
Joint Report
in Accordance with Section 293a AktG (*Aktiengesetz*, German Stock Corporation Act)

of the Management Boards of
ecolutions GmbH & Co. KGaA
and
ecolutions Trading GmbH

on the draft Control and Profit and Loss Transfer Agreement
of 08 August 2011

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I. Preliminary Note

Ecolutions GmbH & Co. KGaA (hereinafter referred to as "ecolutions") and ecolutions Trading GmbH (hereinafter referred to as "eTrading") intend to enter into a Control and Profit and Loss Transfer Agreement (hereinafter referred to as the "Agreement").

In this Agreement, eTrading places the management of its company under the control of ecolutions and undertakes to transfer its profits to ecolutions. The Agreement will become effective upon its registration in the Commercial Register. With the exception of the right to issue instructions, which requires registration in the Commercial Register to become effective, the Agreement shall be deemed to be effective following the date of its execution.

In addition, in order to become effective, the Agreement will require the consent of the General Meeting of ecolutions and that of the General Meeting of eTrading. The General Meeting of ecolutions will be asked for its approval of the Agreement on 17 November 2011. The General Meeting of eTrading has passed a resolution on the approval of the Agreement on 28 September 2011.

For the purpose of informing the shareholders of ecolutions and in preparation of their resolution, the management of the general partner of ecolutions prepares the following report in accordance with Section 293a of the AktG (*Aktiengesetz*, German Stock Corporation Act):

II. Situation According to Company Law and Economic Situation

Ecolutions Trading GmbH ("eTrading") has its registered office in Frankfurt am Main and is registered in the Commercial Register at the Local Court (*Amtsgericht*) of Frankfurt am Main under HRB 87751. The business premises of the company are located at Grueneburgweg 18 in 60322 Frankfurt am Main.

The share capital of eTrading is EUR 25,000.00 and is fully paid up. The company has been founded as a shelf company under the company name Platin 370. GmbH on 03 February

2009 and has been registered in the Commercial Register at the Local Court of Frankfurt am Main on 05 February 2009. On 26 June 2009, ecolutions purchased the entire shares in the company and changed its company name into ecolutions Trading GmbH. The object of the company is the administration of its own assets and funds.

eTrading undertakes operations in the Carbon business segment. Besides the services required for the registration of carbon dioxide certificates for climate protecting projects after the clean development mechanism of the Kyoto-protocol eTrading provides consultancy services regarding the sourcing and acquisition of projects and conducting of negotiations of Agreements with project and project rights owners in the Asian market on behalf of international energy providers and trading agencies (in particular feasibility studies, technical documentations and financial models, filling of applications). eTrading will primarily take over the distribution of carbon dioxide certificates generate from ecolutions' third party projects. In the 2009 financial year, eTrading managed to assure the rights to acquire emission certificates of three projects by so-called Emissions Rights Purchase Agreements (ERPA) and preliminary acquisition contracts.

As a result of the Copenhagen conference on climate change in December 2009, the carbon certificate market was characterised by uncertainty on its effect on carbon dioxide pricings and investment levels. Uncertainty remains on supply and demand for Certified Emission Reduced Certificates (CER) after the year 2012, as the Kyoto protocol has not been prolonged. The current market situation has lead to a price decline for Voluntary Emission Reduced Certificates (VER).

The annual financial statements of eTrading comply with the provisions of book three of the German Commercial Code (*Handelsgesetzbuch*) and the special requirements of the German Limited Liability Companies Act (*GmbH-Gesetz*) that apply to small limited liability companies.

III. Reasons for Entering into the Control and Profit and Loss Transfer Agreement

By entering into the Control and Profit and Loss Transfer Agreement, ecolutions pursues tax optimisation opportunities.

The conclusion and performance of an effective Control and Profit and Loss Transfer Agreement is the prerequisite for the formation of a consolidated tax group for corporation tax and business tax purposes. These consolidated tax group subsidiaries formed for income tax purposes have the benefit that profits and losses can be simultaneously passed on to the companies that are part of the consolidated tax group.

Consolidated tax group for tax purposes means the financial integration of a corporation (controlled company) – here, eTraing – into a domestic business enterprise (controlling company) – here, ecolutions – with the consequence that the income of the controlled company is allocated to the controlling company. As a result of the financial integration, all of the shares in eTrading will belong to ecolutions. In addition to this prerequisite, the consolidated tax group formed for corporation tax and business tax purposes is subject to the requirement to enter into a profit and loss transfer agreement within the meaning of Section 291 of the AktG, in which the controlled company - here, eTrading - undertakes to transfer all of its profits to the controlling company - here, ecolutions - and in which the controlling company, in turn, undertakes to compensate any losses of the controlled company. In order for the consolidated tax group arrangement to be effective, this Agreement must be entered into for a term of at least five years and must actually be performed. The profits transferred will increase and the losses assumed will decrease the taxable income of ecolutions.

eTrading anticipates a profit in the years ahead from the creation, generation, sale and holding of photovoltaic systems. Such a profit will be subject to corporation tax and business tax.

In the 2010 financial year, eTrading posted an annual net profit in the amount of EUR 30,000 in accordance with German commercial law. The annual net loss in the amount of EUR 220,000 has been carried forward to a new account.

The balance sheet total amounts to EUR 251,000.

eTrading has taxable losses carried forward in the amount of EUR 244,000, which accumulated in the course of the financial years of 2009 and 2010.

eTrading is expected to generate a net income for the year 2011

In recent financial years, ecolutions has incurred not inconsiderable losses. Accordingly, it has losses carried forward subject to corporation tax and business tax, which would initially have to be offset against future profits.

As at 31 December 2010, ecolutions has taxable losses carried forward in the amount of EUR 13,363,000, which accumulated in the course of the financial years of 2007 to 2009 and different amounts of which can be taken into account for corporation tax and business tax purposes.

The Control and Profit and Loss Transfer Agreement puts ecolutions in a position to offset for tax purposes the profits and losses of its subsidiary eTrading against ecolutions' losses carried forward in order to reduce the tax liability within the Group and make a profit in the future for the benefit of the shareholders of the limited partnership.

IV. Other Control and Profit and Loss Transfer Agreements

In addition to the Control and Profit and Loss Transfer Agreement with eTrading, ecolutions will enter into another control and profit and loss transfer agreement with its fully owned subsidiary, ecolutions Solar GmbH (hereinafter referred to as "eSolar"), in order also to be able to offset, for tax purposes, its profits against ecolutions' losses carried forward. The provisions of the Control and Profit and Loss Transfer Agreement with eTrading are essentially identical to the provisions of this draft.

eSolar in turns entered into a Control and Profit and Loss Transfer Agreement as controlling company with its subsidiary ecolutions Solar Deutschland GmbH, registered in the Commercial Register of the Local Court of Frankfurt am Main under HRB 87941, of which it holds 100 % of the shares, as controlled company. The Control and Profit and Loss Transfer Agreement has been approved by the General Meetings of both parties and has been registered in the Commercial Register on 14 December 2010.

For further details of the agreement between eSolar and ecolutions Solar Deutschland GmbH reference is made to the Joint Report on the Control and Profit and Loss Transfer Agreement between eSolar and ecolutions .

V. Explanation of the Control and Profit and Loss Transfer Agreement

The Control and Profit and Loss Transfer Agreement provides that eTrading, as the controlled company, will place the management of its company under the management of ecolutions, as the controlling company. It also provides for the transfer of profits by eTrading to ecolutions and the assumption of losses of eTrading by ecolutions as from 01 January 2011.

The essential provisions of the Control and Profit and Loss Transfer Agreement should be explained as follows:

The Control and Profit and Loss Transfer Agreement is an intercompany agreement within the meaning of Section 291, et seq. of the AktG, which can be hand-written and signed according to Section 293, paragraph 3 of the AktG.

The Control and Profit and Loss Transfer Agreement will only become effective on approval by the General Meeting of ecolutions and that of the General Meeting of eTrading. In accordance with Section 293, paragraph 1, sentence 1 of the AktG, a majority vote of at least three quarters of the share capital represented when the resolution is passed will be required.

In the Agreement, the term “controlling company” will be used for the parent company ecolutions and the term “controlled company” will be used for the subsidiary eTrading. This is in accordance with the terms used in Sections 14, et seq. of the KStG (*Körperschaftsteuergesetz*, German Corporation Tax Act).

1. Management (§1)

In accordance with Section 1 of the Control and Profit and Loss Transfer Agreement, eTrading undertakes to place the management of its company under the management of ecolutions. Pursuant to this, ecolutions, as the controlling company, manages the business planning, coordinates the business activities of the company, defines the company’s organisation, controls the transactions and decides how the management positions are to be held.

Furthermore, ecolutions has the right to issue instructions to the management of eTrading regarding the management of the company. With the right to issue instructions, ecolutions, as the controlling company, will be in a position to take over the management and enforce management decisions with respect to eTrading.

The right to issue instructions will be effective as of the date the Agreement comes into force.

2. Transfer of Profits (§2)

In accordance with Section 2, paragraph 1 of the Control and Profit and Loss Transfer Agreement, eTrading undertakes to transfer all of its profits to ecolutions as of 1 January 2010 or as of the date of its formation. The annual net profits, reduced by any losses carried forward from the previous year as well as allocations to the reserves and the amount that must not be distributed according to Section 268, paragraph 8 of the HGB (*Handelsgesetzbuch*, German Commercial Code), and increased by any amounts withdrawn from retained earnings, are to be transferred.

According to Section 2, paragraph 2 of the Control and Profit and Loss Transfer Agreement, eTrading may, with the consent of ecolutions, allocate amounts from the annual net profits to the revenue reserves in accordance with Section 272, paragraph 3 of the HGB provided that this is permitted under German commercial law and is justified based on a reasonable commercial assessment.

According to Section 2, paragraph 3 of the Control and Profit and Loss Transfer Agreement, free reserves that were built up during the term of the Agreement in accordance with Section 272, paragraph 3 of the HGB, are to be released and transferred at the request of ecolutions in order to offset an annual net loss or as profits. The transfer of amounts from any retained earnings brought forward that may exist at the beginning of the Agreement or the release of revenue reserves existing prior to the Agreement or provided for in the Articles of Association – even if they were built up during the term of the Agreement – and their utilisation in order to offset the annual net loss may not be undertaken by eTrading and may not be requested by ecolutions. However, eTrading does not have such revenue reserves. The same applies for any capital reserves built up in accordance with Section 272, paragraph 2, no. 4 of the HGB during the term of the Agreement.

The obligation to transfer profits applies for the first time for the financial year of eTrading, during which this Agreement becomes effective.

3. Assumption of Losses (§3)

In return, ecolutions is obliged, in accordance with Section 3, paragraph 1 of the Control and Profit and Loss Transfer Agreement, to offset all the annual net loss incurred by eTrading pursuant to Section 302 of the AktG during the term of the Agreement, which cannot be offset by the withdrawal of other free reserves built up during the term of the Agreement. Free reserves include other retained earnings pursuant to Section 272, paragraph 3 of the HGB and capital reserves from the additional payments of the controlling company according to Section 272, paragraph 2, no. 4 of the HGB. With reference to the provisions of Section 302 of the AktG, the prerequisite for the taxable income allocation to the controlling company in Section 17, sentence 2, no. 2 of the KStG and the requirements of the tax authorities are taken into account.

The obligation to assume the losses will also apply, as of the effective date of the Control and Profit and Loss Transfer Agreement by registration in the Commercial Register, retroactively as of the beginning of the current financial year of eTrading. The right to offset an annual net loss will become due on expiry of the last day of eTrading's financial year for which the right exists and is subject to an accrual of interest at the statutory amount as of this time.

According to Section 3, paragraph 2 of the Control and Profit and Loss Transfer Agreement, eTrading may not, prior to the expiry of three years after the registration of the termination of the Agreement is entered in the Commercial Register, waive its rights to have the losses offset by ecolutions and may not come to a mutual agreement with ecolutions regarding the offsetting of losses. Reference is made to Section 302, paragraph 3 of the AktG in this regard.

eTrading's rights to offset losses will become time-barred in ten years as from the date on which the registration of the termination of the Agreement in the Commercial Register is deemed to have been made public. Reference is also made in this regard to Section 302, paragraph 4 of the AktG.

4. Effective Date and Term (Section 4)

The restriction in Section 4, paragraph 1 of the Control and Profit and Loss Transfer Agreement takes into account the legal requirement of the approval of the General Meeting of ecolutions and that of the General Meeting of eTrading.

The Agreement is entered into with effect from 1 January 2011 for a term of five years, that is, until 31 December 2015. If it is not terminated by one of the parties six months prior to the expiry of the contractual term, it will be automatically renewed by one year. The term of the Control and Profit and Loss Transfer Agreement has been determined in such a way that the requirements of the tax regulations with respect to a consolidated tax group formed for corporation tax purposes are satisfied according to Section 14, paragraph 1, sentence 2, no. 3 in conjunction with Section 17, sentence 1 of the KStG.

The Control and Profit and Tax Transfer Agreement becomes effective upon registration of eTrading in the Commercial Register. The registration in the Commercial Register will be applied for promptly after approval by the Annual General Meeting of ecolutions on 17 November 2011. If the Agreement does not become effective in 2011 because registration in the Commercial Register did not take place, then according to Section 4, paragraph 3, it will be deemed to have been entered into for a fixed term until 31 December 2016 instead of 31 December 2015 according to paragraph 2. The automatic extension by one year and six-month notice of termination, which are governed by paragraph 2, sentence 3, will remain unaffected by this different term.

The Control and Profit and Loss Transfer Agreement can, to the extent legally possible, be terminated in accordance with Section 4, paragraph 4 by either party in writing at any time without having to comply with the notice period required for termination for cause. Good cause for termination by ecolutions will in particular be deemed to exist if it no longer has the majority of voting rights associated with the shares held in eTrading. The circumstances recognized by the German tax authorities as such will be deemed in particular to constitute good cause. Cf. R60, paragraph 6 of the 2004 German Corporation Tax Guidelines. In the event of termination for good cause, ecolutions will only be sic to offset the proportional losses until the termination of the profit and loss transfer agreement in accordance with German commercial law, that is, when registration of the termination in the Commercial Register is deemed to have been made public.

Section 4, paragraph 5 refers to the protection of creditors in Section 303 of the AktG. Once the Agreement ends, ecolutions will be obliged to provide security to the creditors of eTrading, which will be deemed to have been made public within six months after registration of the termination in the Commercial Register, to notify ecolutions to this end. Instead of providing security, there is an option to issue a guarantee.

5. Partial Invalidity (Section 5)

Section 5 of the Control and Profit and Loss Transfer Agreement finally contains a so-called severability clause, which is to ensure that any invalidity of the individual contractual provisions or an undetected contractual gap will not affect the validity of the rest of the contractual provisions and the Agreement will otherwise remain valid. In such cases, the contracting parties should agree upon a provision that they would have agreed upon in the light of the contractual purpose if they had been aware of the invalidity of the provision or the contractual gap from the outset. In the event of contractual amendments, the approval of the General Meeting of ecolutions in accordance with Section 295, paragraph 1, Section 293, paragraph 2 of the AktG and the approval of the shareholders of eTrading in accordance with Section 295, paragraph 1, Section 293, paragraph 1 of the AktG would be required.

Adequate Compensation and Settlement

In the Control and Profit and Loss Transfer Agreement, there was no need to provide for any payment of adequate compensation in accordance with Section 304 of the AktG or any settlement in accordance with Section 305 of the AktG for outside shareholders of eTrading because eTrading does not have any outside shareholders. Ecolutions directly holds 100% shares in eTrading . Therefore, the valuation of the companies that are shareholders for the purpose of determining adequate compensation and an adequate settlement did not need to be undertaken.

Audit of the Control and Profit and Loss Transfer Agreement

Since ecolutions is the direct holder of all the shares in eTrading , there was no need for an audit of the Control and Profit and Loss Share Agreement by an expert auditor (independent auditor) in accordance with Section 239b, paragraph 1 of the AktG.

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