financial asset or (b) neither transfers nor retains substantially all the risks and rewards of ownership, however transfers the control over the asset.

Financial liabilities

A financial liability is derecognized if the obligation underlying the liability is discharged, cancelled or expired.

If an existing financial liability is exchanged with a different financial liability of the same lender with substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or change is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the individual carrying amounts is recognized in profit or loss.

4.11 Derivative financial instruments and accounting for hedging relationships

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as interest rate swaps, to hedge interest rate risks. These derivative instruments are recognized at fair value at the time a contract is entered into and are remeasured at fair value in subsequent periods. Derivative financial instruments are presented as financial liabilities when their fair value is negative.

Gains or losses from changes in the fair value of derivative financial instruments during the financial year which do not meet the criteria to be accounted for as hedging relationships and the ineffective portion of effective hedging instruments are immediately recognized in profit or loss.

The fair value of interest rate swap contracts is determined in reference to the market value of similar instruments.

For the purpose of accounting for hedging relationships, hedging instruments are classified:

- as a fair value hedge if it relates to a hedge of the exposure to changes in the fair value of a recognised asset or liability or an unrecognized firm commitment (except for exchange rate risks);
or
- as a cash flow hedge if it relates to a hedge of the exposure to variability in cash flows that is attributable to a recognized asset, to recognized liability or to a risk related to highly probable forecast transaction or to the exchange risk of an unrecognized fixed commitment;

or

- as a hedge of a net investment in a foreign operation.

At the inception of the hedge, both the hedging relationship and as the Group's risk management objective and strategy regarding the hedge are formally designated and documented. The documentation includes identification of the hedging instrument, the hedged item or transaction and the nature of the risk being hedged and how the entity will assess the hedged instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedging relationships are assessed as to their achieving the offsetting of the risks from changes in the fair value or the cash flows as being highly effective. In this respect, they are assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting period for which the hedge was designated.

No financial liabilities measured at fair value through profit or loss exist in the group. The Group has issued no combined financial instruments with so-called multiple embedded derivatives, which contain both a liability and an equity component.

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

The Group enters into purchase and sale contracts for CO₂ certificates with customers and project developers. CO₂ certificates under the Kyoto Protocol, also known as Certified Emissions Reductions ("CERs"), are generated under the highly regulated Clean 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. CO₂ 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 Certified Emission Reductions ("CERs") as well as Voluntary Emission Reductions ("VERs").

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

4.13 Inventories

Solar parks

Solar parks that acquired with the intent to be resold, which are held in the normal course of business, are recognized at acquisition and production costs. The subsequent measurement is carried out at the lower amount of the acquisition and production costs and net realizable value. In addition to the purchase price, the acquisition costs comprise the direct acquisition-related costs. Production costs include all costs directly related to the production process as well as overhead costs that are incurred to bring the solar parks to their present condition. The net realizable value represents the estimated sales pro-

ceeds in the normal course of business less the estimated cost of completion and the estimated required selling expenses.

Services in connection with development of solar parks

Services in connection with the project development, project planning, structuring, obtaining of photovoltaic modules as well as financing of solar parks are recognized as production costs. These costs consist primarily of wages and salaries as well as other costs of personnel that are incurred indirectly for the service of employees. These include expenses of management and attributable overheads. Wages and salaries, as well as other costs of operating and general administrative personnel are not included but are instead recognized in profit or loss in the period in which they are incurred. Production costs of inventories of a service company comprise neither profit margins nor applicable overheads, which are nevertheless often included in the invoiced prices of the service company.

CO₂ certificates issued and intended to be sold

Inventories are recognized at acquisition and production costs at the time of their addition. They are subsequently measured at the lower of cost and net realisable value. In addition to the purchase price, the acquisition cost includes direct acquisition-related costs. The production cost comprises all costs directly attributable to the production 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 selling price less all estimated costs until completion and costs of marketing, selling and distribution.

4.14 Other assets

Other assets that are not financial assets are recognized at amortised cost. Identifiable default risks are taken into consideration through write-downs.

4.15 Cash and short-term deposits

Cash and short-term deposits comprise cash on hand, bank balances and short-term deposits with an original term of less than 3 months. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the cash and short-term deposits defined above less utilised overdrafts.

4.16 Provisions

Provisions are recognized when there is a present legal or constructive obligation to a third party as a result of a past event that will probably lead to a future outflow of resources and the amount of which can be reasonably estimated. An outflow of resources is regarded as probable if such outflow is more likely than not.

Provisions are measured at the best estimate of the expenditure required to settle the obligation. For single obligations this amount represents in each case the most probable value. Provisions that do not lead to an outflow of resources in the following year are recognized at their present value.

The recognition and measurement of provisions is reviewed at each balance sheet date and adjusted if required.

4.17 Income taxes

Current taxes

Current tax receivables and liabilities for the current and previous periods are measured in amount of the expected reimbursement from the tax authorities or payment to the tax authorities. The calculation of the amount is based on the tax rates and tax regulations that apply as of the balance sheet date in the respective countries where the Group operates and generates taxable income.

Current income taxes that relate to items that are recognized directly in equity are not recorded to profit or loss but are recognized in equity. Management regularly assesses the individual tax issues to determine whether, based on existing tax regulations, there is room for interpretation. If required, tax provisions are recognized.

Deferred taxes

The recognition of deferred taxes is carried out by applying the liability method to temporary differences existing as of the balance sheet date between the carrying amount of an asset or liability and its corresponding tax basis.

Deferred tax liabilities are recognized for taxable temporary differences, except for:

- deferred tax liabilities from the initial recognition of a goodwill amount, or an asset or liability from a transaction that is not a business combination and affects neither accounting profit nor taxable profit at the time of the transaction,
- deferred tax liabilities on taxable temporary differences existing in connection with investments in subsidiaries, associates, and investments in joint ventures, if the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, unused tax loss carryforwards and unused tax credits to the extent that it is probable that that taxable income will be available against which the deductible temporary differences and unused tax loss carryforwards and tax credits can be utilised, except for:

- deferred tax assets on deductible temporary differences that arise from the initial recognition of an asset or liability from a transaction that is not a business combination and affects neither accounting profit nor taxable profit at the time of the transaction,
- deferred tax assets on deductible temporary differences existing in connection with investments in subsidiaries, associates, and investments in joint ventures, if the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that adequate taxable income will be available against which the deferred tax asset can be at least partially utilised. Non-recognised deferred tax assets are reviewed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will make it possible to realise the deferred tax asset.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to be in effect in the period in which an asset is realized or a liability is settled. In this connection, tax rates (and tax

law) are applied that have been put into law as of the balance sheet date. A future change in tax rates are considered if the change is determined to be substantively enacted as of the balance sheet date.

Deferred taxes that relate to items that are not recognized through profit or loss are recognized in conformity with the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets and against current tax liabilities and these relate to the same taxable entity and are levied by the same taxation authority.

Current income taxes are determined on the basis of the expected taxable income and, reduced for tax prepayments made, are recognized as a liability. If tax prepayments exceed the expected tax, the net amount is shown as an asset.

4.18 Realisation of income and expenses

Revenues from the sale of goods and products recognized if the following conditions are met:

the Group has transferred to the buyer the significant risks and chances of ownership of the goods;

the amount of revenue can be measured reliably;

it is probable that the economic benefits associated with the transaction will flow to the entity, and

the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenues and income from the rendering of services are recognized, if the amount of the revenues and costs incurred for the rendering of the services and the stage of completion can be measured reliably as of the balance sheet date.

Contracts for the rendering of services that are directly in connection with the production of an asset are accounted for in accordance with IAS 11 and – if the conditions are met – are presented under trade receivables. In connection with revenue recognition method to be applied (percentage of completion method), the contract revenues and expenses relating to the construction contract recognized according to the stage of completion as of the balance sheet date. In this connection, the relationship is determined of the contract costs that have been incurred up to the balance sheet date to the total contract costs estimated as of the balance sheet date (cost-to-cost method). An expected loss on the construction contract is immediately recognized as expense. In the 2010 financial year, there were no situations that fell within the scope of IAS 11.

Operating expenses are recognized to profit or loss when the service is rendered or when the expense is caused.

Interest income and expense are recognized on an accrual basis.

There are no governmental grants in the Group. The Group does not generate any results from fees or commissions.

4.19 Contingent liabilities and contingent assets

Contingent liabilities are possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities also comprise present obligations that arise from

past events but are not recognised as provisions because the outflow of resources is not probable or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and contingent assets are generally not recognised in the balance sheet but are disclosed in the note to the consolidated financial statements.

5. Significant discretionary decisions, estimates and assumptions

In the preparation of the consolidated financial statements management makes discretionary decisions, estimates and assumptions that have an effect on the amount of the reported income, expenses, assets and liabilities at the end of the reporting period. However, as a result of the uncertainty relating to these assumptions and estimates, actual results in future periods could lead to significant adjustments of the carrying amounts of the related assets and liabilities.

Discretionary decisions

Judgment exercised by management in applying the accounting policies is required primarily in connection with the following matters:

in situations in which IFRS permits measurement options;

in the determination of functional currency;

in connection with the question as to whether all significant risks and rewards incidental to ownership of a leasing asset are transferred to the contract partner.

In connection with the application of accounting methods of the Group, management has made the following estimates and assumptions, which significantly influence the amounts in the consolidated financial statements:

Estimates and assumptions

Estimates and assumption are especially required in connection with:

the determination of fair value of financial assets;

the determination of useful lives of property, plant and equipment;

the assessment of the need and the amount of non-scheduled write-downs or allowances relating to financial assets;

the recognition and measurement of provisions and

the determination of realizability of deferred tax assets.

The assumptions underlying estimates are subject to regular review in the Group. At the time of the preparation of the consolidated financial statements no significant change in the underlying assumptions and estimates is anticipated, so that at present no significant changes to the reported assets and liabilities are expected in the 2011 financial year. The most important forward-looking assumptions, as well as other existing sources of estimation uncertainty as of the balance sheet date, which lead to the

existence of significant risk that a significant adjustment of carrying amounts of assets or liabilities will be required within the following financial year, are explained below.

Impairment of non-financial assets

An impairment exists if the carrying amount of an asset or cash generating unit is in excess of 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 calculation of the fair value less costs to sell is based on available information from binding sales agreements in arm's length transactions for similar assets or observable market prices, less directly related costs for the sale of the asset. In order to determine the value in use, a discounted cash flow method is used. The cash flows are based on a medium-term planning, whereby restructuring measures to which the Group has not yet committed and significant future investments that will increase the earning ability of the cash generating unit being tested are not included. The recoverable value is highly dependent on the discount rate applied in connection with the discounted cash flow method, as well as on the future expected cash flows and growth rates applied for the purpose of extrapolation.

Taxes

Uncertainty exists with respect to interpretation of complex tax rules as well as the amount and timing of future taxable income. In light of the large range of international business relationships and the long-term character and complexity of existing contractual agreements, it is possible that differences between the actual results and assumptions made, or future changes in assumptions, will require adjustments to the tax income and expenses already recorded. Based on reasonable estimates, the Group recognizes provisions for potential effects of tax audits in the countries in which it operates.

The amount of such provisions is based on various factors such as experience in connection with previous tax audits and different interpretations of the tax rules by the taxable entity and the responsible tax authority. Such different interpretations can result from a number of different issues, depending upon the conditions that exist in the countries where the Group companies are located.

Deferred tax assets are recognised for all unused tax loss carryforwards in the amount for which it is probable that the taxable income for these will be available, so that the carryforwards will, in fact, be able to be used. In connection with the determination of the amount of the deferred tax assets that can be recognised, a significant exercise of judgment on the part of management is required with respect to the expected timing and amount of taxable income as well as future tax planning strategies.

The Group has tax loss carryforwards in the amount of TEUR 22,247 (2009: TEUR 21,584). These exist for subsidiaries with a history of losses. The loss carryforwards do not expire and can be offset against taxable income of other Group companies. The subsidiaries have neither taxable temporary differences nor tax planning strategies that could partially lead to the recognition of deferred tax assets.

If the Group could recognise all unrecognised deferred tax assets, the profit would increase by TEUR 5,521 (prior year: TEUR 5,465).

Further details are presented in Note 7.8.

Fair value of financial instruments

If the fair value of financial assets and financial liabilities recognized in the balance sheet cannot be determined with the help of information from an active market, it is determined by applying valuation procedures, including the discounted cash flow method. The detailed input parameters used in the

model are based, where possible, on observable market data. If this is not possible, the determination of fair value represents to a certain extent discretionary decisions. The discretionary decisions relate to input parameters such as liquidity risk, credit risk, and volatility. Changes in assumptions with respect to these factors could have effects on the recognized fair value of financial instruments.

The Group has entered into supply and purchase agreements for CO₂ certificates (CERs/VERs) whereby 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 arm's length terms. The ERPAs are measured at the fair value, taking into consideration 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 be realized. The calculation is based on the following assumptions:

Discount of 35% on the CO₂ certificates originally planned and 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 11.35/CER (sensitivity 3, see Note 10.1)

Development expenses

Development expenses are recognised in accordance with the accounting method described in Note 4.1. The initial recognition of the expenses is based on the assessment of the management that the technical and economic feasibility is established; this is normally the case when a CDM project has reached a particular milestone in the existing CDM project development model taking into consideration the guidelines of the Kyoto Protocol. The carrying amount of the capitalised development expenses as of December 31, 2010 amounted to TEUR 135 (2009: TEUR 0).

Prior to the issuance of the CO₂ certificates, the validation and verification by the responsible regulatory agencies is required. Due to the complex CDM development process, there is a certain amount of uncertainty with respect to the issuance of the CO₂ certificates. The Group, however, is confident that the CO₂ certificates will be issued.

6. Segment reporting

For the purpose of corporate management, the Group is organised into business units along the lines products and services. In connection with the realignment of the Group, management of ecolutions has identified, in comparison to the prior year, four reportable segments in accordance with IFRS 8. They result from the way in which the Company manages the business.

- “Solar Park Development” Segment:

In connection with cooperation arrangements with regional with regional project planners, ecolutions develops and finances solar parks. The focus of the tasks of ecolutions within the co-development model is on the financial, legal and tax conception and the structuring of the investment and the syndication of the equity and debt capital. In this connection, ecolutions invests its own capital for the financing of the development and construction phase. Ecolutions generally sells the plants international institutional investors when they are put into service. The process is supported by additional services, such as the module procurement from China.

- “Power Generation” Segment:

Electricity is generated by acquired or self-initiated projects.

- “Carbon Services” Segment:

The Carbon Services business area is primarily carried out by ecolutions Trading GmbH, Frankfurt am Main. In addition to the required services for the registration of CO₂ certificates for environmental protection projects according to the Clean Development mechanism of the Kyoto Protocol, it comprises the consulting services regarding the project acquisition and negotiation of contracts with Asian project owners on behalf of international energy providers.

- “Supporting Services” Segment:

The supporting services of the Company comprise areas of responsibility such as the identification of investment possibilities, the monitoring of net assets, financial position and results of operations of the Group companies and their technical support. In addition, the strategic Group structuring is pursued, active risk management is coordinated, measures for obtaining capital are carried out and relations to investors are maintained.

With regards to the strategic realignment of the Group and detailed changes to the segments, especially the expansion from three to four segments, reference is made to the management report (Appendix 6).

In order to build the above reportable business segments, there was no combination of business segments.

The operating results of the business units are monitored separately by management for the purposes of making 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 Group financing (including financing expenses and income) and income taxes are uniformly 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 an arm's length basis.

**Financial year ended
31 December 2010**

	Carbon Services CDM TEUR	Dolar park development TEUR	Power generation TEUR	Supporting services TEUR	Consolidation TEUR	Total TEUR
Revenues						
Revenues from external customers	173	30.367	1.189	20	0	31.749
Revenues on transactions with other segments	0	1.821	0	0	-1.821	0
Total revenues	173	32.188	1.189	20	-1.821	31.749
Segment result	-111	802	-42	406	465	1.520
Result of fair value remeasurement						-40
Financing income						229
Interest and similar expenses						-527
Income tax expense						-222
Consolidated profit for the year						960

Revenues on transactions with other segments are eliminated in consolidation

The segment result of the individual business segments does not include the fair value measurement of assets (TEUR -40), financing income (TEUR 229), financing expenses (TEUR 527) or income tax expense (TEUR 222).

	Carbon Services CDM TEUR	Dolar park development TEUR	Power generation TEUR	Supporting services TEUR	Consolidation TEUR	Total TEUR
Segment assets	392	16.932	44.099	33.992	-51.362	44.053
Additional disclosures						
	TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
Investments	0	27	0	0	0	27

The revenues of the “Solar Park Development” in the 2010 financial year, which made up more than 10% of the total revenues, comprise the gain on the sale of the completely developed solar power plant Laudenbach/Himmelstadt in the amount of TEUR 28,304 (Note 7.1).

**Financial year ended
31 December, 2009**

	Trading TEUR	Services TEUR	Equity TEUR	Consolida- tion TEUR	Total TEUR
Revenues					
Revenues from external customers	0	67	29	0	96
Revenues from transactions with other segments	0	233	0	-233	0
Total revenues	0	300	29	-233	96
Segment result	-24	-3,838	-346	-98	-4,306
Financing income					137
Result of fair value measurement					-7.397
At-equity valuation					-1.217
Income tax expense					197
Consolidated profit for the year					-12,586

Revenues from transactions with other segments are eliminated in consolidation.

The segment result of the individual business segments does not include financing income (TEUR 137), fair value remeasurement of assets (TEUR -7,397), at-equity valuation (TEUR 1,217) and income tax expense (TEUR 197).

	Trading TEUR	Services TEUR	Equity TEUR	Consolida- tion TEUR	Total TEUR
Segment assets	12	38,306	3,610	-14,127	27,801
Other disclosures					
	TEUR	TEUR	TEUR	TEUR	TEUR
Investment	0	19	0	0	19

Revenues from external customers	2010	2009
	EUR	EUR
Germany	31,636	0
India	93	67
China	20	29
Total	31,749	96

The above information is classified to segment revenues according to the location of the Group company.

Noncurrent assets	2010	2009
	EUR	EUR
Germany	491	665
India	20	3.560
China	20	32
Total	531	4,257

The noncurrent assets disclosed here comprise, property, plant and equipment, advance payments (construction in process /generators) and intangible assets.

7. Notes on income statement

7.1 Revenues

Revenues in the financial year represent primarily gains on the sale of the fully developed solar power plants Laudenbach/Himmelstadt in the amount of TEUR 28,304 as well as proceeds from services rendered relating to the structuring, financing and procurement of photovoltaic modules for the solar power plant FinowTower (24 MW) in the amount of TEUR 2,061. In addition, the Group generated electricity revenues in the amount TEUR 1,189 (prior year: TEUR 29). Sales revenues in the area of the Clean Development Mechanism amounted to TEUR 173 (prior year: TEUR 67).

7.2 Other operating income

Shown under other operating income is out-of-period income in the amount of TEUR 212 (prior year: TEUR 71), which results primarily from the release of provisions.

7.3 Cost of materials

Cost of materials comprises primarily the carrying amount of the solar park Laudenbach/Himmelstadt in the amount of TEUR 25,957, which was sold in the normal course of business.

7.4 Personnel expenses

TEUR	2010	2009
Wages and salaries	896	839
Social security	126	61
	<u>1,022</u>	<u>900</u>

Social security relates primarily to expenses for the statutory pension scheme.

The average number of employees amounted to 26 (prior year: 34). These are broken down into the following areas:

	2010	2009
General Management and Business Development/services	9	4
Finance and Administration	5	9
Project Development	7	17
Trading	5	4
	<u>26</u>	<u>34</u>

7.5 Other operating expenses

TEUR	2010	2009
Legal and consulting costs	970	613
Activity and liability fee of the personally liable partner	713	967
Accounting and audit costs	393	244
Travel expenses	169	132
Rentals and leases	107	121
Advertising costs	96	220
Miscellaneous other expenses	979	771
	<u>3.427</u>	<u>3.068</u>

Included in other operating expenses is out-of-period expense in the amount of TEUR 27 (prior year: TEUR 93).

7.6 Research and development expenses

Research and development expenses recognized to profit or loss in the financial year in connection with CDM projects amount to TEUR 65 (prior year: 98).

7.7 Financial result

	IAS 39 category*	2010 TEUR	2009 TEUR
Measurement of Emission Rights Purchase Agreements ("ERPAs")	FVtpl	200	160
Measurement of sonstigen finanziellen Vermögenswerte (Impairment)	L&R	-240	-3,365
Recognition through profit and loss of impairment on available-for-sale financial assets	AfS	0	-4,192
Result of measurement at fair value		-40	-7,397
Interest income	L&R	229	137
Total financial income		229	137
Interest income on loans	L&R	-527	0
Total financial expenses		-527	0
Financial result		-338	-7,260

* AfS: available-for-sale

* 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 taxes

Deferred tax assets in the amount of TEUR 0 (prior year: TEUR 280) were recognized on corporation tax loss carryforwards of TEUR 13,363 (prior year: TEUR 13,915) and on trade tax loss carryforwards of TEUR 10,040 (prior year: TEUR 11,305). In this connection, the current uncertainty regarding the timing of realization of taxable income was especially considered in the current economic environment.

The significant components of income tax expense for the 2010 and 2009 financial years are comprised as follows:

Consolidated income statement

	2010 TEUR	2009 TEUR
Actual income tax:		
Actual tax expense	-205	-32
Deferred income tax:		
Origin and reversal of temporary differences and valuation of tax losses brought forward	-17	229
Tax expense (income) reported in the consolidated income statement	<u>-222</u>	<u>197</u>

Other comprehensive income

	2010 TEUR	2009 TEUR
Deferred taxes on items recognized directly in equity during the financial year:		
Net gains/losses on the sale of available-for-sale financial assets	0	-8
Income tax recognised directly in equity:	<u>0</u>	<u>-8</u>

The tax reconciliation explains the relationship between the effective tax expense and the computed tax expense that results from the using the income tax rate of the parent company of 31.93% (prior year: 31.93% applied to the IFRS consolidated result (before tax):

TEUR	2010	2009
IFRS profit before income taxes	1.182	-12.783
Computed income tax expense/credit by applying the Group income tax rate	-377	4.082
Non-deductible expenses	13	-28
Tax-free income	-86	1
Differences from trade tax additions	115	-156
Permanent differences	0	-36
Non realisable tax loss carry forwards	98	-2.684
Different tax rates	15	-979
Other	0	-3
Effective income tax expense (current and deferred)	<u>-222</u>	<u>197</u>
Group income tax rate (in%)	<u>18,78%</u>	<u>-1,54%</u>

	Consolidated balance sheet		Consolidated income statement	
	2010	2009	2010	2009
	TEUR	TEUR	TEUR	TEUR
Remeasurement of available-for-sale financial assets to fair value	-8	-8	0	0
Remeasurment of derivative commodity futures (VERPAs and ERPAs)	-66	-51	-15	-51
Tax loss deduction amounts	280	280	0	280
Deferred tax expense / (credit)			-15	229
Deferred tax asset / (liability), net	<u>206</u>	<u>221</u>		
Reported in the balance sheet as follows:				
Deferred tax asset	280	280		
Deferred tax liability	-74	-59		
Deferred tax asset, net	<u>206</u>	<u>221</u>		
	2010	2009		
Reconciliation of the deferred tax liability, net				
Balance, 1 January 2010	-8	0		
Income tax benefit (expense) recognised in the reporting period	0	-8		
Balance, 31 December 2010	<u>-8</u>	<u>-8</u>		

8. Earnings per share

In calculating basic earnings per share, the result attributable to the owners of the share capital of the parent company is divided by the weighted average number of outstanding shares during the year.

In the calculation of diluted earnings per share, the result attributable to the owners of the share capital of the parent company is divided by the weighted average number of outstanding shares during the year plus the weighted average number of shares that would result from the conversion of all potential ordinary shares into ordinary shares having a dilutive effect.

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

	2010 TEUR	2009 TEUR
Earnings attributable to the owners of ordinary shares in the parent company used to calculate the basic earnings	960	-12.585
Earnings attributable to the owners of ordinary shares in the parent company used to calculate the basic earnings, adjusted for the dilution effect	<u>960</u>	<u>-12.585</u>
	2010	2009
Weighted average number of ordinary shares used to calculate the basic earnings per share	28.400.000	28.400.000
Weighted average number of ordinary shares, adjusted for the dilution effect	<u>28.400.000</u>	<u>28.400.000</u>

In the period between the balance sheet date and the preparation of the consolidated financial statements, there were no additional transactions with ordinary shares or potential ordinary shares.

9. Notes to the balance sheet

9.1 Intangible assets

TEUR	2010	2009
	Software / Licenses	Software / Licenses
Historical acquisition cost at 01.01.	19	0
Change in consolidated companies	0	4
Additions	0	15
Historical acquisition cost at 31.12.	19	19
Accumulated amortization at 01.01	(5)	0
Change in consolidated companies		(2)
Amortization for the period	(4)	(3)
Accumulated amortization at 31.12.	(9)	(5)
Carrying amount at 01.01.	14	0
Carrying amount at 31.12.	10	14

There were no indications of a need for impairment write-downs of intangible assets for the 2010 financial year.

9.2 Property, plant and equipment

TEUR	2010	2009
Historic cost at 01.01.	103	56
Change in the basis of consolidation	0	42
Effects from changes in exchange rates	6	5
Additions	27	0
Disposals	(20)	0
Historic cost at 31.12.	116	103
Cumulative depreciation at 01.01.	(42)	(7)
Change in the basis of consolidation	0	(17)
Effects from changes in exchange rates	(3)	(1)
Scheduled depreciation	(15)	(14)
Unscheduled depreciation	0	(3)
Disposals	9	0
Cumulative depreciation at 31.12.	(51)	(42)
Carrying amount at 01.01.	61	49
Carrying amount at 31.12.	65	61

Included in this item are office furniture and equipment as well as motor vehicles.

There were no indications of a need for impairment write-downs under IAS 36 for the 2010 financial year. There are no restrictions on disposal, nor is there pledged property, plant and equipment in the Group.

9.3 Other financial assets

	2010	2009
	TEUR	TEUR
Other financial assets (including derivatives)		
<i>Other financial assets</i>		
Available-for-sale assets	956	1,151
Current	500	500
Noncurrent	456	651
Other financial assets	6,155	3,696
Current	6,155	164
Noncurrent	0	3,532
<i>Derivative financial instruments</i>		
Commodity futures (VERPAs/ERPAs)	360	160
Current	0	0
Noncurrent	360	160
Total other financial assets (including derivatives)	7,471	5,007
Total current	6,655	664
Total noncurrent	816	4,343

Available-for-sale financial assets

The Group holds securities of a listed stock corporation and shares 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 were sold. The remaining Carbon Asset Fund is 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 whereby 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 (2009: TEUR 50) on less favourable assumptions or rising by TEUR 50 (2009: TEUR 50) on more favourable assumptions.

Impairment of available-for-sale financial assets

At 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 as to what "significant" or "continuing" means is discretionary. 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 the 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 CO2 certificate prices and the economic success of the projects. In the 2010 financial year there was no additional impairment to be reported.

The change of TEUR 195 shown in the statement of changes in equity and having no profit or loss effect relates to the change in the fair value of listed securities.

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

	Carrying amount		Fair value	
	2010	2009	2010	2009
	TEUR	TEUR	TEUR	TEUR
Financial assets				
Cash and cash equivalents	12.966	20.785	12.966	20.785
Time deposits (term > 3 months)	0	164	0	164
Derivative commodity futures (VERPAs/ERPAs)	360	160	360	160
Available-for-sale financial assets	956	1.151	956	1.151
Trade receivables and other assets	9.854	304	9.854	304
Tax receivables	51	351	51	351
Other assets	4.148	4.532	4.148	4.532

	Carrying amount		Fair value	
	2010	2009	2010	2009
	EUR	EUR	EUR	EUR
Financial liabilities				
Liabilities to banks	13.465	0	13.465	0
Trade payables and related accounts	1.952	136	1.952	136

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

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

- Cash and short-term 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 cash and short-term deposits, trade accounts receivable, trade accounts payable and other current liabilities closely approximates the carrying amount, largely because of the short durations of these instruments.
- The fair value of available-for-sale financial assets is determined on the basis of exchange prices on active markets, where available. In certain cases the fair value is determined using a valuation method.

- The Group enters into 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 CO2 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 CO2 certificates.

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

	2010	2009
	TEUR	TEUR
Financial assets measured at fair value through profit and loss	-40	-7.397
Net gain	-40	-7.397

Fair value hierarchy

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

As of 31 December 2010 and 31 December 2009, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	<u>31.12.2010</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets measured at fair value through profit and loss				
Emission Rights Purchase Agreements ("ERPAs")	360	0	360	0
Available-for-sale financial assets				
Shares	456	456	0	0
Carbon Asset Fund ("CAF")	500	0	0	500

In the period from 1 January to 31 December 2010 there were no reclassifications between measurements of fair value between Level 1 and Level 2 and no reclassifications into or out of Level 3 measurements of fair value.

9.4 Receivables and other assets

Trade receivables comprise primarily the purchase price receivable from the sale of the fully developed solar park is solarinvestra Laudenbach GmbH & Co. KG, Laudenbach, in the amount of TEUR 6,384 as well as the receivable in the amount of TEUR 1,426 for services rendered for structuring, development, and solar module procurement in connection with the realisation of the solar park FinowTower (24 MW), which is located on open space approximately 60 km away from Berlin.

As of 31 December 2010, the trade receivables and other assets in the nominal amount of TEUR 7,848 (2009: TEUR 94) were not written-down. The other receivables written down in the prior year in the amount of TEUR 70 were written off in the financial year. The allowance balance at 31 December 2010 amounts to TEUR 0 (prior year: TEUR 70).

	Individually impaired
	TEUR
On 1 January 2009	70
Utilisation	-70
On 31 December 2009	0
On 31 December 2010	0

As of the balance sheet date, purchased generators intended for the use in biomass projects were recognized in the amount of TEUR 760. In the 2010 financial year further write downs relating to the used generators were made in the amount of TEUR 240 to the lower fair value less costs to sell. Management expects to sell the remaining factory-new generators in 2011 and is showing these generators at fair value less costs to sell.

Other assets included a short-term loan issued to is solarinvestra FinowTower GmbH & Co. KG, Finow ("FinowTower") in the amount of TEUR 10,500, which is being carried at the amount of TEUR 3,250 as of 31 December 2010.

With a loan agreement dated 10 February 2010, ecolutions GmbH & Co. KGaA granted is solarinvestra FinowTower GmbH & Co. KG a short-term loan ("subordinated loan") in the amount of TEUR 10,500 for the interim financing and completion of the solar power plant. The borrower intends to repay the loan either through the contribution of additional partner capital by way of a fund placement or through proceeds from the sale of the solar project to the lender.

The loan carries an annual interest rate in the amount of the 12-month Euribor, plus an interest premium of 500 basis points. The loan has a term running until 31 December 2010. It was further stipulated that ecolutions GmbH & Co. KGaA is authorised to convert the loan into a limited partner share in is solarinvestra FinowTower GmbH & Co. KG (so-called debt-to-equity swap) if up until 30 June 2010 at least TEUR 3,000 up until 31 August 2010 and at least TEUR 5,000 has been made available as share capital in the form of a placement of new limited shares by way of fund placement.

On 16 March 2010 the first amendment to the loan agreement of 10 February 2010 was signed, and the loan amount was reduced from TEUR 10,500 to TEUR 10,000 ("reduced subordinated loan"). At the same time, it was amended such that the right to exercise the debt-to-equity swap expires without replacement upon complete repayment of the issued loan, including accrued interest, but at the latest at the close of 31 January 2011. A separate loan agreement ("operating loan") was entered into with is

solarinvestra FinowTower GmbH & Co. KG for the reduced loan amount of TEUR 500. The agreement provides for a basic interest rate of 6.25% per cent p.a. In addition, there is variable interest rate that is dependent on the profit situation of the solar voltaic company. The loan is basically repayable at maturity and has a term until 31 December 2015.

On 22 December 2010, the second amendment to the loan agreement of 10 February 2010 was signed. In this connection, the term of the reduced subordinated loan was extended by three months until 31 March 2011. At the same time, the lender waived the accrued interest for the 2010 financial year in the amount of TEUR 477. The waiver agreement is valid for the reduced subordinated loan and for the medium-term operating loan. It was agreed that as soon as the borrower has placed the fund, the lender and borrower will come to an agreement as to the rate and amount of a reasonable interest payment.

By the end of February 2011, the reduced subordinated loan existing at the balance sheet date in the amount of TEUR 2,750 was fully repaid.

The fair value of the financial asset represents almost entirely the reported carrying amount.

As of 31 December 2010, the aging structure of the trade receivables was as follows:

		Neither overdue nor im- paired	Overdue, but not impaired				
Total			< 30 days	30-60 days	60-90 days	90-120 days	> 120 days
TEUR		TEUR	TEUR	TEUR	TEUR	TEUR	TEUR
201							
0	7.848	6.384	0	6	7	1.429	22
200							
9	24	0	0	24	0	0	0

9.5 Inventories

Solar parks

The Group develops solar parks in connection with cooperative program with regional project developers. The focus lies in the financial, legal and tax conception and structuring of investments as well as the syndication of equity and debt capital. We refer to the comments on the business model in the management report.

Shown in inventories as of the balance sheet is the solar park Richelbach II in the amount of TEUR 15,362. The solar park pertains to a plant on open land with a total output of 5.7 MW. The connection to the power supply network was made on 30 December 2010. It is the assessment of management that the developed solar park, which is intended to be sold, will be sold to a final customer in 2011.

Regarding liabilities to banks in connection with the solar park, we refer to Note 9.9.

9.6 Cash and cash equivalents

All cash on hand and daily-available bank balances, as well as time deposits having a term of less than three months are shown under this item. The carrying amount of these assets closely represents their fair value.

Cash funds in the consolidated cash flow statement are in agreement 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 in.

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, once or several times in partial amounts 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 resolved by the general meeting of 7 March 2008 was recorded in the commercial register on 14 April 2008. The amendment to the articles of association of the Company resolved by the general meeting of 25 August 2008 was recorded in 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 the capital reserve without profit or loss effect. The compensation amounts 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 remeasurement of available-for-sale financial assets. If a remeasured financial asset is impaired, that portion of the revaluation reserve applicable to the impairment 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 or loss.

The reserve for currency translation 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 reporting period.

The net loss includes the results generated by the companies included in the consolidated financial statements.

9.8 Provisions

The reported provisions relate primarily to provisions for closing and audit expenses and are all due within one year.

TEUR	2010	2009
As at 01.01.	814	306
Changes in the basis of consolidation	68	16
Effects from changes in exchange rates	19	7
Additions	398	755
Utilisation	-490	-238
Reversal	-182	-32
As at 31.12.	627	814

Provisions consist mainly of audit fees (TEUR 128; prior year: TEUR 118), outstanding invoices (TEUR 95; prior year: TEUR 165) and current tax liabilities (TEUR 184; prior year: TEUR 230).

9.9 Liabilities to banks

Liabilities to banks comprise an interim construction financing for the developed and constructed solar park Richelbach II, which is included in inventories. The effective interest rate amounts to the 3-month Euribor, plus 1.20%. The interim construction financing runs until 30 December 2010 and subsequently converts into a long-term financing through 30 December 2028. The interest rate conditions are identical to the interim construction financing, whereby the financing is underpinned by an interest rate swap (variable/fixed) with a term of 1 January 2011 to 31 December 2028.

These are classified as current liabilities, since the liabilities to banks relate to the sale of the solar park. The sale of the solar park is intended to take place within the next six to nine months.

9.10 Trade payables and other current liabilities

Shown under trade payables and other current liabilities are financial liabilities measured at amortised cost. The acquisition costs essentially correspond to fair value. They are non-interest bearing and due within one year. In the prior year, liabilities in the amount of TEUR 8 were shown with a maturity in excess of one year. The Group has granted no security 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 into share capital.

10. Financial risk management and capital management

10.1 Financial risk management

In connection with its operations the Group is exposed to a variety of financial risks: market risk, credit risk and 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

Market risk represents 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 currency risk, risk of an interest rate changes 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 through a systematic risk management. Group entities are also subject to stringent risk management. Internal guidelines lay down binding requirements on operational frameworks, responsibilities and controls.

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 CO₂ certificates. Major changes in supply and demand lead to enormous fluctuation in the market prices of CO₂ certificates. It is estimated that an increase of EUR 1 in the market price over the next few years could lead to the Group's CO₂ certificate portfolio being worth TEUR 59 (prior year 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%	360	Section 9.3
Sensitivity 1	9€/CER	40%	310	
Sensitivity 2	11€/CER	30%	419	
Sensitivity 3	11.35€/CER	30%	438	

An interest rate risk, i.e., potential fluctuation of a financial instrument due to changes in the market interest rates, pertains especially to medium-term and long-term liabilities. The Group is currently not exposed to any significant interest rate risks. The existing liabilities as of the balance sheet date are entirely short term. However, the risk of interest rate changes can have an indirect effect on ecolutions, if certificates and investments acquired by ecolutions are financed by borrowing. There is no debt financing as of the balance sheet date.

Foreign currency risks arise if future business transactions or recognized assets and liabilities 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.

	2010 Exchange rate at 31.12.	Change in TEUR
CNY	0.11450	1
INR	0.01665	40
HKD	0.09689	0
US-Dollar	0.75486	0
SGD	0.58470	0
		41

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 41 higher (lower) (previous year: TEUR 39).

In the 2007 financial year the Company invested TEUR 500 in a Carbon Asset Fund with a geographical focus on China, India and African countries and in a USD-denominated fund for Kyoto-compatible investments. Ecolutions can only have a slight influence on this risk, which therefore cannot be reliably measured.

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 invest-

ments, their liquidity or saleability may be restricted. The market risks and opportunities for CO₂ 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 95 (prior year: TEUR 115).

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	2010	2009
Available for sale financial assets	956	1,151
Trade receivables and other assets	7,848	24
Time deposits (term > 3 months)	0	164
Cash and cash equivalents	12,966	20,785
	<u>21,770</u>	<u>22,124</u>

Liquidity risk

The liquidity risk describes the risk that financial liabilities cannot be settled when they fall due. Ecolutions counters the liquidity risk primarily through 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 31.12.2010	2010 Contractual cash flows	Cash flows				
			2011	2012	2013	2014	from 2015
Accounts receivable and other liabilities	2.002	2.002	1.952	0	0	0	50
(inc. general partner capital)							
	2.002	2.002	1.952	0	0	0	50

The issuance of CO₂ certificates is highly regulated by the Kyoto Protocol. As the majority of CO₂ 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 CO₂ 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 shares 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 2,579 (previous year: TEUR 950), 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

As of the balance sheet date there were no contingent claims and no significant contingent liabilities.

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 purchase options 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	31.12.2010	31.12.2009
Up to one year	97	41
Two to five years	38	80
More than five years	6	0
	141	121

With respect to the concluded CDM service contracts and VERPAs/ERPAs, there are no future financial obligations in subsequent periods, since the procurement contracts relate to the corresponding sales contracts and represent closed positions.

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 connection with the sale of the limited partner shares in the solar power plant Laudendach/Himmelstadt to an institutional investor, Ms Leue-Bahns acts on the one hand on the sales side as managing director of ecolutions Solar Deutschland GmbH, Frankfurt am Main, and on the other, on the buyer's side, as managing director of Altira Renewables Komplementär GmbH, Frankfurt am Main, the personally liable general partner of the institutional fund company.

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 surcharge. 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:

Ms Petra Leue-Bahns, CEO, Kriftel

Mr Albrecht Hanusch, Ostbevern (from 6 July 2011)

The following are or were appointed to the Supervisory Board:

Andreas Lange

Chairman

Member of the board of Altira Aktiengesellschaft, Frankfurt am Main

External appointments:

Chairman of the supervisory board of Seven Principles AG, Köln

Chairman of the supervisory board of CFC Industriebeteiligungen AG, Dortmund

Dr. Hartmut Schüning

1st Vice Chairman

Managing shareholder of H.S. Hamburg Solar GmbH, Hamburg

Managing shareholder of Second Solar Century GmbH, Halle

External appointments:

Chairman of the supervisory board of Paribus Northenergy AG, Hamburg

George Hersbach

Member (from 15 February 2010 to 17 September 2010 and from 30 November 2010)

President and Chief Executive Officer of Heartstream Group B.V., Naarden, Netherlands

President and Chief Executive Officer of Heartstream Corporate Finance B.V., Naarden, Netherlands

President and Chief Executive Officer of Heartstream Capital B.V., Naarden, Netherlands

External appointments:

Member of the Board of Directors and member of the remuneration committee of Théolia S.A., Aix-en-Provence, France

Member of the Board of Directors of NovaRay Medical, Inc., Newark, California, USA

Member of the Board of Supervisory Directors of NanoCorp B.V., Hilversum, Netherlands

Member of the Board of Supervisory Directors of Gilbert Technologies B.V., Naarden, Netherlands

Member of the EU European Commission's Strategic Advisory Board (STRABO) of the Competitiveness and Innovation Framework Programme (CIP), Brussels, Belgium

Fady Khallouf

Member (from 17 September 2010)

Chief Executive Officer and Director of THEOLIA Group, Aix-en-Provence, France

Chairman of the Board and Director of Maestrade Green Energy Srl, Milano, Italy

Managing director of THEOLIA Holding GmbH, Leinfelden-Echterdingen

Managing director of THEOLIA Naturenergien GmbH, Leinfelden-Echterdingen

Arne Berg Lorenzen

Member

Chief Executive Officer of Nordisk Vindkraft AB, Göteborg, Sweden

Dr. Friedrich Schneider

Member

Member of the Executive Board of Arcadis NV, Arnhem, Netherlands

External appointments:

Chairman of the supervisory board of Arcadis Nederland, Arcadis Belgium, Arcadis Deutschland, Arcadis France, Arcadis Czech, Arcadis Poland, Arcadis UK, Arcadis Logos, Brasilien, Arcadis Chile

Retired members:

Peter Brumm

Member (from 20 July 2010 to 3 November 2010)

Marc van't Noordende

Member (from 1 February 2010 to 15 February 2010)

Vincent Vaultier

Member (from 15 January 2009 to 1 February 2010)

David Zimmer

Member (from 10 November 2009 to 20 July 2010)

Theolia S.A., Aix en Provence, France, has a 35.21% interest in ecolutions.

The extent of the business relations is shown below:

TEUR	Altira AG	Altira Ecolutions Management GmbH	Members of the Supervisory Board	Theolia Emerging Markets S.A.
Other income				
2010	11	18	0	0
2009	0	0	0	0
Other expenses				
2010	421	713	77	25
2009	110	967	48	0
Non-current liabilities				
2010	0	50	0	0
2009	0	50	0	0
Current liabilities				
2010	210	0	5	0
2009	100	5	43	0

The Supervisory Board remuneration in the financial year amounted to TEUR 77 (previous year: TEUR 48).

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 relatives of these parties or with other related entities in 2010.

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. Auditor's fee

The following amounts relate to all payments that were made by ecolutions GmbH & Co. KGaA to our annual auditors, KPMG, in the 2010 financial year:

	2010 TEUR	2009 TEUR
Year-end audit services	95	131
Other services	0	2
Total	95	133

14. Events after the balance sheet date

As of 18 January 2011, the company, New Energy Investment Consulting (Beijing) Co., Ltd. Beijing, was formed in the People's Republic of China. It is taking over all operations of representation office in the People's Republic of China and is concentrating on building up strategic partnerships with solar technology manufacturers, procurement of solar technology for solar park projects, consulting in connection with investments in the solar business area and the development, project management and sale of CDM certificates in the carbon business area.

The shutdown planned in the first quarter of 2011 of the non-operative activities of ecolutions Green Energy (India) Private Limited, Mumbai, India, was transferred to a publicly named liquidator in April 2011. This liquidation process will be completed within six months. The announcement of the voluntary liquidation of the company was made in Mumbai on 28 April 2011.

The Company is expecting the realization of major projects in the solar area in the 2011 financial year. In the event of the implementation of these projects, the allocation of financial resources would accompany these projects.

Except for the matters described, at the time of the closing of the books there have been no further events with relevance for the consolidated financial statements.

Frankfurt am Main, 14 July 2011

The Management of Altira ecolutions Management GmbH

(signed) Petra Leue-Bahns

(signed) Albrecht Hanusch



Ecolutions GmbH & Co. KGaA

Consolidated Management Report for the financial year 1 January to 31 December 2010

- 1. Business and general conditions**
- 2. Corporate strategy and management**
- 3. Business performance 2010**
- 4. Results of operations, net assets and financial position**
- 5. Employees**
- 6. Risks and opportunities**
- 7. Forecast**
- 8. Subsequent events**

1. BUSINESS AND GENERAL CONDITIONS

OVERALL ECONOMIC ENVIRONMENT

GLOBAL ECONOMY – The recovery of the global economy following the worldwide financial market crisis made noticeable progress. The global gross domestic product increased by 4.8 percent (prior year: - 0.9 percent), whereby the economic development in the industrial and emerging countries was again very different. It also became clear that, after a strong performance in spring, the recovery in the western countries already lost momentum. The emerging markets, especially in Asia and Latin America, have already overcome the recession at an early stage. In particular, China and India are again showing a high growth dynamic.

USA – The business performance in the USA, the largest economic power in the world, grew by 2.8 percent in the reporting period (prior year: -2.6 percent), not least thanks to further expansionary monetary policy as well as extensive tax relief to stimulate the economy. However, the structural problems exposed by the financial market crisis do not appear to be overcome, which is shown, among other indicators, by the continuing high level of indebtedness of private households in the USA.

EUROPE – The economic recovery in Europe remained restrained in the reporting year. The average economic growth rate in the euro area only reached 1.7 percent (prior year: -4.1 percent), whereby the development in the individual member states was once again very different. The debt crisis in Greece, Ireland and Portugal also had a negative effect on the development of the economy, as did the partly drastic tax increases and the cut-back in government expenditures in numerous member countries to consolidate their budgets.

GERMANY – Germany recovered from the effects of the 2009 crisis year faster than expected by many economic experts and thereby put itself at the top of the recovery in Europe. The German gross domestic product increased in 2010 by 3.6 percent (prior year: -4.7 percent) – not so strongly since the reunification. In doing so, the recovery of the German economy broadened in the reporting period and wasn't only fuelled by an increase in exports but also by a rising domestic demand. Thus, both private consumption expenditures in Germany and also corporate investments rose noticeably in 2010.

SOLAR MARKET

GLOBAL MARKET – In the last two years, the solar industry was exposed to difficult economic conditions: In 2009 the young industry suffered more than others under the consequences of the global financial market crisis. In the 2010 calendar year, cuts in solar promotion in a few key markets led to ever increasing price and margin pressure in connection with development projects. In spite of the difficult environment, the industry not only recovered in the reporting year from its deep crisis, but it also experienced growth in size that was hardly expected. This led to a doubling of newly installed PV output compared to the prior year. (2010: 16.6 GW; prior year: 7.3 GW).

GERMANY – In 2010 the German photovoltaic market experienced a tremendous boom for the second year in a row. A significant cause of this was the additional cutback, decided by the German Bundestag in early summer, in the feed-in tariff beyond the annual cut-back foreseen in the Renewable Energies Act. This took place in two steps, on 1 July and on 1 October 2010, and led especially in the second quarter to strong pull-forward effects as well as to an overall surge in demand that lasted undiminished almost until the end of the year. As a result of this unexpected development, there was almost a doubling of the newly installed photovoltaic output in Germany compared to the prior year to 7.4 GW (2009: 3.9 GW).

BUSINESS OPERATIONS AND BUSINESS DIVISIONS

BUSINESS OPERATIONS – ecolutions develops and finances solar photovoltaic projects (“solar PV projects”). ecolutions closes the gap between locally established project developers and the international capital market. Investors receive a capital investment tailored to their risk/return profile. This is mutually optimized to the individual regulatory, legal and tax requirements of the investor with respect to the investment term. ecolutions realizes the projects efficiently as part of a proven co-development model together with regional partners. In this way ecolutions creates long-term value through the synthesis of regional development competence and international structuring and financing expertise.

ecolutions GmbH & Co. KGaA (“ecolutions KGaA” or “the Company”) was founded in March 2007 as a private equity company. ecolutions KGaA is the parent company of the ecolutions Group (“ecolutions”). ecolutions is a globally operating company in the renewable energy industry. The Company’s headquarters are located in Frankfurt am Main.

BUSINESS DIVISIONS – Originally, investments in the area of climate protection were carried out in the emerging countries of China and India (Carbon Division). In addition to climate protection, in the second half of 2009 a further investment focus was added with project development of solar parks. This market segment has been strategically expanded in the last eighteen months and currently represents significantly more than 90% of all business operations. The original investments and project developments in the area of climate protection and climate protection projects were frozen at their level of operations in the first half of 2009. All operations in the area of landfill gas venting, biomass and investment projects in the area of wind and water power were either frozen or discontinued. The strategic realignment was supplemented by personnel changes and a realignment of the Company’s structure (see Group legal structure).

SOLAR DIVISION: In connection with cooperation arrangements with regional project developers, ecolutions develops and finances solar park projects. The focus of ecolutions within the co-development model lies in the financial, legal and tax conception and structuring of investments, as well as the syndication of equity and debt capital. In this connection, ecolutions deploys its own capital for the financing of the development and construction phase. Ecolutions sells the plants generally upon commissioning to international institutional investors. The process is supported by additional services, such as module procurement from China.

The co-development model means working together with a technical development partner. This partner often brings the project rights and technical expertise to the project co-operation, while ecolutions takes over the role of investor and expert in matters of law, tax and financing structure.

The regional focus of the Solar Division in the first months was on the European solar market with emphasis on Germany. Due to the predictable political conditions for solar investments in this market, as it stands at present this will remain the emphasis. We see developmental potential in the next two to three years in the markets of Canada and America as well as in developing countries with higher amounts of sunlight and strongly increasing energy needs.

CARBON DIVISION: The Carbon Division consists primarily of ecolutions Trading GmbH, Frankfurt am Main (see Group legal structure). In addition to the registration of CO₂ certificates for climate protection projects

under the development mechanism of the Kyoto Protocol, it comprises the required services and consulting in regards to project acquisition and negotiation of contracts with Asian project owners on behalf of international energy utilities and trading companies (specifically: feasibility studies, the preparation of technical and economic project documentation, application for permits). The market focus for the Carbon Division is in the emerging countries of China and India.

GROUP LEGAL STRUCTURE

Ecolutions KGaA carries out the function of the Group holding. Management of the Group holding is responsible for the strategic business development, corporate financing, investor relations and Group-wide risk management. Individual processes in the area of finance, EDP, and marketing are outsourced to third party service providers. The parent company holds directly or indirectly 100 percent of the shares in all companies belonging to the ecolutions Group.

The consolidated financial statements include the parent company and all 17 subsidiaries, thereof 5 in Germany and 12 registered abroad. In 2010 we newly formed or acquired 10 companies and included them in the group of consolidated companies for the first time:

- ecolutions Solar GmbH, Frankfurt am Main (100% via ecolutions GmbH & Co. KGaA, Frankfurt am Main) – purpose: holding company for all operations of the Solar Division
- ecolutions Solar Deutschland GmbH, Frankfurt am Main (100% via die ecolutions Solar GmbH, Frankfurt am Main) – purpose: holding company for all operations of the Solar Division in Germany
- ecolutions Solar Verwaltungs GmbH, Frankfurt am Main (100% via ecolutions Solar GmbH, Frankfurt am Main) – purpose: general partner for the special purpose companies for the Solar Division
- Solarpark Richelbach II GmbH & Co. KG, Richelbach (100% via ecolutions Solar Deutschland GmbH, Frankfurt am Main) – purpose: special purpose company for the solar park project Richelbach II
- ecocomplete B.V., Amsterdam (Netherlands) (100% via ecolutions Solar GmbH, Frankfurt am Main) – purpose: holding company for all operations in Italy of the Solar Division
- three shell companies - esolare 1/2/3 S.R.L., Rom (Italy) (100% via ecolutions Solar GmbH, Frankfurt am Main) – purpose: special purpose companies for projects in Italy for the Solar Division
- Eudora Investments (S) Pte. Ltd. Singapore (Singapore) (100% ecolutions Pte. Ltd., Singapore (Singapore)) – purpose: investment companies for the Asian business area.

As of 31 December 2010, the following special purpose company for the solar park project Laudenbach and Himmelstadt was deconsolidated:

- Is solarinvestra Laudenbach GmbH & Co. KG, Laudenbach

THE EFFECTS OF OVERALL ENVIRONMENT ON ECOLUTIONS

As did the international photovoltaic industry in general, ecolutions also benefited from the growth in the renewable energy markets in the reporting year. In particular, the positive development in the photovoltaic market in Germany established the basis for the Solar Division. Thus, ecolutions was in the position to take advantage of the sales opportunities presented by the dynamic market developments and generated revenues of EUR 32 million in the first full financial year for the Solar Division.

2. CORPORATE STRATEGY AND MANAGEMENT

CORPORATE STRATEGY: ecolutions has the strategic goal of establishing itself worldwide as a developer and financing company for solar PV projects. ecolutions closes the gap between locally established project developers and the international capital market. Investors receive a capital investment tailored to their risk/return profile. This is optimized to the individual regulatory, legal and tax requirements of the investor with respect to the investment term. ecolutions realizes the projects efficiently as part of a proven co-development model together with regional partners. In this way ecolutions creates long-term value through the synthesis of regional development competence and international structuring and financing expertise.

In order to implement this strategy, ecolutions established the following measures:

- Concentration on the project business in the core market of Germany
- Internationalisation of the business activities (short term: Italy and Canada, medium term: additional selected strongly growing photovoltaic markets)
- Expansion of international investment teams
- Expansion of network of internationally strategic co-development partners
- Activities in the Carbon Division will not be accelerated

This strategy places ecolutions in the position to sustainably increase the enterprise value and thereby to significantly increase the attractiveness for existing and future investors.

2010 FINANCIAL YEAR – Overall, 2010 was characterised by the implementation of the strategic realignment of the Company which was begun in the prior year. The focus of ecolutions on the “solar” investment segment was successfully continued in 2010, while the activities in the area of climate protection, which in the early years of the Company were carried out more intensely, were maintained at the level of 2009. This comprises the registration of CO₂ certificates for climate protection projects under the development mechanism of the Kyoto Protocol. All operations in the area of landfill gas venting, biomass and investment projects in the area of wind and water power were either frozen or discontinued. The strategic realignment was supplemented by personnel changes and a realignment of the Company’s structure.

3. BUSINESS PERFORMANCE IN 2010

MAJOR PROJECTS

In the Solar Division, ecolutions successfully managed in the 2010 financial year to realize various projects in the largest photovoltaic market in the world, Germany, with an installed nominal output of 45.2 MWp. Selected projects are described below.

SOLAR PARK FINOW-TOWER: Together with partners, ecolutions developed and financed within five months the fifth largest solar PV park in Germany, "Finow-Tower", with an output of 24.2 MWp. Ecolutions provided the equity for the interim financing of the development and construction phase, developed the financial, tax and legal structure and carried out final negotiations with the third-party lenders for the operating-period financing. This solar PV park was sold to a closed public fund.

SOLAR PARK LAUDENBACH: Together with a co-developer, the Laudенbach Solar Park in Germany, with an output of 6.7 MWp, was financed, developed and constructed in the second half of 2010. ecolutions focussed on its core competencies:

- active project development
- provision of development capital
- development of financial, tax and legal structure of the project
- procurement of solar PV modules
- negotiation of the debt financing
- sale to an institutional investor

The Laudенbach solar park was sold in the reporting period to an international fund.

SOLAR PARK REICHELNBACH: In the last quarter, in connection with its proven co-development model, ecolutions realised an additional solar park with a nominal output of 5.7 MWp. The connection to the power network occurred in December 2010. As of the year end, ecolutions is showing the Richelbach solar park in the consolidated financial statements under inventories with more than EUR 15 million.

In addition, ecolutions invested in the development and financing of three further smaller solar parks having a total nominal output of 8.6 MWp.

COMPANY STRUCTURE

In the 2011 financial year an intermediate holding company (ecolutions Solar GmbH, Frankfurt am Main) was formed for the SOLAR Division. All operations for the SOLAR Division will be carried out by this intermediate holding company in the future. To carry out the projects in Germany a further intermediate holding company was formed, ecolutions Solar Deutschland GmbH, Frankfurt am Main. As of year end, ecolutions Solar Deutschland GmbH held 100 percent of the shares in the special purpose company Solarpark Richelbach II GmbH & Co. KG, Richelbach. The special purpose company is solarinvestra Laudенbach GmbH & Co. KG, Laudенbach, also 100 percent-held, was sold in the financial year to end investor. ecolutions Solar GmbH formed the 100-percent subsidiaries esolare 1 to 3 S.R.L., Rome, as shelf companies.

In addition, ecolutions Solar Verwaltungs GmbH, Frankfurt am Main, was formed under ecolutions Solar GmbH, Frankfurt am Main. This subsidiary is taking over the general partner function for the special purpose companies.

For the photovoltaic market in Italy, an intermediate holding company, ecoomplete B.V., Amsterdam, was formed for the operations. In the future, this company will hold the special purpose companies for solar projects.

Furthermore, ecolutions Pte. Ltd., Singapore, formed the investment company Eudora Investments (S) Pte. Ltd., Singapore for carrying out various Indian projects. No operations were carried out with this company in the 2010 financial year. Within the next five years, investment projects will be carried out in the Asian area with the focus on India. In addition, ecolutions New Energy Investment Co. Ltd., Hong Kong, China, purchased 100 percent of the shares in Carbon India Pvt. Ltd. Mumbai, India. ecolutions Pte. Ltd., Singapore, acquired 0.04 percent of the shares in ecolutions Green Energy India Pvt. Ltd, Mumbai, India.

The process of liquidating the special purpose company LOUDI (Loudi Zhonghan-Ecolutions New Energy Co., Ltd., Loudi/China) was adopted on 8 March 2010. This process is currently being carried out.

4. RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

RESULTS OF OPERATIONS

Ecolutions KGaA was formed in March 2007; therefore, 2010 is the third complete financial year of the Company. The results of operations reflect the continued expansion of the operations.

Sales revenues in the financial year in the amount of TEUR 31,749 (prior year: TEUR 96) comprise primarily the gain on the sale of the fully developed solar power plant Laudenbach/Himmelstadt in the amount of TEUR 28,307 as well as revenues for services rendered in connection with the structuring, financing and procurement of photovoltaic modules for the solar power plant FinowTower (24 MW) in the amount of TEUR 2,061. In addition, the Group generated electricity revenues in the amount of TEUR 1,189 (prior year: 29). The revenues from the area of the Clean Development Mechanism amount to TEUR 173 (prior year: TEUR 67).

Out-of-period income in the amount of TEUR 212 (prior year: TEUR 71) is shown under other income. This results primarily from the release of provisions.

Cost of material comprises primarily the carrying amount of the solar park Laudenbach/Himmelstadt in the amount of TEUR 25,957, which was sold in the normal course of business.

Other operating expenses in the financial year amount in total to TEUR 3,427 (prior year: TEUR 3,068). Thereof, TEUR 713 (prior year: TEUR 967) relates to management and liability compensation to the general partner, TEUR 970 (prior year: TEUR 613) to legal and consulting expenses and TEUR 393 (prior year: TEUR 244) to year-end closing and audit expenses.

In the financial year the Group generated a net profit in the amount of TEUR 960 (prior year: net loss of TEUR 12,586).

Adjusted for one-off effects, which are primarily associated with the write-down of used generators for the biogasification plant Loudi (TEUR 240), the liquidation of the Sautada wind park (TEUR 40) and the expenses relating to the search for a buyer for the remaining generators (TEUR 115), the Group result would be TEUR 395 higher and amount to TEUR 1,335.

NET ASSETS AND FINANCIAL POSITION

Equity of the Company as of 31 December 2010 amounts to TEUR 27,885 (prior year: TEUR 26,743). With a balance sheet total of TEUR 44,053 (prior year: TEUR 27,802), this represents an equity ratio of approximately 63% (prior year: 96%).

The company has available – also taking into consideration the letter of comfort issued to the affiliated companies in China – sufficient liquid funds. (Liquid funds of TEUR 12,966; prior year: TEUR 20,785).

As of the balance sheet date, the solar park Richelbach II is shown under inventories in the amount of TEUR 15,362. Opposite this are liabilities to banks from the interim construction financing of the solar park in the amount of TEUR 13,465.

5. EMPLOYEES

In the 2010 financial year our employees have again contributed significantly to the Company's growth and successes achieved. For us they are a deciding factor in an increasingly complex market environment. Employee satisfaction, entrepreneurial spirit and identification with ecolutions as employer are very important to us and establish the basis for all future employee programs.

As of 31 December 2010, 26 individuals were employed by ecolutions Group-wide, which represents a reduction of 8 employees compared to the end of the prior year. Of these, 22 individuals were employed abroad and 4 in Germany. In the 2011 financial year, employees will again be intensively recruited, especially to provide experts in the Solar Division and in leadership and management positions.

The corporate culture of ecolutions is defined by commitment of every individual, by personal interaction and the internationality of our employees. In order to maintain this as our foundation, we will

- deal with our employees openly and show them esteem,
- offer interesting and challenging work,
- point out development possibilities and actively support career steps,
- compensate appropriate to performance and the market, and
- transparently and proactively provide support in connection with change processes

The management board of ecolutions KGaA thanks all of its employees for their work performed and their high level of commitment in 2010.

6. RISKS AND OPPORTUNITIES

The ecolutions Group operates in an extremely dynamic market environment. In addition to high annual rates of growth, the photovoltaic market is characterized by increasing internationalisation and growing intensity of competition with resulting quickly sinking purchase prices and changed feed-in tariffs due to continuously adjusted political decisions in the respective countries. The resulting promotion conditions for solar power require a high degree of flexibility in the shaping of the service portfolio to the individual sales markets. Overall, compared to other industry branches, there is a high risk position for the entire photovoltaic industry and, therefore, also for ecolutions. At the same time, a large potential for opportunities exists, which is reflected in the development of solar parks worldwide. The increasing consciousness for climate change and the growing worldwide energy need, especially in emerging countries, offer the potential for a further expansion of ecolutions.

Against this background, the goal of the risk management of the ecolutions Group exists above all in the exact knowledge of the current and the expected risk position. In this connection, it means to consciously deal with risks, to continually monitor them and to maintain a balanced relationship between an acceptable risk level and the related business opportunities.

RISK MANAGEMENT SYSTEM

Ecolutions is exposed in its worldwide business operations to a number of risks. ecolutions defines a risk as an event that results from a decision by management (strategic), an action (operationally) and an external condition, and – in the event it occurs – leads to a negative variance from the planned result. ecolutions is required to accept risks to a certain extent in order to take advantage of its opportunities. For this purpose, it has to manage these risks, for example through damage preventive or damage limiting measures, the recognition of adequate safety reserves or the transferring of individual risks to third parties (e.g., through insurance). If a risk increases, the management board of the Group' parent company, together with the divisional and regional leaders, has to be able to take counter measures. Our risk management system should ensure that the management board of the parent company, together with the divisional and regional leaders, recognizes risks for the future development of ecolutions on a timely basis so that appropriate counter measures can be taken to minimize or eliminate the identified risks and thereby avoid negative developments on the part of the Company, employees or customers. The above-mentioned individuals of ecolutions responsible for risk assess together the probability of occurrence and the amount of damage of the identified risk.

Thanks to detailed, uniform and timely reports of the accounting and the operating divisions, which all contain important information to assess the situation of the Group, ecolutions is able to identify short-term deviations from the business goals. The management board of the parent company receives all information on a timely basis: Depending upon the urgency of the data, the reporting is made on a daily, monthly or quarterly basis. Additional methods for identifying risk are market and competition analyses, as well as the observation of economic, legal and promotion policy conditions in the target markets.

The significant risks existing at the balance sheet date are presented below. Altered conditions can lead to changes in the weighting of individual risks from one reporting date to another.

The expanded risk management system implemented in the 2009 financial year and internal audits in the subsidiaries and special purpose companies were applied and adapted to the new corporate structure.

OPPORTUNITY MANAGEMENT

Taking advantage of existing opportunities is one of the core tasks of every company. To identify these opportunities regularly and on a timely basis is first and foremost the responsibility of the management board, but also of divisional and regional leaders. Significant cornerstones for this are the Group-wide planning process and the regularly held coordination meetings of the management board with the divisional and regional leaders. In order to identify potential opportunities, we continually use market and completion analyses, systematic knowledge management, an open information policy in the Company and the promotion of creative employees.

Further comments on the opportunities in the following financial year can be found in the section "Forecast".

INDIVIDUAL RISKS

- **BUSINESS ENVIRONMENT RISKS AND INDUSTRY RISKS**

GOVERNMENTAL PROMOTION OF SOLAR ENERGY: The photovoltaic industry worldwide is highly dependent on governmental promotion. Germany, the worldwide largest photovoltaic market, benefits from the Renewable Energies Act (EEG). In a number of foreign markets there are also promotional programmes for the expansion of photovoltaic. The government regularly reviews these incentive mechanisms and adjusts them to the market. Such modifications of the promotion conditions are also being discussed in Germany. These range from an earlier reduction in the feed-in tariff and the announcement of maximum market capacity to the elimination of individual promotion elements. Potential consequence: A negative change in the promotion programmes for projects in the photovoltaic markets would have considerable effects on our operations and our net assets, financial position and results of operations.

ENERGY PRICES – The high demand for solar energy partly results from the sharp increase in prices for conventional energy sources in the past. The higher the price of energy from conventional energy sources, the more attractive is the generation of electrical energy from sunlight. If market prices for conventional energy sources fall due to the discovery of further oil and gas reserves, this could result in a decline in demand for solar power and in the interest on the part of investors in solar parks.

ALTERNATIVE INVESTMENTS – Our worldwide operating investors constantly chose from a portfolio of alternative investment possibilities. If there are significant changes in the capital markets, this could result in changed investment behaviour. This would have as a result a direct effect on the sales opportunities of ecolutions. Furthermore, a changed regulatory capital requirements of financial institutions could also lead to changed investor behaviour.

- **CORPORATE STRATEGY RISK AND COMPANY GROWTH**

The fast company growth in the Solar Division resulting from the realignment of the corporate strategy places greater demands on the Group financing and the Group structure – especially with respect to the central administration units. Since the expansion of appropriate administrative resources at times cannot keep pace with the operational growth, temporary organizational risks cannot be ruled out. Ecolutions counters these risks through a continually further expanded process management. In order to reach the growth goals of ecolutions, the successful recruiting of qualified employees at all company locations in the future is of fundamental importance.

- **PROCUREMENT RISKS**

In connection with procurement of solar modules and other key components, there exists a threat of occasional unexpected supply bottlenecks, exchange rate fluctuations (see financial risks) and prices increases. Failure of suppliers is critical especially in the case of single-source suppliers. In the event of a supplier failure, delay in delivery or changed conditions, ecolutions would potentially have to pay a higher price or – if possible switch to another manufacturer of solar modules or suppliers of key components. This can lead to further delays, worse supply conditions and losses in quality.

- **RISKS FROM PARTNERSHIPS**

In order to select a co-development partner, ecolutions has established a detailed screening process. Under this process, key financial figures of the partner company, its reputation in the market, a review of the individuals involved and projects already carried out are analysed. Nevertheless, in connection with the partner, financial difficulties can arise in the project phase or capacity bottlenecks can arise in the construction phase. We can identify these through the intensive cooperation, but the danger exists that in connection with the project, delays or additional costs are incurred or, in the worst case, a replacement of the co-developer is required.

- **SALES MARKET**

SOLAR DIVISION: In the photovoltaic market ecolutions is dependent on the legal framework and/or the promotion in the individual markets. Without this promotion, electricity costs in connection with the use of photovoltaic compared to that of conventional energy sources would not yet be competitive. The business trend of ecolutions will also be dependent in the future on legal frameworks, such as the Renewable Energies Act (EEG) in Germany. If as a result of the risks mentioned above delays occur in connection with the project execution, potentially lower feed-in tariffs could result in the respective country. This would have the consequence that potential international investors are only willing to make investments at a discounted price, or a new investor selection process has to be carried out. This could result in massive drops in profit, to delay in subsequent projects and to financing shortfalls.

CARBON DIVISION – Prices for CER certificates (CER - Certified Emission Reduced Certificates), which are used by industrial enterprises to cover their legal emissions obligations, moved sideways in the reporting period. Emissions certificates are standardized and as such are assets that have no significant positive differentiation characteristics other than their price. Substantial uncertainty continues to exist regarding the supply and demand after 2012, since in the reporting period of the Kyoto Protocol, against expectations, there was no extension. This current market situation, however, led to a significant drop in price in the case of voluntary CO₂ certificates (VER - Voluntary Emission Reduced Certificates).

- **PERSONNEL RISKS**

Qualified and motivated employees are the key to the further development of our company – above all, for the Solar Division, the geographical expansion and the business success of ecolutions. The loss of or difficulties in recruiting important employees could make difficult or threaten further growth or the development of ongoing projects. We counter this risk through an attractive leadership and corporate culture, competence development according to needs and a profit-oriented variable compensation system.

- **FINANCIAL RISKS**

As an internationally operating company, ecolutions is necessarily exposed to financial risks: risks from an unfavourable change in exchange rates, in particular the exchange relationships of EUR/USD, EUR/CNY and EUR/INR, and from liquidity risks. ecolutions currently invoices significant revenues in euro.

Through the current equity financing of the operating activities there is no significant risk from the financing. The debt financing is strictly linked to the project financing of the solar parks, which relates to the special purpose companies of the project.

The success of the Group is on the one hand dependent on the directly available capital (in the form of equity) or indirectly available capital (in the form of co-investment funds). Since the projects developed by ecolutions generally provide for a partial debt financing, the availability and cost of project financing have a significant effect. As a result of difficult access to the credit markets for the solar industry or increasing financing costs due to an increase in key interest rates, delays in connection with development of project portfolios or profitability risks can occur.

- **LEGAL AND TAX ASPECTS**

LEGAL RISKS AND CONTRACT RISKS – The largest risks arise for ecolutions in connection with the concluding of contracts with co-development partners, property rights holders, suppliers, financing companies and third-party service providers. Here the Company takes care not to enter into unnecessary obligations or accept unnecessary risks, and it avoids, where possible, dependence on single business partners. Risks from warranty or product liability claims are seldom, since almost the entire risk is carried by the co-development partner or subcontractors. Furthermore, ecolutions works closely with a network of specialized external legal experts.

TAX ASPECTS – ecolutions and its subsidiaries are currently operating in eight countries and are accordingly subject to numerous tax laws and regulations. Changes in tax laws and regulations can lead to a higher tax expense and higher tax payments. Furthermore, changes in tax laws and regulations can also have an influence on our tax receivables and tax liabilities as well as deferred tax assets and liabilities. We are operating in countries with complex tax regulations, which can be interpreted differently. Future interpretations and developments of tax laws and regulations could influence our tax liabilities, our profitability and our operations. In order to minimize these risks, the current tax situation is continually analysed with country-specific tax consultants on a Group-wide basis.

With respect to ecolutions GmbH & Co. KGaA and the significant domestic subsidiaries, there have been no tax audits for corporation tax, trade tax or value-added tax since the formation.

15. OVERALL STATEMENT ON THE RISK SITUATION

From the viewpoint of the management board of the parent company there was no evidence of a threat to the continuation of operations as of the end of the 2010 financial year or at the time of preparation of the financial statements and management report. Due to the rapid expansion of Solar Division, the existing competitive pressure in the market, and the uncertain promotion conditions in some core markets, there is a mixed risk from the risks of the SOLAR and CARBON Divisions. In the prior year, the entire risk related to the CARBON Division. In evaluating the individual risks, the future opportunities were not considered.

7. FORECAST

OVERALL ECONOMIC ENVIRONMENT

The worldwide economy should continue to develop positively in the further course of the year. The International Monetary Fund (IMF) slightly increased its forecast for the global economic growth in the current year and expects an increase in worldwide economic output of 4.4 percent for the coming year. For 2012 a further growth rate of 4.5 percent is expected.

A major risk factor for the future economic development is the high level of debt in many industrial countries. The worldwide economic power USA finds itself confronted with the largest budget deficit since the Second World War, and the announcement of savings measures will likely have a dampening effect on the US economy. Germany, on the other hand, should continue to be among the growth engines in the European area.

SOLAR MARKET

After an unexpectedly strong development in the prior year, a cooling off of the global photovoltaic market is anticipated for 2011. This is likely to lead to a percentage growth in only the lower double-digit region in 2011 and 2012. While Europe accounted for the largest portion of newly installed photovoltaic output again in 2010, the dynamic is expected to increasingly shift to the USA and Asia in the coming years. Due to the emergence of number of new markets having a potential of 500 MW per year and increasing energy needs, there are always new sales opportunities for the photovoltaic industry. The susceptibility to disturbances due to changed political environment should be lessened in light of the broad sales market worldwide.

Germany

The high level of demand in Germany was the major driver of the solar boom in 2010. Approximately one half of the newly installed photovoltaic plants worldwide (16.6 GW) was accounted for in Germany (7.4 GW – Source: Global Market Outlook for Photovoltaics until 2015 – EPIA European Photovoltaic Industry Association 04/2011). The German photovoltaic market is also expected to remain the largest in the world in 2011. However, it is anticipated that the additional construction in the current and in the next years will be lower. One of the reasons for this is the further reductions in solar promotion as of 1 September 2011, to which the German federal cabinet agreed at the end of January 2011. The goal is to limit the expansion of solar energy in Germany to corridor of 3 to 5 GW per year, which is considered reasonable and sustainable politically and in the industry.

Italy

At the beginning of March 2011 the Italian government decided to revise the feed-in law due to the considerable capacity expansion resulting from the previous incentive mechanism. The new regulation (Conto Energia 4) was announced at the beginning of May 2011. From September 2011 the feed-in tariff will be reduced monthly, from 2012 semi-annually, depending on the reaching of the capacity upper limit. In addition, there is a new registration procedure of the governmental agency GSE for larger photovoltaic plants. Due to the complex new regulations, restrained investment activity is anticipated in the course of 2011 compared to 2010. It is expected nevertheless that in view of its strong sunlight and the clear regulations until 2016, the Italian solar market will continue to be among the largest European solar markets.

Canada

The Canadian photovoltaic market almost doubled in 2010, from 62 MW to 105 MW. This was driven in particular by the Ontario region. The attractive feed-in tariff, coupled with an economically and stable country, creates planning certainty for institutional investors. Nevertheless, a change in the feed-in tariff is also anticipated in the Canadian market in the medium term. Canada will be an attractive market in 2011 with an installation volume of between 250 and 500 MW (Source: Global Market Outlook 2015, EPIA 4/2011).

FORECAST FOR ECOLUTIONS

Ecolutions regards itself as a worldwide operating project developer and finance provider for solar parks. We close the gap between locally established project developers and the international capital market. Investors receive a capital investment tailored to their risk/return profile. This is optimized to the individual regulatory, legal and tax requirements of the investor with respect to the investment term. ecolutions realizes the projects (quickly and) efficiently in the course of a proven co-development model together with regional partners. In this way ecolutions creates long-term through the synthesis of regional development competence and international structuring and financing expertise.

ecolutions is also concentrating its Solar Division operations in 2011 on its core market of Germany. In addition, ecolutions is planning to take advantage of business opportunities in the Italian and Canadian markets.

The existing business opportunities in the Carbon Division will continue to be realised as in prior years.

In order to successfully implement this strategy, we will especially recruit international experts in the project financing of solar parks, and in selected target markets we will discerningly enter into cooperation arrangements. In addition, it is currently being investigated as to which possibilities the capital markets offer ecolutions in order to be able to optimally design worldwide tailored project development for our customers. ecolutions sustainable value creation is based on our excellent employee team, cooperation with local project developers and a corresponding financing competency.

In the 2011 financial year, the ecolutions Group expects a positive development with increasing revenues, especially in the Solar Division. Furthermore, we anticipate improvement in profitability in 2010, which will correspond to the expansion of revenues. For the subsequent years, increased revenues are planned, which will primarily result from the Solar Division.

8. SUBSEQUENT EVENTS

MARKET

ITALY – The market entry into the second largest photovoltaic market in the world, which was already decided in 2010, is currently in the implementation phase. In the first quarter, ecolutions was able to recruit experienced employees both on the technical side and on the investment management side. This builds the backbone for the corresponding market entry and the necessary growth in Italy. In the second quarter of 2011, operations were started in Italy. The short-term goal in the 2011 calendar year is the development of solar parks under the new regulations of Conto Energia 4 (see Forecast). All company operations will be combined in the holding company ecoomplete B.V., Amsterdam (Netherlands) (see Group legal structure). As a result of the regulations adopted in May 2011 for the photovoltaic market until 2016, investors receive the necessary security for long-term investments in this geographically very attractive photovoltaic market (1,617 kWh/m²). On average, the solar radiation is 40 percent higher than in Germany (1,083 kWh/m², Source: PVGIS Data).

CANADA – In the spring of 2011, ecolutions decided on a strategic market entry into the growth market of Canada. The investment decision was supported by clear promotion regulations for photovoltaic plants in the Ontario region. At the end of 2010, solar plants with a capacity of 200 MW were installed. The market experts (Source: EPIA 4/2011) anticipate an additional installed capacity of between 250 and 500 MW in 2011. In order to ensure a quick market entry here as well, ecolutions will employ the proven co-development model. Partnerships will be strived for with local developers who already have a pipeline of project rights and together with ecolutions will expand this pipeline.

PROJECTS

Since spring 2011 ecolutions, together with a strategic co-development partner, is developing the solar park in Meuro-Schipkau (Brandenburg). Here, on a former quarry site for brown coal, a solar park is being constructed with a capacity of 72 MW. The project has cost volume of approximately EUR 155 million. The construction phase was already begun in May, and the commissioning is planned to occur by the end of August. ecolutions already sold this solar park to an institutional investor in June 2011. The payment of the purchase price is based on milestones and will result in a positive contribution to results in 2011.

ORGANISATION

As of 18 January 2011, the company New Energy Investment Consulting (Beijing) Co., Ltd. Beijing, was formed in the People's Republic of China. It is taking over all operations of our representation office in the People's Republic of China and is concentrating on building up strategic partnerships with solar technology manufacturers, procurement of solar technology for solar park projects, consulting in connection with investments in the solar business area and the development, project management and sale of CDM certificates in the carbon business area.

The management of ecolutions was enlarged to include Mr Albrecht Hanusch, in the area of finance.

The shutdown planned in the first quarter of 2011 of the non-operative activities of ecolutions Green Energy (India) Private Limited, Mumbai, India, was transferred to a publicly named liquidator in April 2011. This liquidation process will be completed within six months. The announcement of the voluntary liquidation of the

company was made in Mumbai on 28 April 2011. In this liquidation, ecolutions sees a clarification of current organisational structure in India. Together with the liquidator, ecolutions sees no mentionable risks in connection with the liquidation.

Frankfurt am Main, 14 July 2011

The Management of Altira Ecolutions Management GmbH

(signed) Petra Leue-Bahns

(signed) Albrecht Hanusch

Auditors' report

To Ecolutions GmbH & Co. KGaA

We have audited the consolidated financial statements prepared by Ecolutions GmbH & Co. KGaA, Frankfurt am Main, --comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity, and the notes to the consolidated financial statements-- together with the group management report for the business year from January 1 to December 31, 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Article 315a (1) HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the legal representatives of the parent company. Our responsibility is to express an opinion on the consolidated financial statements and on the 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 promulgated by the Institut der Wirtschaftsprüfer (IDW). 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 in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. 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 the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, 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 the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 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 requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.“

Frankfurt am Main, 15 July 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

Hauptmann	Pebler
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

ecolutions GmbH & Co. KGaA

Supervisory Board

Supervisory Board Report to the Annual General Meeting 2011

The Supervisory Board conscientiously performed its duty to supervise the Management in accordance with the requirements of the law and the company's Articles of Association in the past 2010 financial year. The Managing Directors of the general partner provided Supervisory Board members with ongoing and regular oral and written reports on all matters relation to the company's planning and business performance, earnings, financial position and risk situation. The Supervisory Board was involved in all major business transactions and regularly discussed the company's business policies and matters of fundamental importance with the Management. The Management discussed and agreed the company's strategic alignment with the Supervisory Board and updated the Supervisory Board on the status of its implementation. The Supervisory board dealt with all matters requiring its involvement pursuant to the law and the Articles of Association. The cooperation with the Management was characterised at all times by open discussion, mutual trust and absolute confidentiality.

The following persons were members of the Supervisory Board for the entire 2010 financial year

- Andreas Lange, Frankfurt am Main
- Dr. Friedrich Schneider, Krefeld
- Dr. Hartmut Schüning, Hamburg
- Arne Berg Lorenzen, Göteborg, Schweden.

The following persons were members of the Supervisory Board for less than the entire 2010 financial year

- Peter Brumm, Frankfurt am Main,
- George Hersbach, Naarden, Niederlande
- Fady Khallouf, Aix-en-Provence, Frankreich
- Marc van't Noordende, Aix-en-Provence, Frankreich
- Vincent Vautier, Aix-en-Provence, Frankreich
- David Zimmer, Frankfurt am Main.

In the 2010 financial year the supervisory Board held four regular and two extraordinary meetings. Two further meetings were held via telephone conference. Apart from meetings, individual members of the Supervisory Board repeatedly provided advice to the Management. Other resolutions were concluded via circular procedures.

The Supervisory Board has addressed the further development of the company's business activities at all of its meetings. Subject of the regular consultations was primarily to monitor the company's ongoing projects and investments.

At its meeting on 09 February 2010, the Supervisory Board discussed the company's strategic alignment with a focus on projects in the renewable energies sectors of solar pv, wind and small hydro and approved the further bridge-financing of solar modules for a supplier. At its meeting on 16 March 2010, the Supervisory Board discussed the ongoing projects and current investment opportunities.

The two meetings held via telephone conference on 27 April 2010 and 06 May 2010 dealt with the assessment and approval of investment decisions in solar pv projects.

At its meeting on 23 June 2010 the annual financial statement and the group financial statement for the 2009 financial year were discussed and approved as well as the focus on solar pv markets and strategic partnership with a solar developer was resolved. The proceedings and resolutions of the 2010 annual general meeting were discussed at the meeting of the Supervisory Board on 07 September 2010 and the company's future development and progress were debated including the propositions made by the company's largest shareholder, Theolia. At its meeting on 28 September 2010 the Supervisory Board approved the company's market entry into the Italian solar energy market. The meeting held on 08 December 2010 dealt with the ongoing projects and investments, in particular in the Italian market.

The audit committee held a meeting on 15 March 2010 for the discussion of the 2009 financial statement and on 24 August 2010 for the discussion of the semi-annual financial statements.

The Annual General Meeting held on 25 August 2010 approved the appointment of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as auditor for the 2010 financial year. This company audited

the financial statement and the group financial statement of ecolutions GmbH & Co. KGaA as per 31 December 2010 as well as the management report and the group management report and issued the audit certificate subject to the condition precedent that the financial statement as per 31 December 2009 are approved.

The audit committee examined the audited financial statement and group financial statement as per 31 December 2010 as well as the management report and the group management report and discussed the documents in detail with the management and the auditor. The chairman of the audit committee has reported to the Supervisory Board at its meeting on 27 September 2011. The Supervisory Board agreed with the results of the audits after inspecting the auditor's reports and the documents for the annual financial statement and the group financial statement and after an extensive discussion agreed to the recommendation of the audit committee and determined that also based on the results of its own inspections, there were no objects to be raised. 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 pursuant to section 286 para. 1 sentence 1 of the German stock corporation act (AktG, Aktiengesetz).

ecolutions GmbH & Co. KGaA can look back on a successful financial year, one in which the basis for a further increase of our results has been established. The Supervisory Board would like to thank the company's managers and employees for their effort, their commitment and the successful work in the 2010 financial year.

Frankfurt am Main, 27 September 2010

Andreas Lange

Chairman of the Supervisory Board