CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

HALF YEAR PERIOD ENDED
JUNE 30, 2011

3W power | AEG POWER SOLUTIONS

3W POWER
INTERIM FINANCIAL STATEMENT

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GENERAL INFORMATION

BOARD OF DIRECTORS

Prof. Dr. Roland Berger,	Chairman
Dr Horst J. Kayser	Chief Executive Officer
Bruce Brock	
Keith Baden Corbin	
Gerhard Henschel,	Chief Financial Officer
Robert J. Huljak	
Lawrence Lavine	
Dr. Thomas Middelhoff	
Christopher P. Minnetian	
Harris N. Williams	
Prof. Dr. Mark Wössner	

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KEY PERFORMANCE INDICATORS

AEG PS GROUP

	Quarter to June			Half year to June		
€ million	Q2 2011	Q2 2010	% change	2011	2010	% change
Backlog	214.4	146.3	47%	214.4	146.3	47%
Orders	127.3	84.7	50%	221.3	153.7	44%
Revenue	106.7	76.4	40%	193.1	141.1	37%
Book to Bill	1.2	1.1	9%	1.1	1.1	0%
EBITDA	21.3	(4.3)	595%	23.6	(0.3)	7967%
% of revenue	*20.0%*	*-5.6%*		*12.2%*	*-0.2%*	
Adjusted EBIT	18.0	1.2	1400%	18.5	3.7	400%
% of revenue	*16.9%*	*1.6%*		*9.6%*	*2.6%*	
Reported EBIT	14.3	(17.6)	181%	10.0	(23.1)	143%
% of revenue	*13.4%*	*-23.0%*		*5.2%*	*-16.4%*	
Net income	6.0	(15.3)	139%	1.9	(7.8)	124%
Adjusted net income	9.4	0,6	1467%	4.8	0,0	NA
EPS (in €)	0,12	(0.32)	138%	0.03	(0.16)	119%
Adjusted EPS (in €)	0,19	0,02	850%	0,09	0.00	NA
Free cash flow	(4.1)	(10.7)	62%	(4.3)	(22.5)	81%
Cash used in investing activities	(6.1)	(8.4)	27%	(8.7)	(15.1)	42%
Working Capital	43.4	29.7	46%	43.4	29.7	46%
Cash	101.4	41.3	146%	101.4	41.3	146%
Net (debt)/cash	(15.9)	24.2	-166%	(15.9)	24.2	-166%

AEG PS – RENEWABLE ENERGY SOLUTIONS (RES)

	Quarter to June			Half year to June		
€ million	Q2 2011	Q2 2010	% change	2011	2010	% change
Backlog	127.0	73.4	73%	127.0	73.4	73%
Orders	68.5	31.5	117%	108.1	52.7	105%
Revenue	57.4	24.2	137%	95.6	46.2	107%
Book to Bill	1.2	1.3	-8%	1.1	1.1	0%
EBITDA	23.8	1.0	2280%	30.9	9.1	240%
% of revenue	*41.5%*	*4.1%*	-	*32.3%*	*19.7%*	-
Adjusted EBIT	22.9	5.2	340%	29.3	13.0	125%
% of revenue	*39.9%*	*21.5%*	-	*30.6%*	*28.1%*	-
Reported EBIT	20.0	(7.7)	360%	23.6	(5.6)	521%
% of revenue	*34.8%*	*-31.8%*	-	*24.7%*	*-12.1%*	-

AEG PS – ENERGY EFFICIENCY SOLUTIONS (EES)

	Quarter to June			Half year to June		
€ million	Q2 2011	Q2 2010	% change	2011	2010	% change
Backlog	87.4	72.9	20%	87.4	72.9	20%
Orders	58.8	53.2	11%	113.2	101.0	12%
Revenue	49.3	52.2	-6%	97.5	94.9	3%
Book to Bill	1.2	1.0	20%	1.2	1.1	9%
EBITDA	2.5	0.6	317%	1.4	(0.7)	300%
% of revenue	*5.1%*	*1.1%*	-	*1.4%*	*-0.7%*	-
Adjusted EBIT	0.4	(0.6)	167%	(1.8)	(2.9)	38%
% of revenue	*0.8%*	*-1.1%*	-	*-1.8%*	*-3.1%*	-
Reported EBIT	(0.3)	(3.9)	92%	(4.4)	(8.5)	48%
% of revenue	*-0.1%*	*-7.5%*	-	*-4.5%*	*-9.0%*	-

Group Key Performance indicators include items from Corporate & Reconciliation. For definition of EBITDA, adjusted EBIT and adjusted net income, reference is made to page 9 and Appendix I.

Dear shareholders,

3W Power S.A., the holding company of AEG Power Solutions (AEG PS), showed strongest performance in two years for Q2 2011. Our revenue was 37% higher than the same period in 2010, reaching €193.1 million (2010: €141.1 million). This high revenue growth combined with a strong gain in order intake highlights the underlying strength in our technologies and products, the successful execution of our Agenda 2012 and the healthy growth in the renewable energy market.

In the six months to June 2011, the Group reported adjusted EBIT of €18.5 million (9.6% of revenue) compared to €3.7 million (2.6% of revenue) in the same period of 2010. This turnaround is largely the result of much improved trading, with the Group capitalizing on its leading position within the growing renewable space. The Group's preferred measure of EBITDA was €23.6 million/12.2% of revenue (2010: loss of €0.3 million/0.2%).

RES Business segment

As predicted, our growth was particularly impressive in the RES business segment. In the second quarter RES revenue was €57.4 million, 50% higher than the first quarter of 2011 and 137% up on the second quarter of 2010. In the first half, orders amounted to €108.1 million (2010: €52.7 million). EBITDA was €23.8 million in the second quarter 2011, significantly higher than in the same period of last year (Q2 2010: €1 million). The growth is driven by continuing demand within the solar value chain, from the upstream manufacturing of polysilicon (power controllers) to the installation of solar power generation plants (solar inverter solutions). As a result, both the power controller and solar business lines of RES performed well. In addition the power controller activity continues to increase its business outside the polysilicon industry value chain.

Some softening in Western European solar orders (primarily Germany and Italy) was partially compensated by gains in growing territories. In Eastern Europe, we have continued to book major projects both in solar inverters and in monitoring systems. Our newly introduced solar inverter "Protect PV500" has proven to be a commercial success and has definitely contributed to winning significant projects, especially in India, where we have booked orders for more than 25MW in the first half of the year.

EES Business segment

In the EES business segment, orders in the half year to June 2011 were up 12% to €113.2 million (2010: €101.0 million). In the second quarter EES revenue was €49.3 million, 2% higher than in the first quarter. The book-to-bill ratio in the second quarter was 1.2 which indicates a strong gwrowth momentum. EES achieved a positive EBITDA aided by the implementation of Agenda 2012 operational improvements.

In the industrial segment, the most active market was Oil & Gas where major contracts were awarded in Europe and in the Middle East. In the Telecom business, the first hybrid power supply installation branded "Eco^{px}®" was commissioned, a major step as this hybrid market shows important growth potential.

Market environment and outlook

The impressive overall Group revenue growth is 40% y-o-y; although it is slightly behind the predictions made in the first quarter due to solar market regulatory developments in certain countries.

Despite volatilities in the photovoltaic industry, RES could gain market share and strengthen its product portfolio with new inverters covering the power range between 10 kVA to 15 kVA and 500 kVA. We predict further growth coming from new emerging markets, innovative product developments and through focusing on utility scale and large commercial segments. The EES business unit is benefiting from the strength of the industrial cycle.

Our Agenda 2012 is on course to reach the annual revenue target of above €400 million in 2011 and above €500 million in 2012. With the growth in revenue and the effects of Agenda 2012, we expect significantly improved profitability over 2010 and reaffirm that our Group EBITDA margin for this year will approach double digits. Furthermore we remain on track to achieve EBITDA margins of 13%-15% by 2012.

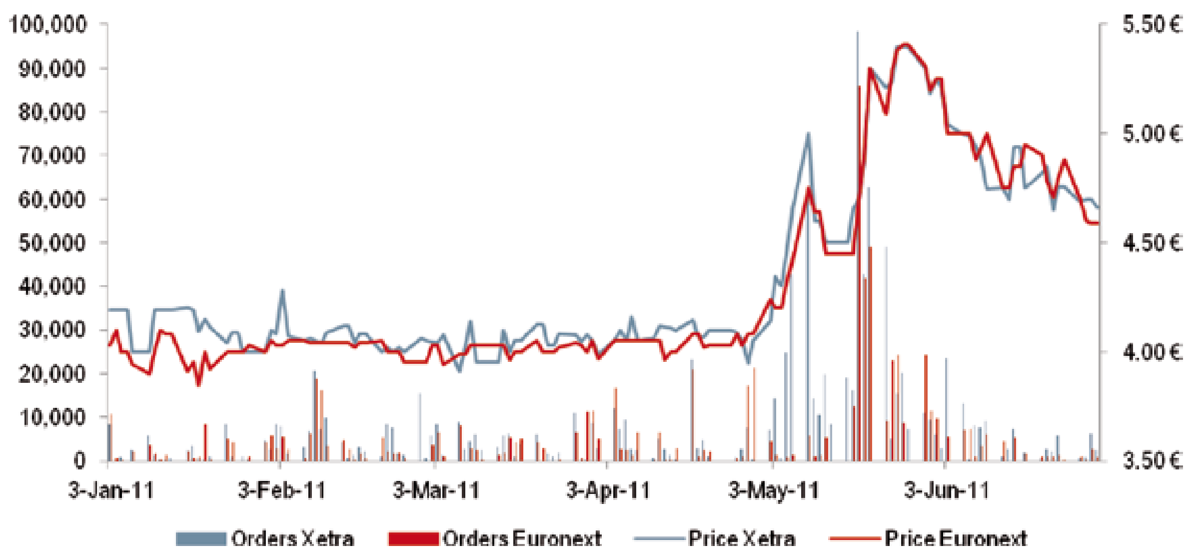
Dr. Horst J. Kayser

CEO 3W Power/AEG Power Solutions

SHARE PRICE DEVELOPMENT

The 3W Power share gained momentum in the first half of 2011. Simultaneously the Group fostered its presence in the capital market environment and increased the awareness with institutional investors.

On January 3, 2011 the 3W Power share started with a quotation of €4.10 at Deutsche Börse (Xetra). Until late April 2011, the share traded sideways within a range mainly between €4.00 and €4.20 with an intermediate low of €3.79 on January 31, 2011. But in May the share price increased sharply up to €5.47 on May 25, 2011 which also marked the highest price during the reporting period. Transaction volumes furthermore went up noticeably during this period. Due to a weaker market environment the share price moved down to €4.66 on June 30, 2011. This however meant an increase of 13.7% during the first half of 2011.



INVESTOR RELATIONS

The upswing of the 3W Power share came along with a number of efforts to introduce the issuer and its equity story to institutional investors. Since March, numerous meetings were arranged with current and potential investors and other capital market members at financial conferences and road shows in Frankfurt/Main, Hamburg, London, Munich, Paris and Zurich. The aim of this measure is to introduce the issuer to investors and explain to them the Company's growth and profitability targets along with Agenda 2012.

Another target is to increase the share's liquidity and thus fostering the feasibility for placing larger orders. With this measure the issuer corresponds to a request which was often addressed by institutional investors as this will make the share more attractive for them.

For the future 3W Power will focus its listing away from Euronext Amsterdam towards the Frankfurt stock exchange, where the Company's shares were admitted to trading on the Regulated Market (Prime Standard) on December 17, 2010. The trading volumes have already largely shifted to Frankfurt during the first half of 2011. For this reason 3W Power is considering delisting its shares from Euronext by the end of 2011.

3W Power/AEG Power Solutions in general places importance on informing the public about its current business developments and long-term perspective. Investor relations management aims to provide all market participants with all relevant information at the same time and in an open, timely and consistent manner, according to fair disclosure rules. This interim report contains information exceeding the statutory minimum disclosure requirements to provide interested parties with an impression of the Group. The Company strives to meet the strict requirements placed on capital market communications, today and in the future. The continuous dialogue with its shareholders is a key objective.

EQUITY RESEARCH

By the end of the first six months 2011, analysts from Close Brothers Seydler Research and IBS Securities reported about 3W Power. Both institutions granted a buy recommendation and indicated substantial upside potential for the Company's share. After the end of the reporting period on July 12, 2011 also Montega Equity Research initiated a coverage and equally recommended to buy the share. More equity research vendors have expressed their interest in evaluating 3W Power and will publish further studies in the second half of 2011.

SHARE INFORMATION

ISIN	GG00B39QCR01
Stock exchanges	Frankfurt Stock Exchange, Xetra (Deutsche Börse AG), Frankfurt/Main; NYSE Euronext, Amsterdam
Symbol	3W9 (Frankfurt Stock Exchange, Xetra); 3WP (Euronext)
Reuters symbol	GAQAu.F (Frankfurt Stock Exchange, Xetra); 3WP.AS (Euronext)
Liquidity provider / designated sponsor	Close Brothers Seydler Bank (Frankfurt Stock Exchange, Xetra); The Royal Bank of Scotland (Euronext)
High in first half of 2011	€5.47 (Frankfurt Stock Exchange, Xetra); €5.46 (Euronext)
Low in first half of 2011	€3.79 (Frankfurt Stock Exchange, Xetra); €3.85 (Euronext)
Closing price on 30 June 2011	€4.66 (Frankfurt Stock Exchange, Xetra); €4.59 (Euronext)
Market capitalisation on 30 June 2011	€234.10 million (Frankfurt Stock Exchange, Xetra)
Number of shares	50,236,024

Source: Bloomberg

BOND INFORMATION

ISIN	DE000A1A29T7
Stock exchanges	Frankfurt Stock Exchange, Open Market (Deutsche Börse AG), Frankfurt/Main; Stuttgart Stock Exchange, Bondm, Stuttgart
Principal amount	€1,000.00
Coupon	9.25%
Interest Payment	Annually
Maturity Date	30 November 2015
Issuance Volume	€100.00 million
High in first half of 2011	€98.40 (Frankfurt Stock Exchange); €98.30 (Stuttgart Stock Exchange)
Low in first half of 2011	€93.75 (Frankfurt Stock Exchange); €93.75 (Stuttgart Stock Exchange)
Closing price on 30 June 2011	€97.25 (Frankfurt Stock Exchange); €96.96 (Stuttgart Stock Exchange)

Source: Bloomberg

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of AEG PS is the design, development, manufacture, and sale of custom power solutions for the renewable energy sector and a wide range of other industrial and communication applications.

AGENDA 2012

Following the appointment of Dr H. J. Kayser as CEO in August 2010, the Company announced the "Agenda 2012" project. Agenda 2012 sets operating and financial objectives for the Group's two operating segments, which notably include improving their market position, increasing sales, and enhancing profitability through targeted measures in selected growth areas. At the Group level, the key objectives are to achieve revenue growth and EBITDA targets.

A key part of Agenda 2012 is to enhance the profitability and efficiency of the Energy Efficiency Solutions (EES) segment. This will be achieved through simplification of the product offering, focusing on profitable projects, organisational changes, purchasing improvements and restructuring. The restructuring primarily affects EES activities in France and Malaysia with smaller adjustments at other locations. The management of EES was also streamlined as part of this activity. The restructuring includes downsizing of operations through outsourcing and transfer of activities and inevitably involves reductions in staff numbers. Appropriate communications of the restructuring actions were made in December 2010 to employees and relevant local authorities at all affected locations and discussions continued into 2011.

Charges totalling €18.8 million were taken in fiscal 2010 in respect of restructuring actions. The charges related principally to employee termination benefits. Following finalisation of the negotiations with employee bodies, the restructuring provision was reduced by a net €1.1m in the half year to June 2011.

The restructuring actions are progressing well and the Group expects savings to begin to accrue from the third quarter of 2011 with the majority expected in 2012.

Interim Results for the first half year 2011

The key Group results by segment for the half year to June are as follows:

	Orders		Revenue		EBITDA		Adjusted EBIT[1]		EBIT	
€ million	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
RES	108.1	52.7	95.6	46.2	30.9	9.1	29.3	13.0	23.6	(5.6)
% of revenue					*32.3%*	*19.7%*	*30.6%*	*28.1%*	*24.7%*	*-12.1%*
EES	113.2	101.0	97.5	94.9	1.4	(0.7)	(1.8)	(2.9)	(4.4)	(8.5)
% of revenue					*1.4%*	*-0.7%*	*-1.8%*	*-3.1%*	*-4.5%*	*-9.0%*
Unallocated	-	-		-	(8.7)	(8.7)	(9.0)	(6.4)	(9.2)	(9.0)
Total	**221.3**	**153.7**	**193.1**	**141.1**	**23.6**	**(0.3)**	**18.5**	**3.7**	**10.0**	**(23.1)**
% of revenue					***12.2%***	***-0.2%***	***9.6%***	***2.6%***	***5.2%***	***-16.4%***

[1] The Group has significant non-cash charges resulting from the amortisation of intangible assets arising on the acquisition of AEG PS. Furthermore, in 2010 the Group incurred large one-time restructuring and other charges relating to Agenda 2012 as well as accelerated amortisation and impairment charges on goodwill and intangibles. Therefore, in addition to EBIT and net income, the Group also reports adjusted EBIT and adjusted net income. Adjusted EBIT is EBIT adjusted for the effect of one-time items (principally relating to Agenda 2012) and for the amortisation of intangibles on acquisition. Adjusted net income is net income adjusted for the effect of one-time items mentioned earlier, the amortisation of intangibles on acquisition, the change in the value of warrants and the estimated tax effects of these. (See appendix I).

Strong order intake and high revenue growth are driving profitability

The half year financial results are in line with former announcements and continue the steady increase of the last quarters. In the half year to June 2011 the Group enjoyed strong growth in orders compared to 2010 as order intake reached €221.3 million (2010: €153.7 million), up 44% on the prior year. Orders in the second quarter of 2011 were €127.3 million, 35% higher on the first quarter and up 50% on the second quarter of 2010.

For the same period, Group revenue was up 37% on 2010, reaching €193.1 million (2010: €141.1 million). Second quarter Group revenue was €106.7 million, up 23% on the first quarter of 2011 and 40% higher than the second quarter of 2010.

Group EBITDA was €23.6 million/12.2% of revenue (2010: loss of -€0.3 million/-0.2%). In the six months to June 2011 Group adjusted EBIT was €18.5 million/9.6% of revenue (2010: €3.7 million/2.6% of revenue). The reported EBIT of €10.0 million (5.2% of revenue) compares to a loss of -€23.1 million (-16.4% of revenue) in the same period of 2010. This turnaround is largely the result of much improved trading, with the Group capitalising on its leading position within the growing renewable space.

RES segment shows 107% revenue growth y-o-y with exceptional profitability driven by Power Controllers and Solar Solutions

Growth was particularly impressive in the Renewable Energy Solutions (RES) segment in which orders in the half year were 105% higher at €108.1 million (2010: €52.7 million). Second quarter RES orders were €68.5 million, up 73% on the first quarter of 2011 and 117% higher than the second quarter of 2010. The growth is driven by continuing demand within the solar value chain, from the upstream manufacture of polysilicon (power controller system and modules) to the end installation of solar power generation plants (solar inverter and monitoring system solutions). As a result both the power controller and solar product lines of RES performed well, both registering growth over 2010 and in 2011.

In power controller systems recent announcements of new polysilicon production plants have helped order intake. In solar, softening in Western European solar orders (primarily Germany and Italy) was partially compensated by wins in other territories, notably Eastern Europe and India. RES book-to-bill in the half year was 1.1.

As expected the Group revenue growth was essentially driven by RES. This segment posted revenues in the half year of €95.6 million (2010: €46.2 million), 107% higher than in the same period of 2010. Adjusting for one-time income of €5.6 million in 2010, the growth in RES revenue was 135%. In the second quarter RES revenue was €57.4 million, 50% higher than the first quarter of 2011 and 137% up on the second quarter of 2010. As was the pattern with orders, RES saw revenue growth across both its power controller and solar product lines in the half year. Power controllers continue to increase its business beyond polysilicon. In Q2 2011 strategically important contracts had been won for our high end power supply systems for sapphire crystal growing equipment as well as for hydrogen electrolysis. Sales of power controller modules in the six months to June 30, 2011 increased by 85% compared to the same period in 2010.

Major solar growth has been fuelled by the success in Eastern Europe and India, where AEG PS has continued to book major projects both in solar inverters and in Monitoring systems. The newly introduced Protect PV500 has proven to be a commercial success and has contributed to winning significant projects especially in a new and very demanding market such as India where the company has booked orders for more than 25MW in the first half of the year.

New polysilicon production facilities programs have started and orders linked to new production capacity picked up during the second quarter

RES had revenue growth of 107% over 2010 and recorded EBIT of €23.6 million/24.7% of revenue (2010: loss of -€5.6 million/ -12.1% of revenue). Adjusted EBIT was €29.3 million/30.6% of revenue (2010: €13.0 million/28.1% of revenue).

RES segment adjusted EBIT and EBITDA for the half year to June 2011 includes €6.5 million received following successful settlement of litigation against a customer (see above). In the same period of 2010 RES EBIT and EBITDA included €5.6 million income from a contract amendment negotiated with a customer.

EES segment shows solid order growth of 12% y-o-y and Book-to-Bill of 1.2 achieved positive EBITDA on implementation of operational improvement program

In the EES segment orders in the half year to June 2011 were up 12% to €113.2 million (2010: €101.0 million). Second quarter EES orders were €58.8 million, 8% higher than the first quarter and 11% up on the second quarter of 2010. The EES book-to-bill ratio in the half year to June 2011 was 1.2 EES revenue in the first half was €97.5 million (2010: €94.9 million), 3% up on 2010. Second quarter EES revenue was €49.3 million, 2% up on the first quarter but 6% lower than the second quarter of 2010.

For Q2 2011, all business lines reported improved EBITDA. In the industrial sector, the most active market has been Oil & Gas where major contracts have been awarded in Europe and in the Middle East. In the Telecom business, the first hybrid power supply installation branded "Eco^{px}®" was commissioned, a major step as this hybrid market shows important growth potential. Both, components & material cost as well as the very competitive price level put strong pressure on the margin. Cost reduction and standardization programs are now put in place to compensate. First results, seen on higher margins, are expected for Q4 2011.

EES EBITDA in the half year was positive at €1.4 million (2010: loss of - €0.7 million). At the EBIT level, losses in the half year narrowed by 50% to -€4.4 million/-4.5% of revenue (2010: €8.5 million/-9% of revenue) on a reported basis. Adjusted EBIT in the period was -€1.8 million/-1.8% of revenue (2010: €2.9 million/-3.1% of revenue). It is also noted that EES adjusted EBIT improved in the second quarter of 2011 to €0.4 million compared to a loss of -€2.2 million in the first quarter of 2011.

Net financial expense / income

Net financial expense in the six months to June 2011 was -€3.7 million (2010: income of €11.1 million).

The principal reasons for the change from financial income to financial expense are an interest charge of €4.9 million for the interest accrued on the Notes and a reduction of €9.3 million in the gain from the change in the fair value of warrants. The change in the value of warrants is a non-cash item. An increase in the value of the warrants results in non-cash financial expense while a decrease causes a non-cash financial gain. Each warrant entitles the holder to purchase one ordinary public share at a price of €7.50. The warrants are traded on Euronext Amsterdam under the symbol 3WPW. At the reporting date the market price of the warrants was €0.10 per warrant (31 December 2010: €0.20 per warrant). The warrants expire on July 21, 2012. During the period to June 30, 2011 no warrants were exercised.

Taxation

The tax charge in the half year period was -€4.4million (2010: tax benefit of €4.3 million). The change from tax benefit in 2010 to tax charge is attributable to the higher profitability of the Group in 2011 and to a reduction in deferred tax benefits.

Non-current assets

Expenditure on tangible fixed assets in the period amounted to €3.7 million. This includes €1.0 million of capex on the construction of solar power generation farms by EMED in Italy. Construction of these assets is now complete. EMED is expected to be divested in 2011 and therefore its assets and liabilities have been treated as held for sale and are included within current assets/liabilities.

Goodwill increased by €0.8 million in the six months to June 2011 due to estimated amount of goodwill arising on the acquisition of a small service company purchased in the period.

Intangibles decreased primarily due to regular PPA amortisation charges of €9.6 million, partially offset by amounts capitalised on internal development projects of €1.8 million (net of amortization) and €0.8 million (net of amortization) for ERP system implementation costs.

Current assets

Inventory increased in the period driven by higher manufacturing activity due to the increase in volumes and also due to certain project delays. Cash decreased primarily due to repayment of short term loans and borrowings (see section on current liabilities).

Non-current liabilities

Non-current liabilities fell due to lower deferred taxes driven primarily by the reduction in the book value of intangibles through regular amortization.

Current liabilities

The decrease in current liabilities is principally due to a net reduction in short term borrowings, liabilities held for sale, provisions and warrants.

During the period the Group reduced its short term borrowings by repaying two short term loans of €5 million each and reducing its obligations under receivable factoring arrangements by €7.2 million. The loans were taken out in 2010 for the partial financing of the solar power generation farms of EMED in Italy. One of the loans was previously included in liabilities held for sale and its repayment accounts for the decrease in liabilities held for sale. The Group has sufficient liquidity available following the raising of €100 million through the issue of loan Notes in 2010 and the repayment of short term debt will reduce the total net interest expenses of the Group.

Provisions relate to restructuring and the decrease is due to payments made and a release of provisions as noted earlier.

The non-cash liability of the warrants fell by €3.1 million as the market value of the warrants at June 30, 2011 was €0.10 per warrant compared to €0.60 at June 2010.

OUTLOOK

Revenue and EBITDA targets for 2011 reaffirmed; Agenda 2012 targets on track

AEG PS operates in global markets with long-term growth potential. The renewable sector appears to be particularly promising and the Group is well established in this sector. The RES business has good positions in the whole solar value chain, from polysilicon production to provision of systems for solar photovoltaic generation. The business entered 2011 with a good backlog and project pipeline.

AEG PS has built its solar growth on gaining market shares and reaching developing markets like India. Despite some slow down in Western European Solar market. AEG PS has continued to reinforce its product portfolio by launching at the Intersolar trade show in Munich a new family of high efficiency solar string inverters covering the power range between 10KVA and 15KVA, one of the highest growth segments in the world. The company has also introduced at the Intersolar trade show in San Francisco a 500 KVA central inverter for the North American market which will allow AEG PS to enjoy the growth in the utility scale market in USA Despite the slowdown in PV industry, polysilicon manufacturing is announcing the set up of new facilities, which is encouraging for the power controllers business.

Although all analysts predict that 2011 will show a decline for the solar inverter market, AEG PS still predicts an outstanding growth y-o-y, with revenues almost tripling 2010. These results will largely consolidate our market share increase already seen in 2010 (8^{th} company in the list of market share gainers according to IMS Research). The company continues predicting a double digit growth in the solar inverters industry after a transition year in 2011, and it is very confident to continue its growth pattern by reinforcing its presence in new emerging markets and focusing on the utility scale and large commercial segments.

AEG PS power control systems expects to win further projects in polysilicon manufacturing in the second half of 2011 with sales in 2012. The current backlog for power controller systems for polysilicon manufacturing and the continuous good business development for power controller modules let us believe that both sales and operating profit will exceed budget expectations in 2011. AEG Power Solutions will continue to drive its business development for new power controller systems, especially for the silicon industry and smart grid related application fields such as energy storage and grid compensation.

The EES segment is benefiting from the strength of the current industrial cycle. EMS, mainly related to industrial business, is facing a strong push as the number of addressable projects is increasing. Oil & Gas as well as Transportation are the two driving verticals for EMS. The effect from a higher portion of renewable energy sources together with the instability of the power grid in some European countries will have a positive effect on the Power Generation/Distribution and Transportation market segments. Alternative power generation plants are to be built in those countries. Of particular note is nuclear power generation programs that are under review in many countries. This could have a positive impact on EES where upgrades on safety and additional investment in back up power (UPS) for nuclear plants is a key market for EES.

The Group maintains its guidance of full year revenues of above €400 million and expects to continue with year-on-year (comparing 2011 quarters to 2010 quarters) growth in each of the last two quarters. RES will remain the key contributor to growth and profitability although EES is also expected to be higher than 2010 performance. In the RES segment performance in the second half year will be driven by the timing of certain large projects. In the EES segment, revenue in the second half of the year in general tends to be higher than the revenue in the first half with the last quarter typically being the strongest.

With the growth in revenue and the effects of Agenda 2012, the Group expects significantly improved profitability over 2010 and expects Group EBITDA to approach double digits for the year 2011. Furthermore the Group remains on track to achieve EBITDA margins of 13%-15% by 2012.

Change of name

The Company changed its name from Germany1 Acquisition to 3W Power Holdings S.A. on April 9, 2010. Subsequently on May 19, 2011 the name was changed to 3W Power S.A. as the Board felt this more accurately reflects the status of the Company as the owner of one industrial group.

Successful conclusion of litigation

As disclosed in our 2010 annual report, the Group's German subsidiary pursued a claim against a customer for refusing to purchase power control products under frame purchase agreements entered into in 2007 and 2008. The customer filed a counter claim for abuse of dominant market position. The claims were heard in a German Regional Court. The parties reached a settlement, approved by the court, on the breach of contract claim by AEG PS. In addition the market abuse claim will no longer be pursued by the customer. Under the settlement, the customer paid AEG PS €6.5 million and also undertook to purchase a minimum value of AEG PS products. The €6.5 million payment was received in the second quarter of 2011 and has been included in profit from operating activities.

Issue of unsubordinated loan notes and listing on Frankfurt regulated market

In December 2010 the Company successfully placed €100 million of unsubordinated loan notes (the "Notes") at a coupon of 9.25%, payable annually in arrears. The Notes are due in December 2015. After expenses the net proceeds realized from the issue amounted to €96.8 million. The proceeds will be used to secure the long-term funding for AEG PS' external growth strategy and business realignment as part of the Agenda 2012 project. The Notes are traded on the Bondm segment of the Stuttgart stock exchange as well as on the Open Market of the Frankfurt stock market. On December 17, 2010 the Company's shares were admitted to trading on the Regulated Market (Prime Standard) of the Frankfurt stock exchange (FWB) under the ticker symbol 3W9. This was in addition to the Company's existing listing on the Euronext market, Amsterdam (ticker 3WP). Warrants in the Company arelisted on the Euronext (ticker 3WPW).

Risks

The principal risks that could have a material impact on the Group were set out in the 2010 Annual Report and are deemed incorporated in this report.

We note that a key market for the Group is the renewable sector which is influenced by government policies and incentives. In addition, all our markets are affected by general economic conditions (including government deficits) which may impact growth and investment.

Share capital

Details of the share capital (including own shares held by the Company as Treasury shares) and share premium are shown in note 11.

Directors' interests and executive long term incentive plan

The interests of Directors and related parties in the share capital of the Company are shown in note 18 of the condensed consolidated interim financial statements. In May 2011 the Company introduced a long term incentive plan (LTIP) covering executive directors and key managers. Details of the plan are shown in note 18.

RESPONSIBILITY STATEMENT

We, Dr. Horst J. Kayser, Chief Executive Officer, and Gerhard Henschel, Chief Financial Officer,
confirm, to the best of our knowledge, that the condensed consolidated interim financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of 3W Power Group and the undertakings included in the consolidation taken as a whole and that the Director's report includes a fair review of the development and performance of the business and the position of 3W Power Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Dr. Horst J. Kayser Gerhard Henschel

On behalf of the Board of Directors
August 9, 2011

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT

In thousands of €	Note	June 30, 2011	December 31, 2010
Assets			
Property, plant and equipment		33,772	33,590
Intangible assets		206,486	213,522
Goodwill		87,152	86,312
Other non-current financial assets		1,530	1,515
Total non-current assets		**328,940**	**334,939**
Inventories		79,532	65,199
Trade and other receivables		89,814	94,751
Prepayments		1,258	687
Cash and cash equivalents		100,977	122,555
Assets held for sale	6	23,220	22,176
Total current assets		**294,801**	**305,368**
Total assets		**623,741**	**640,307**
Equity			
Share capital	11	12,520	12,520
Share premium		383,836	383,836
Retained earnings		(90,836)	(92,542)
Reserve for own shares		(24,977)	(25,235)
Cumulative translation adjustment		1,144	1,094
Total equity attributable to equity holders of the Company		**281,687**	**279,673**
Non controlling interest		**1,083**	**731**
Total equity		**282,770**	**280,404**
Liabilities			
Loans and borrowings	13	98,068	97,826
Employee benefits		23,171	23,982
Deferred tax liabilities	10	49,993	52,541
Provisions	14	9,689	9,451
Total non-current liabilities		**180,921**	**183,800**
Warrants	15	3,111	6,161
Loans and borrowings	13	10,930	22,797
Trade and other payables		90,252	86,756
Income tax liabilities		5,750	652
Deferred income		35,173	34,963
Provisions	14	13,902	18,550
Liabilities held for sale	6	932	6,224
Total current liabilities		**160,050**	**176,103**
Total liabilities		**340,971**	**359,903**
Total equity and liabilities		**623,741**	**640,307**

The condensed consolidated interim financial statements on pages 15 to 32 are unaudited. They were approved by the Board of Directors on August 9, 2011 and signed on its behalf by:

Dr. Horst J. Kayser Gerhard Henschel

The notes on pages 20 to 32 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME FOR THE HALF-YEAR PERIOD ENDED JUNE 30,

In thousands of €	Note	2011	2010
Revenue	5	193,057	141,079
Cost of sales		(136,352)	(102,686)
Gross profit		**56,705**	**38,393**
Selling, general and administrative expenses		(35,818)	(32,527)
Research and development expenses		(11,954)	(11,445)
Other income / (expenses)	7	1,020	(17,549)
Earnings / (loss) before interest and tax (EBIT)[1]		**9,953**	**(23,128)**
Finance income	8	4,269	15,003
Finance costs	8	(7,976)	(3,928)
Net finance (costs) / Income	**8**	**(3,707)**	**11,075**
Profit / (loss) before income tax		**6,246**	**(12,053)**
Income tax (charge) / benefit		(4,373)	4,282
Net Income / (loss)		**1,873**	**(7,771)**
Net Income / (loss) attributable to:		1,521	(7,830)
Owners of the Company		1,521	(7,830)
Non-controlling interest profit		352	59
Net Income / (loss)		**1,873**	**(7,771)**

Earnings per share

Basic earnings/(loss) per share -euro	12	0.03	(0.16)
Diluted earnings/(loss) per share -euro	12	0.03	(0.39)

[1] The interest referred to in earnings before interest and tax (EBIT) comprises all financial items included within net finance costs / income.

The notes on pages 20 to 32 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR PERIOD ENDED JUNE 30,

In thousands of €	2011	2010
Profit / (loss) for the period	**1,873**	**(7,771)**
Other comprehensive income		
Foreign currency translation differences for foreign operations	50	1,494
Other comprehensive income for the period	**50**	**1,494**
Total comprehensive income / (loss) for the period	**1,923**	**(6,277)**
Total comprehensive income / (loss) attributable to:		
Owners of the Company	1,571	(6,336)
Non-controlling interest	352	59
Total comprehensive income / (loss) for the period	**1,923**	**(6,277)**

The notes on pages 20 to 32 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Equity attributable to holders of the Company

In thousands of €	Share capital	Share premium	Translation reserve	Reserve for own shares	Retained earnings	Total Group Equity	Non-Controlling Interest	Total Equity
Balance at January 1, 2010	**-**	**394,928**	**86**	**(24,375)**	**(8,211)**	**362,428**	**-**	**362,428**
Profit for the period	-	-	-	-	(7,830)	(7,830)	59	(7,771)
Total other comprehensive income / (loss)	-	-	1,494	-	-	1,494	-	1,494
Total comprehensive income / (loss) for the period	**-**	**-**	**1,494**	**-**	**(7,830)**	**(6,336)**	**59**	**(6,277)**
Transfer to share capital from share premium	12,520	(12,520)	-	-	-	-	-	-
Acquisition of non controlling interest	-	-	-	-	-	-	76	76
Share based payments	-	-	-	-	1,205	1,205	-	1,205
Exercised warrants (168,013 ordinary shares issued)	-	1,428	-	-	-	1,428	-	1,428
Total contributions by and distributions to owners of the Company	**12,520**	**(11,092)**	**-**	**-**	**1,205**	**2,633**	**76**	**2,709**
Total transactions	**12,520**	**(11,092)**	**1,494**	**-**	**(6,625)**	**(3,703)**	**135**	**(3,568)**
Balance at June 30, 2010	**12,520**	**383,836**	**1,580**	**(24,375)**	**(14,836)**	**358,725**	**135**	**358,860**
Balance at January 1, 2011	**12,520**	**383,836**	**1,094**	**(25,235)**	**(92,542)**	**279,673**	**731**	**280,404**
Profit for the period	-	-	-	-	1,521	1,521	352	1,873
Total other comprehensive income / (loss)	-	-	50	-	-	50	-	50
Total comprehensive income / (loss) for the period	**-**	**-**	**50**	**-**	**1,521**	**1,571**	**352**	**1,923**
30,000 shares transferred from treasury shares	-	-	-	258	(258)	-	-	-
Share based payments	-	-	-	-	443	443	-	443
Total contributions by and distributions to owners of the Company	**-**	**-**	**-**	**258**	**185**	**443**	**-**	**443**
Total transactions	**-**	**-**	**50**	**258**	**1,706**	**2,014**	**352**	**2,366**
Balance at June 30, 2011	**12,520**	**383,836**	**1,144**	**(24,977)**	**(90,836)**	**281,687**	**1,083**	**282,770**

The notes on pages 20 to 32 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF-YEAR PERIOD ENDED JUNE 30

In thousands of €	Note	2011	2010
Cash flows from operating activities			
(Loss) / profit for the period		1,873	(7,771)
Adjustments for non-cash items:			
Depreciation		2,210	2,120
Amortisation and impairment of intangible assets and goodwill		11,410	20,745
Change in fair value of warrants		(3,050)	(12,323)
Change in provisions		(1,081)	-
Change in other non current financial assets		(322)	115
Charge for share-based payments		443	1,206
Finance (expense) / income (net)		6,576	1,248
Income tax charge/ (benefit)		4,373	(4,282)
Cash flow from operations before changes in working capital changes		**22,432**	**1,058**
Change in inventories		(14,173)	3,778
Change in trade and other receivables		92	(2,751)
Change in prepayments		(571)	2,593
Change in trade and other payables		(2,558)	9,785
Change in employee benefits		(1,437)	(1,457)
Change in provisions		(3,306)	(3,353)
Change in deferred income		210	(10,267)
Cash (used in)/ generated from operating activities		**(21,743)**	**(1,672)**
Income tax received / (paid)		3,643	(6,736)
Net cash from operating activities		**4,332**	**(7,350)**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		(840)	(2,228)
Acquisition of property, plant and equipment		(3,657)	(8,689)
Proceeds from sale of property, plant and equipment		33	39
Acquisition of intangible assets		(1,212)	(2,294)
Capitalised internal development expenditure		(3,002)	(1,937)
Net cash used in investing activities		**(8,678)**	**(15,109)**
Cash flows from financing activities			
Interest paid/ received (net)		(220)	14
Proceeds from issue of share capital and warrants		-	1,260
Repayment of loans		(10,000)	-
Change in other long and short term debt		(6,906)	784
Proceeds from new short term debt raised		-	-
Net cash (used in) / from financing activities		**(17,126)**	**2,058**
Effect of movement in exchange rates		**115**	**585**
Net (decrease) / increase in cash and cash equivalents		**(21,357)**	**(19,816)**
Cash and cash equivalents at beginning of period		**122,142**	**57,366**
Cash and cash equivalents of discontinued operations at beginning of period		-	869
Cash and cash equivalents at 30 June		**100,785**	**38,419**

The notes on pages 20 to 32 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting entity

3W Power S.A. (The "Company") was previously registered in Guernsey. With effect from 2 June, 2010 the Company became domiciled in Luxembourg and the address of its registered office is: 19, Rue Eugene Ruppert, L-2453 Luxembourg.

On 9 April, 2010 the Company changed its name from Germany 1 Acquisition Limited into 3W Power Holdings S.A.
On May 19, 2011 the Company changed its name to its current name of 3W Power S.A.

The Company's shares and warrants are listed on the NYSE Euronext, Amsterdam and the Regulated Market (Prime Standard) of the Frankfurt stock exchange (FWB).

The condensed consolidated interim financial statements of the Company as at and for the half year period ended June 30, 2011 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group as at and for the year end December 31, 2010 are available upon request from the Company's registered office address or at www.aegps.com.

Since its acquisition of AEG Power Solutions B.V. on September 10, 2009 the Group is a world provider of premium electronics. It offers comprehensive product and service portfolios in power conversion and control, for customers spanning the infrastructure markets of energy, telecom, lighting, transportation and general industrial sectors. The group has developed a full range of products for the solar energy industry including solar inverters, monitoring systems and turnkey solutions and is investing in solutions that will enable distributed power generation and smart micro-grids.

2. Basis of preparation

a) Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements of the group prepared in accordance with IFRS, as adopted by the European Union (EU), and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2010.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on August 9, 2011.

b) Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

By preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2010.

3. Significant accounting policies

All accounting policies applied by the Group in these condensed consolidated financial interim financial statements are either the same as those applied by the Group in its consolidated financial statements as at and for the year ended December 31, 2010, or the other new standards did not had any impact on these condensed consolidated interim financial statements.

4. Financial risk management

The aspects of the Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2010.

5. Operating segments

The Group has two reportable segments, Renewable Energies which comprise the Control and Solar product lines and Energy Efficiency Solutions comprising Protect Power products combined with Telecom, LED and converter activity. Accordingly the results of the Group are presented in these two segments which also reflect the presentation of information to the Group's Chief Executive, who has been identified as the chief operating decision maker ("CODM").

RESULTS BY OPERATING SEGMENT

Period ended June 30, 2011

In thousands of €	Renewable Energies Solutions	Energy Efficiency Solutions	Unallocated amounts	Total
Revenue	**95,573**	**97,484**	**-**	**193,057**
Segment operating income/(loss)[1]	**28,275**	**(2,564)**	**(659)**	**25,052**
Restructuring income / (costs)	-	1,103	(18)	1,085
Capitalised development costs (net of amortization)	1,033	792	-	1,825
Central overheads	-	-	(8,327)	(8,327)
Amortization of intangibles on acquisition[2]	(5,671)	(3,837)	(174)	(9,682)
Earnings / (loss) before interest and tax (EBIT)	**23,637**	**(4,506)**	**(9,178)**	**9,953**

(Revenue comprises €164,176 thousands for goods and €28,881 thousands for services).

Period ended June 30, 2010

In thousands of €	Renewable Energies Solutions	Energy Efficiency Solutions	Unallocated amounts	Total
Revenue[1]	**46,148**	**94,931**	**-**	**141,079**
Segment operating income/(loss)[1]	**7,159**	**(2,940)**	**(503)**	**3,716**
Restructuring costs	-	-	(1,975)	(1,975)
Capitalised development costs (net of amortization)	1,142	-	-	1,142
Central overheads	-	-	(6,359)	(6,359)
Amortization of intangibles on acquisition[2]	(13,911)	(5,567)	(174)	(19,652)
Earnings / (loss) before interest and tax (EBIT)	**(5,610)**	**(8,507)**	**(9,011)**	**(23,128)**

(Revenue comprises €118,036 thousands for goods and €23,043 thousands for services).

[1] RES operating income includes in 2011 a receipt of €6.5 million following settlement of court proceedings against a customer. In the same segment in 2010 revenue and operating income includes €5.6 million from a contract amendment negotiated with a customer.

[2] Relates to intangibles identified on the acquisition of AEG PS in 2009.

5. Operating segments (continued)

Segment assets and revenue by geography

The Group monitors assets at country level rather than by operating segment. Therefore information on assets is disclosed below on a geographic basis.

Material information about Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the location of customers. Segment assets are based on the location of the assets.

For the period ended and as at June 30, 2011

In thousands of €	Germany	Rest of Europe	Africa, Middle East and Asia	Americas	Held for sale	Total
Revenue	42,163	56,565	81,668	12,661	-	193,057
Non-current assets[1]	135,932	91,164	8,643	4,519	-	240,258
Total assets	264,941	299,522	29,465	6,593	23,220	623,741
Total liabilities	98,939	224,772	14,436	1,892	932	340,971

For the period ended and as at June 30, 2010

In thousands of €	Germany	Rest of Europe	Africa, Middle East and Asia	Americas	Held for sale	Total
Revenue	37,577	46,932	38,041	18,529	-	141,079
Non-current assets[1]	175,393	110,951	13,990	5,311	-	305,645
Total assets	266,055	288,301	28,468	8,964	10,255	602,043
Total liabilities	76,972	152,630	7,414	1,750	4,418	243,184

[1] *Non-current assets exclude goodwill and non-current financial assets.*

6. Assets and liabilities held for sale

The assets/liabilities held for sale are those of Energie Mediterranee S.R.L. ("EMED").

EMED was acquired by the Group in February 2010 as a vehicle for the construction and operation of solar power generation farms in Italy. As at December 31, 2010 management has decided to divest these assets. Construction of the solar farms is complete and divestment is expected during 2011. Accordingly the assets and liabilities of EMED have been classified as held for sale.

EMED's sole activity was the construction of the solar farms and its principal asset is tangible fixed assets represented by the construction-in-progress. EMED had no revenues in either period. The assets and liabilities held for sale at June 30, 2011 and December 31, 2010 are shown below.

ASSETS HELD FOR SALE

In thousands of €	June 30, 2011	December 31, 2010
Intangible assets	1,685	1,684
Property, plant and equipment	19,272	18,253
Trade and other receivables	1,764	2,237
Cash and cash equivalents	499	2
Total assets held for sale	**23,220**	**22,176**

LIABILITIES HELD FOR SALE

In thousands of €	June 30, 2011	December 31, 2010
Short term loan	-	5,000
Trade and other payables	932	1,224
Total liabilities held for sale	**932**	**6,224**

The short term loan was repaid in May 2011.

7. Other income / (expenses)

In thousands of €	June 30, 2011	June 30, 2010
Settlement of litigation	6,500	-
Release of restructuring provision	1,964	264
Other income	**8,464**	**264**
Amortization of intangible assets	(5,981)	(12,911)
Accelerated amortisation of intangible assets	-	(2,605)
Restructuring expense	(879)	(2,239)
Other expenses	(584)	(58)
Other (expense)	**(7,444)**	**(17,813)**
Net other income / (expenses)	**1,020**	**(17,549)**

8. Finance income and costs

In thousands of €	June 30, 2011	June 30, 2010
Interest income on bank deposits	410	79
Net change in fair value of warrants	3,050	12,323
Gain on foreign exchange	809	2,601
Finance income	**4,269**	**15,003**
Interest expense on bond loan	(4,891)	-
Interest expense on loans and payables	(394)	(115)
Pension related financial expenses	(625)	(1,675)
Loss on foreign exchange	(1,591)	(1,734)
Other financial costs	(475)	(404)
Finance (costs)	**(7,976)**	**(3,928)**
Net finance (costs) / income	**(3,707)**	**11,075**

Outstanding warrants are shown as a liability on the balance sheet valued at the market price of the warrants. Changes in the value of the liability are included in finance income and costs in the statement of income. The change in the market value of the warrants has no effect on the cash flows of the Company.

9. Income tax (charge) / benefit

In thousands of €	June 30, 2011	June 30, 2010
Current tax (expense) / benefit		
Income tax charge for current period	(6,962)	(2,186)
Deferred tax (expense) / benefit		
Origination and reversal of temporary differences	1,507	6,446
Recognition of current and prior year tax losses	1,083	-
Other	(1)	22
Deferred tax benefit	**2,589**	**6,468**
Total income tax (charge)/benefit	**(4,373)**	**4,282**

Reconciliation of effective tax rate

In thousands of €	June 30, 2011	June 30, 2010
Income / (loss) for the period	1,873	(7,771)
Total income tax charge / (benefit)	4,373	(4,282)
Income / (loss) before income taxes	**6,246**	**(12,053)**
Expected income tax (charge) / benefit using the domestic tax rate of 28.8% (2010: 28.59%)	(1,799)	3,446
Effect of different local tax rates	(496)	(71)
Tax exempt income (change in fair value of warrants)	878	3,574
Current year losses for which no deferred tax asset was set-up	(3,085)	(2,948)
Previously recognized tax losses	(115)	-
Others	244	281
Income tax (charge) / benefit	**(4,373)**	**4,282**

10. Deferred tax assets and liabilities

Unrecognized deferred tax assets

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting data and are reduced to the extent that the related tax benefit will be realized.

Deferred tax assets have not been recognized in respect of the following items:

In thousands of €	June 30, 2011	December 31, 2010
Tax losses	21,746	16,580
Deductible temporary differences	3,096	2,591
Total unrecognized deferred tax	**24,842**	**19,171**

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In thousands of €	June 30, 2011 Assets	June 30, 2011 Liabilities	December 31, 2010 Assets	December 31, 2010 Liabilities
Property, plant and equipment	339	(4,389)	355	(4,562)
Intangible assets	-	(59,121)	-	(61,378)
Inventories	-	(305)	-	(292)
Employee benefits	2,664	-	2,928	-
Provisions	1,248	(149)	1,960	(95)
Other items	1,490	(37)	1,460	(101)
Sub total	**5,741**	**(64,001)**	**6,703**	**(66,428)**
Tax loss carry forward	8,267	-	7,184	-
Tax assets / (liabilities)	**14,008**	**(64,001)**	**13,887**	**(66,428)**
Set off tax	(14,008)	14,008	(13,887)	13,887
Net tax assets / (liabilities)	**-**	**(49,993)**	**-**	**(52,541)**

Movement in temporary differences during the period

In thousands of €	At December 31, 2010	Recognized in Income statement	Recognized in other comprehensive income	At June 30, 2011
Property, plant and equipment	(4,207)	154	3	(4,050)
Intangible assets	(61,378)	2,257	-	(59,121)
Inventories	(292)	(13)	-	(305)
Employee benefits	2,928	(256)	(8)	2,664
Provisions	1,865	(725)	(41)	1,099
Other items	1,359	90	4	1,453
Sub total	**(59,725)**	**1,507**	**(42)**	**(58,260)**
Tax loss carry forward	7,184	1,083	-	8,267
Total	**(52,541)**	**2,590**	**(42)**	**(49,993)**

11. Capital and reserves

a) Share capital

In number of shares	Founding shares	Ordinary shares	Ordinary Class A shares	Ordinary Class B shares	Sub-total	Treasury shares	Total shares
Issued at December 31, 2009	**6,250,000**	**22,109,080**	**9,604,465**	**9,604,466**	**47,568,011**	**2,500,000**	**50,068,011**
Transfer to ordinary shares[1]	-	9,604,465	(9,604,465)	-	-	-	-
Issued on exercise of warrants	-	168,013	-	-	168,013	-	168,013
Issued at June 30, 2010	**6,250,000**	**31,881,558**	**-**	**9,604,466**	**47,736,024**	**2,500,000**	**50,236,024**
Issued at December 31, 2010	**-**	**47,636,019**	**-**	**-**	**47,636,019**	**2,600,005**	**50,236,024**
Transferred to managers[2]	-	30,000	-	-	30,000	(30,000)	-
Issued at June 30, 2011	**-**	**47,666,019**	**-**	**-**	**47,666,019**	**2,570,005**	**50,236,024**

[1] The A and B shares were issued on the acquisition of AEG PS on September 10, 2009. The A and B shares were restricted for a period of 6 and 12 months respectively from the date of acquisition, during which time they could not be traded. The restrictions on the A and B shares were lifted in March and September 2010 respectively, and can now be traded as ordinary public shares.
Following the first anniversary of the acquisition of AEG, the restrictions on the trading of the founding shares were lifted and accordingly these have been transferred to ordinary shares. At December 31, 2010 the A, B and Founding shares are included within ordinary shares.

[2] During the period 30,000 shares were awarded to managers of the Group.

b) Dividend

No dividends were declared or paid by the Company in 2011 or 2010.

12. Earnings by share

The calculation of basic earnings per share is based on the result attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

Diluted earnings per share are based on the profit/(loss) attributable to ordinary shareholders adjusted for dilutive effects and the weighted average number of ordinary shares outstanding after adjustment for dilutive effects. In evaluating diluted earnings per share the effects of instruments that could potentially dilute basic earnings per share were considered. Such instruments include the outstanding warrants, the shares held in Treasury by the Company and the shares awarded (but not yet vested) to Directors and other executives.

Basic and diluted earnings/(loss) for the period ended June 30, were as follows:

	2011	2010
Basic earnings/(loss) per share (€)	0.03	(0.16)
Diluted earnings/(loss) per share (€)	0.03	(0.39)

13. Loans and borrowings

Details of the Group's loans and borrowings are as follows:

In thousands of €	June 30, 2011	December 31, 2010
Non Current		
Notes Payable	97,060	96,794
Unsecured government loans	710	664
Unsecured bank loans	298	368
Total non-current	**98,068**	**97,826**
Current		
Unsecured government loans	62	62
Unsecured bank loans	135	98
Bank overdrafts	692	413
Obligations under receivable factoring arrangements	10,021	17,214
Short term bridge loans	-	5,000
Others	20	10
Total current	**10 930**	**22,797**
Grand total of current and non-current	**108,998**	**120,623**

The main terms and conditions of outstanding loans and borrowings were as follows:

In thousands of €	Currency	Nominal interest rate %	Year of maturity	Nominal Value 2011	Carrying Amount 2011	Nominal value 2010	Carrying Amount 2010
Notes Payable[1]	Eur	9.250	2015	100,000	97,060	100,000	96,794
Unsecured government loans[2]	Eur	-	2021 & 2022	772	772	726	726
Unsecured bank loan[3]	Eur	-	2013	166	135	200	166
Unsecured bank loan[3]	Eur	Euribor + 2.5	2015	298	298	300	300
Short term bridge loans[4]	Eur	3.5	2011	-	-	5,000	5,000
Bank overdrafts[5]	Eur	3.0	2011	692	692	413	413
Obligations under receivable factoring arrangements[6]	Eur	Various	-	10,021	10,021	17,214	17,214
Others	Eur	-	2011	20	20	10	10
Total				**111,969**	**108,998**	**123,863**	**120,623**

Non current

[1] Unsubordinated Notes payable EUR 100,000,000 effective interest 10.11%, due December 1, 2015.

On December 1, 2010 the company issued loan notes (the "Notes") with a nominal value of €100 million. The notes were bought by pan-European institutional investors and asset managers. Costs of issuing the Notes amounted to EUR 3,250,000. The Notes bear interest from and including December 1, 2010 to, but excluding December 1, 2015 at a rate of 9.25 % pa (10.11% effective interest) payable annually in arrears on December 1 of each year. The first interest payment is due on December 1, 2011 and the Notes are redeemable at par on December 1, 2015. The Notes have the benefit of an unconditional and irrevocable guarantee by AEG Power Solutions B.V.

The terms and conditions of the Notes provide that the Company may, at its option, redeem the Notes, in whole but not in part, at any time after the third anniversary of the date of issue at a price of 102% of the principal amount plus accrued interest, and at any time after the fourth anniversary at a price of 101% of the principal amount plus accrued interest. The terms and conditions further provide that the Note holders may require an early redemption in whole or in part at 101% of their principal amount plus accrued interest in the event of a change of control of the Company.

13. Loans and borrowings (continued)

The Notes are traded in the Bondm segment of Stuttgart stock exchange as well as in the Open Market of the Frankfurt stock market.

Other non-current loans
[2] The government loans comprise an interest free loan of €726 which is repayable by annual instalments of € 62 thousands and an interest free loan of €46 thousands which is repayable in 2021.

[3] There are two unsecured bank loans with a nominal value of €200 thousands (0% interest) and €300 thousands (interest at Euribor + 2.5%). The carrying amounts at June 30, 2011 were €135 thousands and €298 thousands respectively. The loans are repayable by monthly instalments over a period of 3 and 5 years respectively.

Current
[4] Bridging loans
In July 2010 the Group obtained two short term bank bridge loans of €5.0 million each for the purpose of funding the constructions of the Group's solar power generation farms in Italy. Both loans were repaid during 2011.

[5] Bank overdraft
The bank overdraft is held by one of the Group's subsidiaries. Interest on the overdraft is charged at an average rate of 3.0%.

[6] Obligations under receivable factoring arrangements
The Group has entered into financing agreements which provide for trade receivable financing facilities in France, Italy and Spain, up to a maximum of €30.3 million at June 30, 2011 (December 31, 2010: €30.3 million). These finance facilities are secured by trade account receivables. The interest conditions for these finance facilities vary between Euribor plus a margin between 0.65% and 1.75% and fixed interest rates between 3.3% and 4.3%. The facilities have no fixed expiry date but most are renewable annually.

14. Provisions

Provisions included in current liabilities relate primarily to restructuring of €13.6 million. Long term provisions relate to warranty.

15. Warrants

The change in fair value of the warrants is recorded through the income statement as financial income or cost. The number of warrants outstanding at June 30, 2011 was 30,806,487 (2010: 30,806,487).

Each warrant entitles the holder to purchase one ordinary public share at a price of €7.50. The warrants are traded on Euronext Amsterdam under the symbol 3WPW. At the reporting date the market price of the warrants was €0.10 per warrant (31 December 2010: €0.20 per warrant). The warrants expire on July 21, 2012. During the period to June 30, 2011 no warrants were exercised.

16. Contractual obligations and commitments

a) Contractual cash obligations

The following table presents minimum payments that the Group will have to make in the future under contracts and firm commitments. Amounts related to capital lease obligations are fully reflected in the condensed consolidated balance sheet.

June 30, 2011

In thousands of €	Less than 1 year	1-3 years	4-5 years	After 5 years	Total
Operating leases	3,836	4,791	2,359	1,027	**12,013**
Unconditional purchase obligations	27,033	133	63	-	**27,229**
Total	**30,869**	**4,924**	**2,422**	**1,027**	**39,242**

The unconditional purchase obligations are related to the requirements to place firm commitments for components for the manufacturing of Group products. A significant portion of the purchase obligations relate to specific customer orders.

Rental expenses under operating leases amounted to €2,745 thousands in the period to June 30, 2011 (2010: €2,630 thousands).

16. Contractual obligations and commitments (continued)

b) Other commitments

June 30, 2011

In thousands of €	Less than 1 year	1-3 years	4-5 years	After 5 years	Total
Guarantees	**36,059**	**18,227**	**404**	**244**	**54,934**

Commitments on customer contracts relate to bonds and guarantees issued and are shown net of bonds and guarantees secured by cash collateral.

c) Trademark License Agreement

With effect from July 1, 2008, AEG PS entered into a trademark license agreement (the "AEG License") with AB Electrolux which granted the Company the right to use the AEG PS trademark for an initial term of ten years. An annual royalty is payable based on a percentage of the net selling price of the respective trademark product, subject to a minimum royalty of €3.268 million for 2011, €3.939 million for 2012, €5.390 million for 2013 and €6.723 million for 2014. AEG PS and Electrolux amended the AEG License on July 27, 2010 to expand the range of products covered by the license and to set sale and minimum royalty targets through 2014. For the years 2015 to 2018 the amended agreement provides that the sales targets and minimum annual royalty will be no less than the sales target and minimum royalty from year 2014.The term of the license was also extended until 2028.

d) Restricted cash

At June 30, 2011 cash and cash equivalents included €5.1 million (December 2010: €6.4 million) of restricted cash used as collateral in relation to bank guarantees issued by the Group to customers.

17. Contingencies

Management of the Group believes that any legal proceedings incidental to the conduct of its business, including employee related actions, are adequately provided for in the condensed consolidated financial statements or will not result in any significant costs to the Group in the future.

18. Related parties

The Group's subsidiaries have related party relationships with each other and with the Company. These involve trading and other intra-group transactions all of which are carried out on an arm's length basis. Related party relationships also exist with Board members and managers who have an interest in the equity of the Company.

A related party relationship also exists with Directors and other senior managers who receive remuneration from the Group.

Related party interests in the equity and bonds of the Company. The interests of Directors and other related parties in the shares, warrants and bonds of the Company at June 30, 2011 were as follows:

	No.	No.	Bonds at nominal value €
Prof. Dr. h. c. Roland Berger	4,104,667	4,000,000	-
Dr. Dr. h.c. Thomas Middelhoff	1,335,518	2,500,000	-
Brock and Brock Trust	2,637,427	-	-
Ripplewood	15,189,060	-	-
Dr. Horst J. Kayser	12,500	-	130,000
Mr. Gerhard Henschel	400	-	20,000
Prof. Mark Woessner	30,000	-	-
AEG PS managers	64,342	-	20,000
Total	**23,373,914**	**6,500,000**	**170,000**

Ripplewood is the former majority owner of AEG Power Solutions BV and refers to Ripplewood Power Systems I L.L.C. and Ripplewood Power Systems II L.L.C., US Limited Liability Companies (LLCs). The LLCs are owned by Ripplewood Holdings in which Messrs Lavine, Minnetian and Williams hold executive positions.

Brock Trust refers to a US LLC controlled by Mr Brock and in which Mr Huljak has a minority holding. Included in the 2,637,427 shares under Brock and Brock Trust are shares held directly by Messrs Brock (1,134,014 shares) and Huljak (200,240 shares).
Key managers refer to key executives other than Directors.

Under their service agreements, Dr. Horst J. Kayser and Mr. G. Henschel are entitled to receive shares in the company. Dr Horst J. Kayser is entitled to receive 40,000, 30,000 and 30,000 shares in the Company on the first, second and third anniversary of his joining the Company respectively. Mr. G. Henschel is entitled to receive 50,000 shares on the first anniversary of joining.

2,500,000 shares are held in escrow on behalf of the former owners of AEG Power Solutions BV (including Ripplewood, Brock and Brock Trust and AEG Power Solutions managers). These relate to earn-out shares that will be distributed to the former AEG Power Solutions BV shareholders subject to the achievement of certain adjusted EBITDA targets with respect to fiscal years 2009, 2010 and 2011. The earn-out targets were not met in 2009 and 2010 and it is considered unlikely that the 2011 target will be met. Under the terms of the earn-out, the Company or any of its subsidiaries may not undergo a change of control during the earn-out period without, either (a) prior written consent from Ripplewood or (b) the Company first paying all outstanding amounts of the earn-out that could become due and payable.

Executive long term incentive plan

At the Company's Annual General Meeting (AGM) held in May 2011 shareholders approved the adoption of a long term incentive plan (LTIP) for senior executives including Messrs Kayser and Henschel. The aim of the LTIP is to act as a strong retention mechanism for key executives and to closely align their interests with those of the shareholders by linking executive rewards with the value delivered to shareholders.

The LTIP is supervised by the Compensation Committee of the Board and it comprises two parts. The key features of each part are as follows:

18. Related parties (continued)

Executive long term incentive plan (continued)

Part A

Under Part A participants will be granted annual awards of shares, in the form of nil-cost options, over a four year period. All awards will vest at the end of the four year period subject to the condition that the participant is still employed by the Company at that point in time. The maximum number of shares which can be granted under Part A of the LTIP is 725,000 although no individual can be granted more than 30% of this maximum number of shares. On a change of control all outstanding awards will vest immediately. In the period to June 2011 a total of 154,000 shares have been awarded as follows: Dr Horst J. Kayser 54,000, Mr Gerhard Henschel 25,000 and other key executives 75,000. The balance of 27,250 shares may be awarded later in the year and appropriate information will be disclosed in the 2011 annual consolidated financial statements.

Part B

Under Part B participants will be allocated a number of units from a total pool of units. These units have no value on grant but give participants the opportunity to share in a percentage of the value created for shareholders in excess of pre-determined share price targets at annual measurement points.

The value created for shareholders will be based on the average of the closing share prices over the 30 day period prior to the measurement date plus any dividends paid over the period multiplied by the number of shares in issue at the relevant measurement date, less the number of shares held by the Company.

There will be three measurements dates over a three year performance period. The measurement dates will be 1 May 2012, 1 May 2013 and 1 May 2014.

At each measurement date participants will earn nil-cost options with a value linked to the share price in excess of the relevant annual targets. 50% of any options earned at each annual measurement date will become exercisable on the 3rd anniversary of the date of grant, with the remainder being exercisable on the 4th anniversary of the date of grant. The exercised price of each option is €0.25.The value of the units to each individual participant will be set by reference to the number of units held in proportion to the total number of units allocated and will be delivered in nil-cost options over AEG shares.

The pre-determined share price targets comprise two target share prices. For 2011 target 1 has been set at €5.2 while target 2 is €6.0. If the share price at the first measurement point exceeds target 1, the value of the pool will be the excess of the share price over target 1 multiplied by the number of issued shares (excluding shares held by the Company) multiplied by 5%. If the share price also exceeds target 2, the pool will be further enhanced by the excess of the share price over target 2 multiplied by the relevant number of shares in issue (as before) and multiplied by 10%.

Targets 1 and 2 will increase by 15% and 25% respectively above the actual share price at the previous measurement date, unless there was no payout from this part of the LTIP, in which case the previous targets will be carried over. Allocations of units under Part B will be made later in the year and appropriate information will be disclosed in the annual consolidated financial statements.

On a change of control the performance period will end and there will be a new measurement date at the date of change of control. In determining the amount of value created at this new measurement date the return share be calculated using the offer price per share rather than the 30 day average. Any nil-cost options which have not been exercised on a change of control must be exercised immediately.

The aggregate number of options granted and unexercised from time to time shall not exceed 10%, after issue, of the Company's issued share capital from time to time and the Company will continue to operate the LTIP and any other share plans within this limit.

Other transactions with related parties

During the period, the Group received consulting services from Roland Berger Strategy Consultants (RBSC), a firm in which Prof. Berger has a minority interest but holds no executive position. The value of the services was €0.9 million.
Prof. Berger has no influence over the selection of RBSC or the scope of the services or the price of the work.

19. Subsequent events

There were no significant subsequent events.

RECONCILIATION FROM REPORTED EBIT TO ADJUSTED EBIT

In millions of €	June 30, 2011	June 31, 2010
	EBIT	EBIT
Reported	**10.0**	**(23.1)**
Adjustments		
Regular amortization of intangibles on acquisition	9.6	17.1
Impairment and accelerated amortization of intangibles on acquisition	-	2.6
Working Capital provisions	-	4.7
Restructuring (release)/ charge	(1.1)	2.0
Professional. consultancy and other costs	-	0.4
Total adjustments	**8.5**	**26.8**
Adjusted	**18.5**	**3.7**

DERIVATION OF EBITDA

In millions of €	June 30, 2011	June 31, 2010
Reported EBIT	**10.0**	**(23.1)**
Depreciation and amortization charges		
Regular amortization of intangibles on acquisition	9.6	17.1
Impairment and accelerated amortization of intangibles on acquisition	-	2.6
Depreciation charge on tangible assets	2.1	1.9
Amortization charge on intangible assets	0.7	0.4
Other	1.2	0.8
Total depreciation and amortization charges	**13.6**	**22.8**
EBITDA[1]	**23.6**	**(0.3)**

RECONCILIATION FROM REPORTED NET INCOME TO ADJUSTED NET INCOME

In millions of €	June 30, 2011	June 31, 2010
	Net income	Net income
Reported	**1.9**	**7.8**
Adjustments		
Change in fair value of warrants	(3.0)	(12.3)
Regular amortization of intangibles on acquisition	9.6	17.1
Impairment and accelerated amortization of intangibles on acquisition	-	2.6
Working Capital provisions	-	4.7
Restructuring (release)/ charge	(1.1)	2.0
Professional. consultancy and other costs	-	0.4
Estimated Tax effect on the above	(2.6)	(6.7)
Total adjustments	**2.9**	**7.8**
Adjusted	**4.8**	**0.0**

[1]EBITDA includes restructuring release of €1.1 million for the first half 2011 (charge of €2 million for 2010).

ABOUT 3W POWER / AEG POWER SOLUTIONS

3W Power AEG / Power Solutions is a world provider of innovative premium power solutions. Backed by more than a century of innovation and customer service. AEG Power Solutions offers a full-range of highly reliable, cost effective solutions, from power conversion modules, solar inverters and solutions to high reliability UPS systems, industrial chargers and DC systems. System solutions from AEG PS are designed to interface with the electrical power grid and to offer power solutions for mission-critical applications in harsh environments, such as utility-scale renewable energy plants, polysilicon manufacturing process, power plants, offshore oil rigs or chemical refineries.

AEG Power Solutions activities consist of two complementary operating segments: Renewable Energy Solutions, gathering power controller systems and solar solutions and Energy Efficiency Solutions, dedicated to all infrastructure applications. Thanks to its distinctive expertise, bridging both AC and DC power technologies and spanning the worlds of both conventional and renewable energy, the company is uniquely positioned to benefit long-term from emerging demand for intelligent micro-energy grids.

3W Power S.A. is the holding company of AEG Power Solutions Group.

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