

Financial Statements 2010 (HGB)

Management Report



Ecolutions GmbH & Co. KGaA
Frankfurt am Main

Balance sheet as of 31 December 2010

Assets

	31/12/2010		31/12/2009	
	EUR	EUR	EUR	EUR
A. Fixed assets				
I. Intangible assets				
Purchased software		8,862.00		11,639.00
II. Property plant and equipment				
Other equipment, operating and office equipment		25,866.00		3,152.00
III. Financial assets				
1. Shares in affiliated companies	147,449.72		122,449.72	
2. Loans to affiliated companies	11,429,601.92		5,941,639.18	
3. Long-term securities	955,428.40	12,532,480.04	1,150,611.65	7,214,700.55
		12,567,208.04		7,229,491.55
B. Current assets				
I. Receivables and other assets				
1. Trade receivables	1,429,838.60		0.00	
2. Receivables from affiliated companies	1,784,975.21		577,075.27	
3. Receivables from general partner	0.00		2,588.01	
4. Receivables from shareholders	12,752.77		0.00	
5. Other assets	3,267,010.07	6,494,576.65	516,962.61	1,096,625.89
II. Bank balances		7,802,588.70		20,347,451.65
		14,297,165.35		21,444,077.54
C. Prepaid expenses		0.00		16,957.49
		26,864,373.39		28,690,526.58

Equity and liabilities:

	31/12/2010	31/12/2009
	EUR	EUR
A. Equity		
I. Subscribed capital	28,400,000.00	28,400,000.00
II. General partner capital	50,000.00	50,000.00
III. Capital reserves	20,400,000.00	20,400,000.00
IV. Accumulated losses brought forward	-20,512,966.93	-8,211,836.97
V. Net loss for the year	-2,106,463.60	-12,301,129.96
	26,230,569.47	28,337,033.07
B. Provisions		
Other provisions	267,700.00	295,200.00
C. Liabilities		
1. Trade payables	46,002.75	35,997.53
2. Liabilities to general partner	0.00	5,355.00
3. Liabilities to shareholders	209,991.06	802.30
4. Other liabilities	110,110.11	16,138.68
	366,103.92	58,293.51
	26,864,373.39	28,690,526.58

Ecolutions GmbH & Co. KGaA
Frankfurt am Main

Income statement for the period
1 January to 31 December 2010

	2010	2009
	EUR	EUR
1. Revenue	3,106,942.74	0.00
2. Other operating income	170,898.73	278,529.29
3. Personnel expenses		
a) Wages and salaries	-347,303.73	-205,832.40
b) Social security	-79,434.58	-25,032.79
4. Depreciation, amortisation and write-downs of tangible and intangible fixed assets	-4,744.87	-3,502.75
5. Other operating expenses	-3,073,375.18	-2,177,340.83
6. Income from loans of financial assets	604,348.10	588,196.19
-- of which from affiliated companies EUR 604,348.10 (previous year EUR 588,196.19) --		
7. Other interest and similar income	132,717.90	136,010.51
8. Write-downs of financial assets	-2,616,512.71	-10,892,152.18
9. Interest and similar expenses	0.00	-5.00
10. Result from ordinary activities/net loss for the year	-2,106,463.60	-12,301,129.96



Notes to the annual financial statements

of Ecolutions GmbH & Co. KGaA (pursuant to HGB) for the financial year from
1 January through 31 December 2010

General

The annual financial statements of Ecolutions GmbH & Co. KGaA (Ecolutions) have been prepared pursuant to the provisions of the third book of the German Commercial Code (*Handelsgesetzbuch*, "HGB") and the German Stock Corporation Act.

The Company is classified as a small corporation within the meaning of sec. 267 (1) HGB in conjunction with sec. 264a HGB.

The Company classifies its balance sheet and income statement in accordance with sec. 266 and sec. 275 HGB. The total cost method of accounting was applied for presentation of the income statement.

Modifications to HGB from the German Accounting Law Modernization Act, Bilanzrechtsmodernisierungsgesetz or "BilMoG" pursuant to article 66 (3) sent. 1 of the Introductory Law to German Commercial Code, "EGHGB" were applied for the first time in the reporting year. In accordance with the transitional provisions of EGHGB, previous year values are reported unchanged.

Accounting and valuation principles

Assets and liabilities are measured in accordance with German commercial measurement requirements in accordance with German generally accepted accounting principles.

Currency translation

The Company has only current foreign currency items. These assets and liabilities denominated in foreign currency were always translated at the spot rate at the balance sheet date.

Fixed assets

Intangible assets and fixed assets are measured at cost including any incidental purchase costs less depreciation based on the straight line method. Depreciation is based on ordinary useful lives.

Ordinary useful lives are:

- Intangible assets 36 months
- Fixed assets 60 to 156 months.

Low-value assets of up to an individual net value of EUR 150.00 are fully depreciated in the year of acquisition or recognised as an expense and reported as a disposal in the statement of changes in fixed assets.

A collective item is recorded if the net purchase cost is higher than EUR 150.00 but no higher than EUR 1,000.00. The collective item is depreciated by 20% in the year of acquisition and in each of the four subsequent years.

Assets are written down in order to value them at the fair value on the balance sheet date, and if an impairment is expected to be permanent.

Financial assets are recognised at the lower of cost or net realisable value.

If the reason for writing down a fixed asset no longer applies, the write-down will be reversed accordingly.

Current assets

Inventory is measured at cost in accordance with the principle of lower of cost or market value.

Receivables and other assets as well as bank balances are recognised at their nominal value. Where necessary, individual impairment losses were recognised.

Equity

Subscribed capital is recognised at its nominal value.

Provisions

Other provisions cover all discernible risks and uncertain obligations. They are recognised at the settlement amount required according to prudent business judgment. Future price and cost increases and residual terms were considered in measurement.

Liabilities

Liabilities are recognised at their settlement value.

Notes to the balance sheet

Fixed assets

During the financial year, the changes in fixed assets were as follows:

	Purchase cost				Accumulated depreciation				Book value	
	01.01.2010 EUR	Additions EUR	Disposals EUR	31.12.2010 EUR	01.01.2010 EUR	Additions EUR	Reversals EUR	31.12.2010 EUR	31.12.2010 EUR	31.12.2009 EUR
Intangible assets										
Purchased software	14,370.75	0.00	0.00	14,370.75	2,731.75	2,777.00	0.00	5,508.75	8,862.00	11,639.00
II. Fixed assets										
Other equipment, furnitures and fixtures	4,526.98	24,681.87	0.00	29,208.85	1,374.98	1,967.87	0.00	3,342.85	25,866.00	3,152.00
III. Financial assets										
Shares in affiliated companies	122,449.72	25,000.00	0.00	147,449.72	0.00	0.00	0.00	0.00	147,449.72	122,449.72
Loans to affiliated companies	12,641,639.18	7,909,292.20	0.00	20,550,931.38	6,700,000.00	2,421,329.46	0.00	9,121,329.46	11,429,601.92	5,941,639.18
Long-term securities	9,231,634.03	0.00	0.00	9,231,634.03	8,081,022.38	195,183.25	0.00	8,276,205.63	956,428.40	1,150,611.65
	21,995,722.93	7,934,292.20	0.00	29,930,015.13	14,781,022.38	2,616,512.71	0.00	17,397,535.09	12,532,480.04	7,214,700.55
Total:	22,014,620.66	7,958,974.07	0.00	29,973,594.73	14,785,129.11	2,621,257.58	0.00	17,406,386.69	12,567,208.04	7,229,491.55

Additions to loans to affiliated companies are primarily attributable to loans to new companies founded during the financial year in the solar sector.

During the financial year, securities were written down by EUR 195 thousand pursuant to sec. 253 (3) sent. 3 HGB.

In addition, loans to affiliated companies were written down by EUR 2,421 thousand due to permanent impairment.

The loans to affiliated companies become due in more than one year.

Receivables and other assets

Receivables and other assets become due in less than one year. Receivables from affiliated companies comprise other receivables.

Equity

Changes in equity were as follows:

	01.01.2010 EUR '000	Net income/loss for the year EUR '000	31.12.2010 EUR '000
General partner's capital	50	0	50
Subscribed capital	28,400	0	28,400
Capital reserves	20,400	0	20,400
Loss carried forward	-20,513	0	-20,513
Net loss for the year	0	-2,106	-2,106
	28,337	-2,106	26,231

Subscribed capital is recognised at its nominal value. It is fully paid in.

Subscribed capital (registered share capital) of the Company totals EUR 28,400,000.00 and is divided into 28,400,000 no par value registered ordinary shares (no-par shares) with a theoretical nominal value of EUR 1.00 per share.

By resolution of the general meeting of 7 March 2008, the general partner has been authorised to increase the registered share capital of the Company with the consent of the supervisory board in partial amounts on one or more occasions in the period up to 28 February 2013 by up to a total of EUR 14,200,000.00 through the issuance of up to 14,200,000 new no-par value bearer shares against contributions in cash or in kind (authorised capital I).

The share capital of the Company is contingently increased by up to EUR 400,000.00 through issuance of up to 400,000 no par value bearer shares (contingent capital I). The contingent capital increase shall be conducted only to the extent that stock options were issued in accordance with the 2007 stock option programme as resolved in the general meeting of 8 August 2007, the holders of options exercise these rights, and the Company does not grant any of its own shares for the satisfaction of the options.

The share capital of the Company is contingently increased by up to EUR 400,000.00 through issuance of up to 400,000 no par value bearer shares conveying profit participation rights from the beginning of the financial year in which they are issued (contingent capital II). The contingent capital increase serves the purpose of granting shares to the holders or creditors of convertible bonds that may be issued by the Company as authorised by the general meeting of 7 March 2008 through 31 January 2010. This contingent capital was recorded in the commercial register on 14 April 2008. No options have been granted to date.

The share capital of the Company is contingently increased by an additional up to EUR 2,000,000.00 through issuance of up to 2,000,000 no par value bearer shares (contingent capital III). The contingent capital increase shall be conducted only to the extent that holders of the stock options issued by 31 August 2011 under the authorising resolution of the general meeting of 25 August 2008, the holders of options exercise these right to shares of the Company, and the Company does not grant any of its own shares for the satisfaction of the options (2008 stock option programme). With consent of the Supervisory Board, the general partner is authorised to determine further details of the option terms, the issuance and conditions of the stock options. No stock options have been granted to date.

The amendment to the articles of association approved in the general meeting of 7 March 2008 was recorded in the commercial register on 14 April 2008. The amendment to the articles of association approved in the general meeting of 25 August 2008 was recorded in the commercial register on 25 September 2008. The amendment to the articles of association approved in the general meeting of 25 August 2010 was recorded in the commercial register on 28 October 2010.

Provisions

Provisions include material amounts for outstanding Supervisory Board remuneration, bonus payments, costs associated with an extraordinary general meeting, financial statement expenses and auditing fees.

Liabilities

All liabilities have residual terms of less than one year. No collateral was provided.

Liabilities to the general partners comprise other liabilities. Liabilities to limited partners comprise trade liabilities.

Notes to the income statement

Out-of-period income in the amount of EUR 33 thousand (previous year: EUR 175 thousand) is reported under other operating income. Out-of-period expenses of EUR 1,274 thousand (previous year: EUR 52 thousand) are included under other operating expenses. These are attributable to expenses related to the assumption of debt from Ecolutions New Energy Investment (Asia) Co., Ltd.

Other notes

Participating interests

On the balance sheet date, Ecolutions held at least one fifth of the shares (directly and indirectly) in the following companies:

No		Equity interest			Cur- rency CU	Equity (IFRS) as of 31 December 2010		Ergebnis (IFRS) 2010	
		direct %	indirect %	held by no.		CU '000	EUR '000	CU '000	EUR '000
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 (S) Pte. Ltd., Singapore,		100	3	EUR	0	0	0	0
9	Ecolutions Solar Deutschland GmbH, Frankfurt am Main, Germany		100	5	EUR	0	0	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 B.V., Amsterdam,			5	EUR	-4	-4	-22	-22
15	Ecolutions Carbon India Pvt. Ltd, Mumbai, India	100		3 (99.00%)/ 2 (1.00%)	INR	9,359	152	6,161	102
16	Ecolutions Green Energy India Pvt. Ltd, Mumbai, India	100		6 (99.96%)/ 3 (0.04%)	INR	233,658	3,853	-1,308	-22
17	Solarpark Richelbach II GmbH & Co. KG, Reußenköge, Germany		100	5	EUR	2,195	2,195	-216	-216

For the 2010 financial year, Ecolutions prepares group financial statements pursuant to IFRS for the largest group of companies. The financial statements will be published in the electronic Federal Bulletin.

Contingent liabilities and other financial obligations

The Company issued letters of comfort for the subsidiary Ecolutions New Energy Investment Co., Ltd., Hong Kong, People's Republic of China, and its subsidiary Ecolutions New Energy Investment (Asia) Co., Ltd., Hong Kong, People's Republic of China, providing a time-unlimited guarantee of their ability to pay due obligations at any time.

Obligations arising from third-party guarantee agreements entered into on behalf of affiliated companies are not recognised as a liability on the balance sheet since the affiliated company is expected to fulfil the underlying liability, and claims are therefore not anticipated.

The following minimum lease payments from the sublease agreement for office space in Grüneburgweg will be incurred for the subsequent periods:

EUR thousand	31.12.2010	31.12.2009
less than a year	22	26
two to five years	0	22
over five years	0	0
	22	48

There were no other material contingent liabilities or other financial obligations as of the balance sheet date.

Tax conditions

The Company currently plans to primarily make long-term investments in systems. The Company will routinely use its subsidiaries to achieve this. Although profit distributions are taxable, under the current German legal position, they are largely exempt from tax.

Information on executive bodies

Under the articles of association, the general partner Altira Ecolutions Management GmbH, Frankfurt am Main (formerly: Ecolutions Management GmbH) is entitled to remuneration of EUR 713 thousand for the financial year for the assumption of management activities and the assumption of personal liability. The subscribed capital of the general partner amounted to EUR 100 thousand on the balance sheet date.

Managing directors of the general partner are:

- Ms Petra Leue-Bahns, CEO, Kriftel
- Mr Albrecht Hanusch, Ostbevern (from 6 July 2011)

Appointed members of the Supervisory Board were or are:

Andreas Lange

Chairman

Managing board of Altira Aktiengesellschaft, Frankfurt am Main

External offices:

Chairman of the supervisory board of Seven Principles AG, Cologne

Chairman of the supervisory board of CFC Industriebeteiligungen AG, Dortmund

Dr Hartmut Schüning

1st Deputy Chairman

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

Managing partner of Second Solar Century GmbH, Halle

External offices: Chairman of the supervisory board of Paribus Northenergy AG, Hamburg

George Hersbach

Member (from 15 February 2010 through 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 offices

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 Maestrane Green Energy Srl, Milan, 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, Gothenburg, Sweden

Dr Friedrich Schneider

Member

Member of the executive board of Arcadis NV, Arnhem, Netherlands

External offices

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

Retired members:**Peter Brumm**

Member (from 20 July 2010 through 3 November 2010)

Marc van't Noordende

Member (from 1 February 2010 through 15 February 2010)

Vincent Vaultier

Member (from 15 January 2009 through 1 February 2010)

David Zimmer

Member (from 10 November 2009 through 20 July 2010)

Theolia S.A., Aix-en-Provence, France has a 35.21% share of equity interest in Ecolutions.

The members of the Supervisory Board as a group are paid an attendance allowance of EUR 77 thousand for their activities in the financial year.

Other notes

Four (4) employees on average (previous year: 2) were employed during the financial year.

The general partner, Altira Ecolutions Management GmbH (formerly: Ecolutions Management GmbH), is solely bound to authorised and bound to manage the company.

Appropriation of net income

The management proposes to carry forward the net loss for the year of EUR 2,106,463.60 to the new period.

Frankfurt am Main, 14 July 2011

The management of Altira Ecolutions Management GmbH

signed Petra Leue-Bahns

signed Albrecht Hanusch



Evolutions GmbH & Co. KGaA

Management report for the financial year 1 January - 31 December 2010

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1. BUSINESS AND GENERAL CONDITIONS

GENERAL ECONOMIC CONDITIONS

GLOBAL ECONOMY – During the year under review, the global economy recovered noticeably from the effects of the worldwide financial market crisis. Gross domestic product grew worldwide by 4.8 per cent (previous year: -0.9 per cent) while economic development in the industrialised and emerging countries diverged considerably once again. It also became evident that, following a strong spring, the recovery in western countries had slowed over the course of the year. Emerging economies, especially those in Asia and Latin America, have already overcome the recession. China and India, in particular, once again showed rapid growth.

USA – Economic performance in the US, the world's largest economic power, grew by 2.8 per cent (previous year: -2.6 per cent), thanks in part to a monetary policy which remains expansive and comprehensive tax relief targeted at economic stimulus. However, structural problems revealed by the financial market crisis do not seem to be solved yet, as indicated by the fact that private household debt in the US remains high, among other things.

EUROPE – The economic recovery in Europe remained subdued during the year under review. Average economic growth in the eurozone achieved only 1.7 per cent (previous year: -4.1 per cent), while individual member countries developed very differently. Just as the debt crisis in Greece, Ireland and Portugal had a negative effect on economic development, so did the – in some cases drastic – tax increases and cuts in public spending made in many member countries to consolidate their budgets.

GERMANY – Germany recovered from the effects of the 2009 crisis year more rapidly than expected by many economic experts, thus leading the recovery in Europe. German gross domestic product grew by 3.6 per cent (previous year: -4.7 per cent) in 2010 - at a rate higher than since the reunification. The recovery of the Germany economy broadened considerably during the reporting year, and was no longer driven solely by an increase in exports, but also by rising domestic demand. In this way, both private consumer expenditures in Germany and corporate investment grew noticeably in 2010.

SOLAR MARKET

GLOBAL MARKET – The solar industry faced difficult economic conditions during the last two years: In 2009, the young industry suffered even more than others from the effects of the crisis in global financial markets. In the 2010 calendar year, cuts to subsidies for solar power in some key markets resulted in ever growing price and margin pressure for project developments. Despite this problematic environment, the industry managed not only to recover from its severe crisis during the year under review, but experienced growth of an unexpected magnitude. This caused the amount of newly installed PV output to double in comparison to the prior year (2010: 16.6 GW; previous year: 7.3 GW).

GERMANY – For the second year in a row, the German photovoltaic market experienced a tremendous boom in 2010. Additional cuts to solar electricity feed-in remuneration approved by the German Parliament in early summer in excess of the

planned annual reduction which is reflected in the German Renewable Energy Sources Act were one fundamental reason for this boom. These cuts took place in two stages, on 1 July and 1 October 2010, resulting in an anticipatory effect in the second quarter, in particular, and to generally higher demand which continued unabated through the end of the year. As a result of these unexpected developments, newly installed photovoltaic output almost doubled in Germany to 7.4 GW (2009: 3.9 GW) in comparison to the prior year.

Sources: Institute for the World Economy Kiel, International Monetary Fund, Organisation for Economic Co-operation and Development, German Federal Statistical Office, Barclays Capital, Bank Sarasin, Syndicat des Énergies Renouvelables, PV Magazine, www.photovoltaik.eu, www.sonnewindwärme.de, www.solarserver.de

BUSINESS ACTIVITIES AND SECTORS

BUSINESS ACTIVITIES - ecolutions develops and finances solar photovoltaic projects (also referred to as solar PV projects). ecolutions closes the gap between locally based project developers and the international capital market. The investment is customised to suit the investor's risk and return profile. Together, this investment is optimised in terms of its maturity according to the investor's individual regulatory, legal and tax requirements. ecolutions realises projects efficiently as part of a proven co-development model in cooperation with regional partners. In this way, ecolutions creates long-term value through the synthesis of regional developmental know-how and international structural 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 company operating globally in the renewable energy industry. Company headquarters are in Frankfurt am Main.

SECTORS - Investments were originally made in the climate protection sector in the emerging countries China and India (carbon sector). In addition to climate protection, project development of solar farms became a further investment focus in the second half of 2009. This market segment was expanded strategically over the last eighteen months and currently represents significantly more than 90% of all business activity. The original investments and project developments in the climate protection sector and climate protection projects were frozen at their levels of activity from the first half of 2009. All activities in the landfill degasification and biomass sectors, and investment projects in the wind and water power sectors were either frozen or completed. The strategic realignment was also supported by personnel changes and adjustments to corporate structure (see Legal Structure).

SOLAR SECTOR: ecolutions develops and finances solar farm projects through cooperation with regional project engineers. Within the co-development model, ecolutions focuses on the financial, legal and tax design and structuring of investments and the syndication of equity and debt capital. In doing so, ecolutions uses its own capital to finance the development and construction phases. ecolutions sells the systems to international institutional investors usually at the time of commissioning. The process is supported by additional services, such as the procurement of modules from China.

The co-development model refers to the cooperation with a partner for technical development. This partner often holds the project rights and brings technical know-how to the project team, while ecolutions takes on the roles of financial backer and expert in legal, tax and financing structures.

During the initial months, the regional focus of the solar sector was on the European solar market, in particular on Germany. Due to the predictable political framework for solar investments in these markets, this focus will currently be retained. We see potential for development in the Canadian and US markets over the next two to three years, and in the emerging countries with high sunlight levels and rapidly increasing energy needs.

CARBON SECTOR: ecolutions Trading GmbH, Frankfurt am Main, largely runs the carbon sector (see Legal Structure). In addition to services needed for the registration of CO₂ certificates for climate protection projects under the Clean Development Mechanism of the Kyoto Protocol, this sector also includes consulting services with regard to project acquisition and contract negotiations with Asian project owners on behalf of international energy providers and trading firms (specifically: feasibility studies, the preparation of technical and financial project documentation, applications). The emerging countries China and India are the market focus of the carbon sector.

LEGAL STRUCTURE

Ecolutions KGaA functions as the of group holding company. The management of the group holding company is responsible for strategic business development, corporate financing, investor relations and group-wide risk management. Individual processes in the areas of finance, IT and marketing are outsourced to third-party service providers. Directly or indirectly, the parent company holds 100 per cent of the shares of all companies belonging to the ecolutions group.

The consolidated financial statements include the parent company and all 17 subsidiaries, thereof 5 domestic companies and 12 companies headquartered abroad. In 2010, we founded or acquired 10 new companies, and included them in the group of consolidated companies for the first time.

- ecolutions Solar GmbH, Frankfurt am Main (100% through ecolutions GmbH & Co. KGaA, Frankfurt am Main) – purpose: holding company for all activities in the solar sector
- ecolutions Solar Deutschland GmbH, Frankfurt am Main (100% through ecolutions Solar GmbH, Frankfurt am Main) – purpose: holding company for all activities in the solar sector in Germany
- ecolutions Solar Verwaltungs GmbH, Frankfurt am Main (100% through ecolutions Solar GmbH, Frankfurt am Main) – purpose: general partner for special purpose entities in the solar sector
- Solarpark Richelbach II GmbH & Co. KG, Richelbach (100% through ecolutions Solar Deutschland GmbH, Frankfurt am Main) – purpose: special purpose entity for Richelbach II solar farm project
- ecocomplete B.V., Amsterdam (Netherlands) (100% through ecolutions Solar GmbH, Frankfurt am Main) – purpose: holding company for all activities in Italy in the solar sector
- three shelf companies – esolare 1/2/3 S.R.L., Rome (Italy) (100% through ecolutions Solar GmbH, Frankfurt am Main) – purpose: special purpose entities for all projects in Italy in the solar sector
- Eudora Investments (S) Pte. Ltd., Singapore (Singapore) (100% ecolutions Pte. Ltd. Singapore (Singapore) - purpose: investment company for the Asian area

The following special purpose entity for the Laudenbach and Himmelstadt solar farm project was deconsolidated as of 31 December 2010

- Is solarinvestra Laudenbach GmbH & Co. KG, Laudenbach

EFFECTS OF GENERAL CONDITIONS ON ECOLUTIONS

During the year under review, ecolutions profited from developments in the renewable energy markets, as did the international photovoltaic industry in general. The foundation of the solar sector was the positive growth in the photovoltaic market, in particular Germany's. It enabled ecolutions to take advantage of the sales opportunities presented by these dynamic market developments, generating EUR 32 million for the company in the first full financial year of the solar sector.

2. BUSINESS STRATEGY AND MANAGEMENT

BUSINESS STRATEGY: The strategic goal pursued by ecolutions is to establish itself globally as a developer and financier of solar PV projects. ecolutions closes the gap between locally based project developers and the international capital market. The investment is customised to suit the investor's risk and return profile. Together, this investment is optimised in terms of its maturity according to the investor's individual regulatory, legal and tax requirements. ecolutions realises projects efficiently as part of a proven co-development model in cooperation with regional partners. In this way, ecolutions creates long-term value through the synthesis of regional developmental know-how and international structural and financing expertise.

To implement this strategy, ecolutions identified the following measures:

- Project concentration on the core market in Germany
- Internationalisation of business activities (short-term: Italy and Canada, mid-term: further selected high-growth photovoltaic markets)
- Development of international investment teams
- Development of a network of international strategic co-development partners
- Activities in the carbon sector will not be accelerated

This strategy puts ecolutions in the position to sustainably increase corporate value, thus significantly increasing the company's attractiveness for existing and future investors.

2010 FINANCIAL YEAR - Overall, 2010 was dominated by the company's strategic realignment initiated in the prior year. The focus of ecolutions on the solar investment segment was successfully promoted in 2010, while the activities in the climate protection area, which were the main focus of the early years, were continued at the level of 2009. These include registration of CO₂ certificates for climate protection projects under the Clean Development Mechanism of the Kyoto Protocol. All activities in the landfill degasification and biomass sectors, and investment projects in the wind and water power sectors were frozen or completed. The strategic realignment was also supported by personnel changes and adjustments to corporate structure.

3. BUSINESS DEVELOPMENT IN 2010

IMPORTANT PROJECTS

In the solar sector, ecolutions was able to successfully realise various projects in the largest photovoltaic market in the world, Germany, during the 2010 financial year with 45.2 MWp nominal power installed. Selected projects are presented below.

FINOW TOWER SOLAR FARM: Over a period of five months with its partners, ecolutions jointly developed and financed the fifth largest solar PV farm "Finow Tower" in Germany with an output of 24.2 MWp. ecolutions assumed interim financing of the development and construction phase, developed the financial, tax and legal structure and carried out final negotiations for the financing term with the lender. This solar PV farm was sold to a closed-end retail investment fund.

LAUDENBACH SOLAR FARM: With an output 6.7 MWp, the Laudenbach solar farm in Germany was financed, developed and constructed jointly in the second half of 2010 with a co-developer. ecolutions remained focused on its core areas of expertise:

- Active project development
- Provision of development capital
- Development of the project's financial, tax and legal structure
- Procurement of solar PV modules
- Negotiation of debt financing
- Sale to an institutional investor

The Laudenbach solar farm was sold to an institutional investor during the year under review.

RICHELBAACH SOLAR FARM: During the last quarter, ecolutions realised a further solar farm with nominal power of 5.7 MWp within the scope of the proven co-development model. Connection to the grid occurred in December 2010. At year end, ecolutions reported the Richelbach solar farm as inventory valued at more than EUR 15 million in the consolidated financial statements.

In addition, ecolutions participated in the development and financing of three further smaller solar farms with total nominal power of 8.6 MWp.

CORPORATE STRUCTURE

An intermediate holding company (ecolutions Solar GmbH, Frankfurt am Main) was founded in the 2011 financial year for the solar sector. All solar sector activities will be

included in this intermediate holding company in the future. An additional intermediate holding company, ecolutions Solar Deutschland GmbH, Frankfurt am Main, was founded to reflect projects in Germany. At year end, ecolutions Solar Deutschland GmbH held 100 per cent of the shares of the special purpose entity Solarpark Richelbach II GmbH & Co. KG, Richelbach. The special purpose entity Is solarinvestra Laudenbach GmbH & Co. KG, Laudenbach, also fully owned, was sold to a final investor during the 2010 financial year. ecolutions Solar GmbH founded the fully owned subsidiaries esolare 1 through 3 S.R.L., Rome, as shelf companies.

In addition, ecolutions Solar Verwaltungs GmbH, Frankfurt am Main, was founded under ecolutions Solar GmbH, Frankfurt am Main. This subsidiary will assume the role of a general partner for the special purpose entities.

The intermediate holding company ecoomplete B.V., Amsterdam, was founded for the business activities in the Italian photovoltaic market. In the future, this company will own the special purpose entities for solar projects in Italy.

In addition, ecolutions Pte. Ltd., Singapore, founded the investment company Eudora Investments (S) Pte. Ltd., Singapore, to conduct various projects in India. No business activities were conducted with this company during the 2010 financial year. Investment projects in the Asian region focusing on India will be conducted over the next five years through this company. In addition, ecolutions New Energy Investment Co. Ltd. Hong Kong, China, acquired 1.00 per cent of shares in ecolutions Carbon India Pvt. Ltd. Mumbai, India. ecolutions Pte. Ltd., Singapore, acquired 0.04 per cent of shares in ecolutions Green Energy India Pvt. Ltd, Mumbai, India.

The liquidation process for the special purpose entity LOUDI (Loudi Shonghan-Ecolutions New Energy Co. Ltd., Loudi/China) was approved on 8 March 2010. This process is currently underway.

4. NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

NET ASSETS

For ecolutions KGaA, the 2010 financial year was dominated by the following strategic decisions:

- a) Further pursuit of the business model to become a specialist for co-development of solar farms.
- b) Freeze or reduce business activities in emerging countries China and India, and make adjustments associated with this to carrying amount of the investments.

Revenues of EUR 3,107 thousand (previous year: EUR 0 thousand) result mainly from provision of services related to the Finow Tower project (EUR 2,061 thousand) and intercompany charges for services in the solar segment (EUR 978 thousand). Other operating income (EUR 171 thousand) includes income not related to the period under review due to charges passed on for automobile expenses amounting to EUR 22 thousand.

Other operating expenses total EUR 3,073 thousand in 2010. Of this amount, EUR 713 thousand (previous year: EUR 967 thousand) was for the management and liability fee for the general partner and EUR 257 thousand (previous year: EUR 483 thousand) for legal and consulting costs. The increase of other operating expenses by EUR 896 thousand is mainly attributable to expenses related to ecolutions KGaA assumption of debt from ecolutions New Energy Investment (Asia) Co., Ltd. in the amount of EUR 1,274 thousand.

EUR 2,421 thousand in write-downs of loans to affiliated companies was recognised in the 2010 financial year.

The net loss for the year is EUR 2,106 thousand (previous year: EUR 12,301 thousand) and is primarily attributable to write-downs of financial assets and the assumption of debt from a subsidiary.

NET ASSETS AND FINANCIAL POSITION

On 31 December 2010, the Company had equity of EUR 26,231 thousand (previous year: 28,337 thousand). Given total assets of EUR 26,864 thousand (previous year: EUR 28,691 thousand), this corresponds to an equity ratio of around 98% (previous year: 99%).

Fixed assets increased by EUR 5,338 thousand from EUR 7,229 thousand to EUR 12,567 thousand. The increase resulted primarily from higher loans to affiliated companies (EUR +5,488 thousand).

Correspondingly, liquid funds decreased from EUR 20,347 thousand to EUR 7,803 thousand.

Receivables and other assets increased by EUR 5,398 thousand to EUR 6,495 thousand. The increase is primarily attributable to the granting of a loan, still valued at EUR 3,250 thousand on the balance sheet date, the residual claim from sale of the Laudenbach solar farm (EUR 1,163 thousand) and the receivable from services rendered for Solarhybrid AG (EUR 1,426 thousand).

Even after considering the letters of comfort issued for the affiliated companies in China, the Company has sufficient liquid resources. The Company was almost entirely equity financed on the balance sheet date. There were thus no major negative effects on the liquidity situation of the Company.

5. EMPLOYEES

Once again, our employees played an important role in the growth of the company and the successes achieved in the 2010 financial year. In a market environment of ever increasing complexity, they are a decisive factor for us. A high degree of employee satisfaction, corporate spirit and identification with eolutions as an employer are very important to us, creating the foundation for all future employee programs.

As of 31 December 2010, eolutions employed 26 people across the company, representing a decrease of 8 employees compared to the end of the previous year. Of the total, 22 employees were employed abroad and 4 domestically. We will increase efforts to recruit employees in the 2011 financial year, in particular in order to staff the solar sector and fill leadership and management positions with experts.

The corporate culture of eolutions is characterised by the commitment of each individual, the personal interactions with one another and the international nature of our workforce. In order that this continues to be our foundation, we will

- treat our employees in an open and respectful manner,
- offer interesting and challenging work assignments,
- identify development opportunities and actively support career advancement,
- offer compensation in line with market conditions and performance and
- guide change processes in a transparent and proactive way.

The managing board of eolutions KGaA would like to thank all employees for the work performed and their high degree of commitment in 2010.

6. RISKS AND OPPORTUNITIES

ecolutions KGaA operates in an extremely dynamic market environment. In addition to high annual growth rates, the photovoltaic market is characterised by a growing degree of internationalisation and increasing competitive intensity with rapidly falling purchasing prices and, as a result, revised feed-in tariffs due to constantly adapting political decisions in the respective countries. The resulting conditions for solar electricity subsidies call for a high degree of flexibility in designing the service portfolio for individual sales markets. Overall, in comparison to other industries, this results in a higher exposure to risk for the entire photovoltaic industry and thus for ecolutions, as well. At the same time, there is a larger potential for opportunity reflected in the global development of solar farms. The growing awareness of climate change and increasing energy demands worldwide, in particular in emerging countries, provide ecolutions with the opportunity for further expansion.

Against this backdrop, the objective of ecolutions' risk management consists mainly in the exact knowledge of the current and anticipated risk positions. This concerns dealing consciously with risk, monitoring risks on an ongoing basis and maintaining a balance between the accepted level of risk and the business opportunities associated with that risk.

RISK MANAGEMENT SYSTEM

In its global business activities, ecolutions considers itself exposed to an array of risks. ecolutions defines a risk as an event following a management decision (strategic), an act (operational) and an external condition, and – if it occurs – causes a negative deviation from the planned earnings. ecolutions must accept a certain level of risk in order to take advantage of its opportunities. To do this, it must manage these risks, for example through measures to prevent or minimise damage, by establishing adequate contingency reserves or by transferring individual risks to third parties (e.g. insurance). Together with the departmental and regional management, the managing board must take steps so that countermeasures can be implemented should the risk increase. Our risk management system should ensure that the managing board together with the departmental and regional management recognises risks for the future development of ecolutions early so that appropriate countermeasures can be taken in order to minimise or eliminate the risks recognised, thus preventing negative effects to the company, employees and customers. The persons responsible for risk management at ecolutions referenced above jointly assess the probability of occurrence and the amount of damage for the risks recognised.

Thanks to detailed, uniform and timely reports from the accounting department and the sectors including all important information for assessing the company's position, ecolutions can recognise even short-term deviations from economic targets. The managing board receives all information in a timely manner: Reports are daily, monthly or quarterly, according to the urgency of the data. Market and competitive analyses and observation of economic, legal and political conditions in the target markets are further methods for measuring risk.

The primary individual risks as of the balance sheet date are presented below. Individual risks may be weighted differently from one closing date to the next due to varying general conditions.

The expanded risk management system introduced in the 2009 financial year and

internal audits in the subsidiaries and special purpose entities were applied and calibrated to the new company structure.

OPPORTUNITY MANAGEMENT

Taking advantage of existing opportunities is considered one of the core tasks of any company. Identifying these opportunities early and regularly is primarily a task of the managing board, but also of the departmental and regional management. The company-wide planning process and the managing board coordination meetings held on a regular basis with departmental and regional management are essential cornerstones for this. In order to recognise our potential for opportunities, we use continually use market and competitive analyses, systematic knowledge management, an open information policy in the company and support of creative employees.

Further explanation of the opportunities in the upcoming financial years is provided in the chapter Outlook.

INDIVIDUAL RISKS

- **ENVIRONMENT AND INDUSTRY RISKS**

GOVERNMENT SUBSIDIES FOR SOLAR POWER – Worldwide, the photovoltaic industry is highly dependent upon government subsidies. Germany, the world's largest photovoltaic market, profits from the German Renewable Energy Sources Act. There are also support programs for photovoltaic expansion in many foreign markets. The government regularly reviews these incentive mechanisms and adapts them to the market. Such adjustments of the subsidy conditions are also currently being discussed in Germany and other important core markets. These discussions range from early reduction of the feed-in remuneration and announcement of a maximum market capacity to elimination of individual subsidy elements. Potential results: An unfavourable change to the support programs for projects in the photovoltaic market would have significant effects on our business activities and our net assets, financial position and results of operations.

ENERGY PRICES – The high demand for solar electricity is the partial result of a sharp price increase for conventional energy sources in the past. The higher the price for energy from conventional energy sources, the more attractive generating electrical energy from sunlight becomes. If market prices for conventional energy sources should decline due to the discovery of further oil and gas deposits, the demand for solar electricity and, as a result of this, the interest of investors in solar farms could also decline.

ALTERNATIVE INVESTMENTS – Our global investors continuously select from a portfolio of alternative investment opportunities. If significant changes occur on the capital markets, this could result in altered investment behaviour, which would have a direct impact on ecolutions' sales opportunities. In addition, changes in capital adequacy requirements for banks could also result in altered investment behaviour.

- **CORPORATE STRATEGY RISKS AND COMPANY GROWTH**

Rapid company growth in the solar sector resulting from adjustment of the corporate strategy places higher demands on corporate finance and corporate structure, in particular concerning the central administrative areas. Since the expansion of adequate administrative resources cannot keep pace with operational growth at times, temporary organisational risks cannot be ruled out. ecolutions addresses these risks with a steadily expanding process management. In the future, successful recruiting of qualified employees for all company locations continues to be of fundamental importance in achieving ecolutions' growth targets.

- **PROCUREMENT RISKS**

There is an occasional risk of supply bottlenecks, foreign currency fluctuations (see Financial Risks) and price increases in the procurement of solar modules and additional key components. Most of all, supplier failures are critical for single source suppliers. In the event of supplier failure, delivery delay or altered conditions, ecolutions may have to pay a higher price for the replacement or, if possible, switch to another solar module manufacturer or supplier of key components. This can lead to further delays, even less favourable procurement terms and lower quality.

- **RISKS FROM PARTNERSHIPS**

ecolutions established a detailed screening procedure for selecting co-development partners. This procedure encompasses analysis of the financial data of the partner company, the company's reputation in the market, verification of the participants and projects completed. Despite this, financial or capacity bottlenecks can still occur at the partner within the scope of the construction phase. Through intensive cooperation, we recognise these, but there is a danger that the project may be delayed, additional costs may be incurred or, in the worst case, the co-development partner must be replaced.

- **Sales market**

SOLAR SECTOR: In the photovoltaic market, ecolutions depends upon the legal framework and government subsidies in the individual markets. Without this support, electricity prices for use of photovoltaic are not yet competitive compared to the use of conventional energy sources. Even in the future, ecolutions' business development will continue to depend upon the regulatory conditions, such as the German Renewable Energy Sources Act. If delays occur during project development as a result of the risks referenced above, this may result in a lower feed-in tariff in that particular country. As a consequence of this, potential international investors will only be prepared to invest at a reduced price, or a new investor selection process will take place. This can lead to a sharp drop in profit, to delays in subsequent projects and to financing bottlenecks.

CARBON SECTOR – Prices for CER certificates (CER – Certified Emission Reduced Certificates), used by industrial companies to meet their legal emission obligations, moved laterally during the year under review. Emission certificates are standardised assets in their own right which have no material positive distinguishing features other than their price. Considerable uncertainty about the supply and demand after 2012 remains, since contrary to expectations, the Kyoto Protocol was not extended during the reporting period. This current market situation, however, has resulted in a significant price decrease in voluntary CO₂ certificates (VER – Voluntary Emission Reduced Certificates).

- **PERSONNEL RISKS**

Qualified and motivated employees are the key to further improvement of our company, in particular for the solar sector, geographic expansion and ecolutions' business success. The loss of important employees or an employment bottleneck could hamper or endanger further growth or the development of current projects. We counter this risk through an attractive management style and corporate culture, needs-based skill development and profit-oriented variable compensation systems.

- **FINANCIAL RISKS**

As a company operating internationally, ecolutions is necessarily exposed to financial risks: Risks from unfavourable foreign exchange developments, in particular in the currency pairs EUR/USD, EUR/CNY and EUR/INR, and liquidity risk. ecolutions currently invoices all material revenues in euro.

Since operations are currently financed by equity, there are no significant risks associated with refinancing. Debt financing is only linked to project financing for solar farms, which concerns the project's special purpose entity.

The success of the group is dependent on the capital available from ecolutions both directly (in the form of equity) and indirectly (in the form of co-investment funds). As the projects developed by ecolutions normally provide for some element of debt financing, the availability and costs of project funding play a key role. Temporary delays in the development of the product portfolio or earnings risk may occur due to difficulties for the solar industry in accessing credit markets or increasing financing costs due to rising key interest rates.

- **LEGAL AND TAX CONSIDERATIONS**

LEGAL RISKS AND CONTRACTUAL RISKS – The greatest risks for ecolutions occur upon conclusion of contracts with co-development partners, holders of rights, suppliers, financing companies and third-party service providers. In such situations, however, the company ensures that no unnecessary obligations and risks are assumed and avoids, if possible, dependencies on individual business partners. Risks from guarantee or product liability claims are rare, since the co-development partner or subcontractors assume almost the entire risk. In addition, ecolutions works closely with a network of specialised external legal experts.

TAX CONSIDERATIONS – ecolutions and its subsidiaries currently operate in eight countries across the world and are therefore subject to various tax laws and regulations. Changes to the tax laws and regulations can result in higher tax liability and higher tax payments. In addition, changes to the tax laws and regulations can also influence our tax receivables and tax liabilities, as well as deferred tax assets and liabilities. We operate in countries with complex tax regulations which are subject to different interpretations. Future interpretations and developments to tax laws and regulations could influence our tax liabilities, our profitability and our operations. Across the company, ecolutions continually works with tax consultants specialising in each country and analyses the current tax situation in order to minimise these risks.

No corporate, commercial or tax external audits have been performed at ecolutions GmbH & Co. KGaA or any significant domestic companies since their foundation.

OVERALL ASSERTION OF THE RISK SITUATION

In the opinion of the eolutions KGaA managing board, there is no indication of a threat to eolutions as a going concern as of the end of the 2010 financial year and at the date of preparation of the annual financial statement and the management report. The rapid expansion of the solar sector, the competitive pressure existing in the market and uncertain subsidy conditions in some core markets result in a mix of risks from the solar and carbon sectors. In the previous year, overall risk was in the carbon sector. Future opportunities were not incorporated in assessing individual risks.

7. FORECAST

GENERAL ECONOMIC CONDITIONS

The global economy is likely to continue its positive development for the remainder of the year. The International Monetary Fund (IMF) raised its forecast for global economic growth slightly for the current year and anticipates an increase in global economic performance of 4.4 per cent in the coming year. A growth rate of 4.5 per cent is anticipated for 2012.

The high level of debt in many industrialised countries remains a major risk factor for future economic development. The global economic power, USA is faced with the largest budget deficit since the second world war, and the austerity measures announced will likely have a slowing effect on the US economy. Germany, on the other hand, will likely remain one of the growth engines in the eurozone.

SOLAR MARKET

Following the stronger than expected development last year, the global photovoltaic market is expected to cool off in 2011. This will likely result in percentage growth rates in the lower two digit range for 2011 and 2012. While the majority of new photovoltaic output continued to be installed in Europe in 2010, the dynamic is likely to shift more and more toward the US and Asia in future years. New sales opportunities are opening up for the photovoltaic industry through the development of a series of new markets with a potential of 500 MW per year and growing demand for energy. Sensitivity for disruptions as a result of changes to general political conditions should decrease globally against the backdrop of a broader sales market.

Germany

Strong demand in Germany was the most significant driver of the 2010 solar boom. Around half of all newly installed photovoltaic systems in the past year (16.6 GW) were in Germany (7.4 GW - source Global Market Outlook For Photovoltaics until 2015 – EPIA European Photovoltaic Industry Association 04/2011). The photovoltaic market in Germany is likely to remain the largest in the world in 2011. However, the additional capacity is anticipated to be lower in the current year and in future years. One of the reasons for this is the further cuts to subsidies for solar power on 1 September 2011, agreed upon by the German federal cabinet in late January, 2011. The goal is to limit expansion of solar energy in Germany to a range of 3 to 5 GW per year, an amount considered by politicians and the industry to be both meaningful and sustainable.

Italy

In early March 2011, the Italian government decided to revise the feed-in tariff law due to the considerable capacity expansion realised through previous incentive mechanisms. The new regulation (Conto Energia 4) was announced in early May 2011. Subject to achieving capacity limits, feed-in tariffs will be reduced each month from September 2011, each six months from 2012. In addition to this, the government

agency GSE introduced a new registration procedure for larger photovoltaic systems. Due to complex new regulations, reduced investment activities are anticipated over the course of 2011 in comparison to 2010. Given the high levels of sunlight and clear regulations until 2016, however, it is assumed that the Italian solar market will continue to be among the largest solar markets in Europe.

Canada

The Canadian photovoltaic market almost doubled from 62 MW To 105 MW in 2010. This was driven largely by the Ontario region. The attractive feed-in tariff accompanied by an economically and politically stable country creates planning confidence for institutional investors. Over the medium term, however, changes to the feed-in tariff are anticipated in the Canadian market. In 2011, Canada will be an attractive market with an installation volume of between 250 and 500 MW (source: Global Market Outlook 2015, EPIA 4/2011).

ECOLUTIONS OUTLOOK

ecolutions sees its role in global project development and financing of solar farms. We close the gap between locally based project developers and the international capital market. The investment is customised to suit the investor's risk and return profile. Together, this investment is optimised in terms of its maturity according to the investor's individual regulatory, legal and tax requirements. We realise projects (rapidly and) efficiently as part of our proven co-development model in cooperation with our regional partners. In this way, ecolutions creates long-term value through the synthesis of regional developmental know-how and international structural and financing expertise.

In 2011, ecolutions continues to focus its activities in the solar segment in its core market, Germany. In addition, ecolutions plans to pursue business opportunities in the Italian and Canadian markets.

The existing business opportunities in the carbon sector will be pursued as in the previous years.

In order to successfully implement this strategy, we will recruit international experts, in particular, specialised in project financing for solar farms and selectively enter into cooperations in preferred target markets. In addition, ecolutions is currently investigating opportunities offered by the capital markets which would allow us to best offer our customers worldwide with customised project development.

In the 2011 financial year, ecolutions GmbH & Co. KGaA anticipates slightly higher revenues in comparison to the period under review. Revenues result from the provision of services and personnel to the subsidiaries. The company strives for a break-even result. In subsequent years, ecolutions GmbH & Co. KGaA plans to achieve a positive net result.

In the 2011 financial year, the ecolutions group expects favourable development with increasing revenues, in particular from the solar sector. We continue to anticipate increased earning power in comparison to 2010, which will be in line with revenue growth. In subsequent years, rising revenues resulting mainly from the internationalisation of the solar sector are planned.

8. EVENTS AFTER THE BALANCE SHEET DATE

MARKET

ITALY - The market launch approved in 2010 into the second largest photovoltaic market in the world is currently in the implementation phase. In the first quarter, ecolutions was able to attract experienced employees both on the technical and on the investment management side. These employees make up backbone for the appropriate market launch and the necessary growth in Italy. Operations commenced in Italy in the second quarter of 2011. The short-term goal in the 2011 calendar year is the development of solar farms under the new Conto Energia 4 regulations (see Forecast). All company activities are consolidated in the holding company ecomplete B.V., Amsterdam (Netherlands) (see Legal Structure). Through the regulations for the photovoltaic market through 2016 passed in May 2011, investors have the necessary confidence to invest in this geographically highly attractive photovoltaic market (1,617 kWh/m²) for the long term. On average, irradiation is 40 per cent higher than in Germany (1,083 kWh/m², source: PVGIS Data).

CANADA - In spring 2011, ecolutions approved the strategic market launch in the Canadian growth market. The investment decision was supported by the clear support scheme for photovoltaic systems in the Ontario region. As of the end of 2010, there were solar systems with a capacity of 200 MW installed in Canada. Market experts (source: EPIA 4/2011) anticipate an additional installed capacity of between 250 and 500 MW in 2011. In order to guarantee a rapid market launch here, too, ecolutions will employ the proven co-development model. Partnerships will be sought with local developers with an existing pipeline to project rights or who will cooperate with ecolutions to establish this pipeline.

PROJECTS

Since spring 2011, ecolutions is jointly developing the solar farm in Meuro-Schipkau (Brandenburg) with a strategic co-development partner. A solar farm with a capacity of 72 MW is being built here on a former open pit mining site. The project has a cost of approx. EUR 155 million; the construction phase started in May. Commissioning is planned by the end of August, 2011.

ORGANISATION

The company ecolutions New Energy Investment Consulting (Beijing) Co., Ltd., Beijing was founded on 18 January 2011 in the People's Republic of China. This company assumes all activities of our representative office in the People's Republic of China and focuses on establishing strategic partnerships with solar technology manufacturers, procurement of solar technology for solar farm projects, consulting for investments in the solar sector and development, project management and the sale of CDM certificates in the carbon sector.

The management of ecolutions was expanded to include Mr Albrecht Hanusch, finance division.

Liquidation of the non-operational ecolutions Green Energy (India) Private Limited arranged in the first quarter of 2011 was transferred to a publicly appointed liquidator in April 2011. This liquidation process will be completed in six months. Announcement of the voluntary liquidation of the company in Mumbai was made on 28 April 2011. In this dissolution, ecolutions sees a streamlining of the current organisational structure in India. Neither ecolutions nor the liquidator sees any risks of note in the dissolution of the company.

Frankfurt am Main, 14 July 2011

The management of Altira Ecolutions Management GmbH

signed Petra Leue-Bahns

signed Albrecht Hanusch

We issued the following unqualified auditor's report conditional on formal approval of the annual financial statements as of 31 December 2009:

Auditor's report

To Ecolutions GmbH & Co. KGaA

We have audited the annual financial statements – comprising the balance sheet, income statement and notes to the annual financial statements – including the accounting, and the management report for Ecolutions GmbH & Co. KGaA for the financial year from 1 January to 31 December 2010. The accounting and preparation of the annual financial statements and management report in accordance with the requirements of German commercial law are the responsibility of the management of the Company. Our responsibility is to express an opinion on the annual financial statements, including the accounting, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 of the German Commercial Code and the German generally accepted standards for auditing financial statements issued by the German Institute of Public Auditors (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 annual financial statements in accordance with German generally accepted accounting principles and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company 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 accounting, annual financial statements and management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit did not result in any qualifications.

In our opinion, based on the findings of our audit, the annual financial statements satisfy the statutory requirements and give a true and fair view of the net assets, financial position and results of operations of the Ecolutions GmbH & Co. KGaA in accordance with German generally accepted accounting principles. The management report is consistent with the annual financial statements, on the whole provides a suitable view of the position of the Group and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 15 July 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

[signature]
Hauptmann
Public Auditor

[signature]
Pebler
Public Auditor

