3W POWER SA/ AEG Power Solutions

Half year 2010 financial report

August 31, 2010

HOLDINGS S.A. *(formerly Germany1 Acquisition Ltd)*

Condensed Consolidated Interim Financial statements for the half year period ended June 30, 2010

Contents

General information

Board of Directors

Prof. Dr. Roland Berger,	Chairman
Dr. Horst J. Kayser,	Chief Executive Officer, appointed on July 23, 2010
Robert J. Huljak,	Chief Strategic Officer
Bruce A. Brock	
Timothy C. Collins	
Keith Corbin	
Leonhard Fischer	
Dr. Thomas Middelhoff	
Prof. Dr. Mark Wössner	

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Auditors
KPMG Audit
9, allee Scheffer, L-2520
Luxembourg

To Shareholders

Dear Shareholders,

On August 1, 2010, I commenced my duties as CEO of 3W Power Holdings/AEG Power Solutions. I feel honored to take this responsibility at a time of an important transition for this business. In addition to the mid year financial report for H1 2010, below I have provided a brief summary of AEG PS, describing our current positioning, our performance to date, and where I intend to direct our efforts. Although this report covers the business performance from January to June 2010, my intent below is to provide clarity and transparency as to how our business will succeed into the future.

Together with my management team, I look forward to developing a fast growing and sustainably profitable business that will serve our customers and reward our shareholders. The next couple of years will require significant dedication and hard work on the AEG Agenda 2012.

We will be the leader for innovative power management solutions to our customers in the green energy revolution.

Dr. Horst J. Kayser

Business Summary

AEG Power Solutions provides premium power electronic solutions through two operating segments:
Renewable Energy Solutions (**"RES"**) and **Energy Efficiency Solutions** (**"EES"**).

Renewable Energy Solutions

- In RES the **Power Control Systems and Modules sub segment** (**"POC"**) is a global technology leader in superior power control solutions for critical high energy processes (e.g. poly silicon manufacturing, industrial arc furnaces, float or fiber glass manufacturing). In 2009 POC accounted for more than half of AEG Power Solution's revenues and was the main source of profitability. Oversupply in the poly silicon supply virtually stopped all new investment in 2009 and continues to hold back orders. The exceptional growth of PV solar installations worldwide is reducing the oversupply situation and is contributing to poly silicon prices rising again. We expect capacity expansion to resume resulting in a return of demand for our power controllers. Significant Product innovations and growth initiatives in Asia, North America and Non – Poly Silicon markets support resumed growth prospects.
- The **Solar Solutions sub segment** in RES (**"SOLAR"**) was founded in the beginning of 2010 to capture the high growth opportunities in the downstream segments of the solar markets by focusing on solar inverters, total balance of electrical systems for PV Solar installations (container solutions) and turn key solar projects. After acquiring a majority stake in ***skytron energies,*** its monitoring and control solutions for solar installations are complementing the solar solutions and are offering cross selling synergies.
- The introduction in late 2009 of the solar central inverter PV250 into the market proved to be an immediate success. By the end of June 2010 orders totaling 40MW had been booked. Continued strong growth in the solar end market is expected to increase sales for solar central inverters by a factor of 10x, supported also by the introduction of the PV500 product in H2 2010.

Energy Efficiency Solutions

- EES focuses on delivering highly reliable power supply solutions for mission critical applications for the industrial segments Oil & Gas, Transportation, Power Generation, Power Transmission & Distribution, Process & General Industries, and Data & IT in the **Energy Management Solutions sub segment** (**"EMS"** – formerly "Protect Power") and for telecommunications in the **Communication sub segment** (**"COM"** – formerly DC Telecommunications and Converters).
- EES builds on longstanding customer relationships, superior engineering capabilities for customization and global reach, and is currently renewing its product range for improved competitiveness (e.g. through the introduction of modular building blocks) and will undergo further systematic operational efficiency improvements to reach benchmark profitability.
- Focus on green technologies (e.g. LED applications, ECOpx hybrid energy solutions for telecommunications and Combination Architecture for Data & IT), establishment of key account management, build-up of indirect sales channels for Compact UPSs and Service Business development will provide for needed growth opportunities.

AEG PS positioning for the future of de-centralized power generation and the Smart Grid

- With its two operating segments AEG PS is uniquely positioned to become an early leader in solutions for emerging smart grid applications - by leveraging its engineering capabilities to integrate renewable energies and power management solutions for our industrial customer base. Current projects include:
  - Xogen Technologies Inc. and AEG PS BV formed a partnership to develop next generation distributed wastewater treatment solutions as part of their strategy to deliver on the promise of smart water and smart grid. The partnership's first program is a pilot plant demonstration of the conversion of a wastewater treatment facility into a sustainable, carbon neutral site. Location of the pilot plant is the Town of Orangeville Ontario Water Pollution Control Plant. The demonstration program will be fully operational in Q4/2010, with Xogen's patented oxy-hydrogen wastewater treatment process and AEG's stand-alone energy solution using Solar PV plus fuel cells to provide an independent sustainable platform.
  - AEG PS has joined the Battery Energy Storage Solution Consortium (BESS), to develop and deploy grid scale peak shaving and load shifting solutions. The consortium's first demonstration program will develop and deploy a 1MWh containerized solution in Spain, under Iberdrola's guidance in 2011.
  - AEG PS has developed an off-grid fuel replacement micro-grid solution, targeting green telecommunications infrastructures. AEG is currently deploying its ECOpx solution in remote areas such as New Caledonia, Indonesia and the Antarctic.

Performance and Outlook

Business development in H1 2010[1]

AEG PS Group: A rebound of orders in Q2 of €85 million indicates resumed growth trend
- Q2 orders of €85 million rose strongly for the second quarter in a row, up 23% over Q1 and 55% over Q2 2009
- Strongest contributor to growth were SOLAR orders of €19.1 million vs. €7.7 million in Q1
- Q2 sales increased by 18% over Q1 and -33% below Q2 2009 due to weakness in POC
- Q2 EBITDA severely impacted at €-4.31 million

- H1 orders with €153.7 million +30% above H1 2009
- H1 sales of €141 million which is -41% below previous year
- H1 EBITDA €-263 thousand

RES: Strong order growth H1 up +215% fueled by demand for Solar and improvement in POC
- H1 orders of €53 million versus €16.7 million previous year
- H1 sales of €46 million -68% below previous year due to drop in POC
- H1 EBITDA of €9.1 million versus €74.2 million

EES: Operational improvements needed for continued EBITDA improvements
- H1 orders flat with €101 million indicating no change on previous year
- H1 sales of €94,9 million -1% below previous year
- H1 EBITDA of €-0.7 million versus €-3.8 million in H1 2009 reflecting successful restructuring of operations in Lannion; further improvements needed

Key development after closing of H1 2010: Record frame contract with European Solar EPC for solar inverters, control & monitoring equipment and balance of electrical system solution of 260 MW for delivery starting December 2010 and throughout 2011 for eastern European solar farms. It includes Protect PV 250 and PV 500 solar inverters, which confirms their premium position on large scale utility PV equipment and synergies with ***skytron*** for monitoring and supervision has demonstrated its efficiency in this win.

Outlook H2 2010

H1 should mark low point in sales and profitability
- Order development for H2 expected to improve between 10-20% on H1
- Sales in H2 2010 will be stronger than in H1, above €300 million for full year
- EBITDA of H2 2010 expected to be positive

Specific POC Outlook H2 2010

Management expects renewed demand for power control systems to occur sometime during the course of 2011 and 2012. Original estimates for PV installation by research analysts are proving to be overly conservative for 2010 where favorable government subsidies and lower costs indicate actual PV installations to be as great as 60% higher than anticipated in 2009. Rather than a continued decline in the spot price for poly silicon to below $40 per kg as widely predicted, poly silicon prices have trended up from a low of $50 per kg to current levels above $60 per kg as of August 2010. Capacity utilization, pricing trends and demand forecast will impact how and when, but not if, the next expansion cycle for poly silicon manufacturing will happen.

AEG PS Agenda 2012

AEG Power Solutions aspires to be a leader for innovative Power Management Solutions to our customers in the green energy revolution.

Introduced by the new CEO, the management agenda focuses on four areas driven by a group wide Program Office:
- Strategy and Growth
- Benchmark financial performance
- Operational Excellence
- A top team

Strategy & Growth
- EES with refocused footprint, prioritized growth initiatives and operational process optimization for benchmark profitability
- RES with strong growth momentum and clear aspiration for a leading global market position in solar inverters and electrical balance of system solutions
- Acknowledged pioneer and early winner in decentralized energy solutions and smart grid applications

Benchmark financial performance
- Continuous annual growth target of 25%
- EBITDA above 15% by 2012
- Significantly improved working capital position

Operational Excellence (process improvement initiatives)
- Accelerated innovation roadmap for competitive product portfolio
- Productivity improvements/G&A cost reductions and lean footprint to achieve global competitiveness
- Maximize sales efficiency through realignment of global go to market approach

A top team
- Continuous strengthening of international management team
- Clear accountability structure
- Value-based long term incentive system
- Set of clear shared values
- Sustainability strategy

Investor relations

Capital markets and tradability of the share

The shares of 3W Power Holdings/AEG Power Solutions suffer from low liquidity and a limited capital markets profile. The company is focused on increasing liquidity, strengthening its profile and becoming an actively followed and traded share in the German renewable energies sector.

Key actions to facilitate liquidity and tradability of shares include:

- Expanded trading of shares to Xetra in addition to Euronext Amsterdam
- RBS/ABN Amro appointed as designated sponsor in support of our listing on Euronext and
- Close Brothers Seydler Bank appointed as designated sponsor in Frankfurt

Investor relations

The company is seeking active contact with capital market participants and with a focus on transparency and proactive communication. The most important aim is to provide investors with the necessary information and tools to make informed judgments on the value of the company's shares and be able to act on their judgments. The company will debut on the Prime Standard and continues to seek regular third party equity research. In addition, the company will continue to seek dialogue with institutional investors at road shows and at investment conferences to introduce the company to potential investors and explain to them the potential of an investment in 3W Power Holdings' shares.

3W Power Holdings/AEG Power Solutions places great importance on informing the general public about its current business developments and long-term perspective. Investor relations 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 management statement contains information exceeding the statutory minimum disclosure requirements to provide interested parties with an impression of the company. The company strives to meet the strict requirements placed on capital market communications, today and in the future.

ISIN	GG00B39QCR01
Stock exchanges	NYSE Euronext, Amsterdam; Frankfurt Stock Exchange (Deutsche Börse AG), Frankfurt/Main
Symbol	3WP (Euronext), GAQ (Börse Frankfurt)-to be "3W9" after 1 September
Reuters symbol	3WP.AS (Euronext), GAQAu.F (Frankfurt Stock Exchange)
Liquidity provider / designated sponsor	The Royal Bank of Scotland (Euronext), Close Brothers Seydler Bank (Frankfurt Stock Exchange)
High in first half of 2010	€9.20 (Euronext)
Low in first half of 2010	€5.65 (Euronext)
Closing price in first half of 2010	€5.65 (Euronext)
Market capitalization on 30 June 2010	€283.82 million (taking into account all class A and B shares)
Number of shares	50,236,024 (after conversion of all class A and B shares)

Directors' report

The Directors present their report and condensed consolidated interim financial statements of 3W Power Holdings S.A. (formerly Germany1 Acquisition Limited, the "Company") for the half year period ended June 30, 2010. The Company and its consolidated subsidiaries are collectively referred to as the Group.

3W Power Holdings S.A. was incorporated on May 21, 2008 in Guernsey. The Company raised €250 million though its initial public offering ("IPO") on NYSE Euronext, Amsterdam on July 21, 2008. During the period May 21, 2008 to September 10, 2009 the principal activity of the Company was that of a special acquisition vehicle with the purpose of acquiring one or more operating businesses through a merger, share purchase, asset acquisition, reorganisation, capital stock exchange or similar transaction (a "Business Combination"). On July 23, 2009 the Company reached agreement to acquire AEG Power Solutions B.V. ("AEG PS") and all its subsidiaries. The acquisition of AEG PS was approved by the shareholders on August 12, 2009 and was completed on September 10, 2009. This marked the transition of the Company from an acquisition vehicle to the holding company of a leading power electronics group.

The Company's first consolidated financial statements incorporating AEG PS were those for the year ended December 31, 2009. The condensed consolidated interim financial statements in this report include the results of AEG PS for the half year period ended June 30, 2010. The prior period comparatives June 30, 2009 are those of the Company only. Included in Appendix I is a pro forma unaudited combined statement of income for the six months to June 30, 2009 incorporating the results of AEG PS for the same period as if the acquisition of AEG PS had occurred on January 1, 2009.

On April 9, 2010 the Company changed its name from Germany1 Acquisition to 3W Power Holdings.

On April 9, 2010 and May 7, 2010 the Company's shareholders approved the migration of the Company from Guernsey to Luxembourg. The migration process was completed on June 2, 2010 when the Company's registration as a Luxembourg société anonyme under the name 3W Power Holdings S.A. became effective.

Change in treatment of discontinued operation (Lannion)

Harmer + Simmons S.A.S. the Group's converter activity at Lannion in France had previously been designated as a discontinued operation and had been treated as such in the consolidated financial statements for the year ended December 31, 2009. The Lannion operation has undergone significant restructuring and strategic market changes under a programme initiated in 2009 in order to reduce its cost base and re-position it on a sounder footing for divestment. The restructuring is well advanced and expected to be substantially complete by September 2010. The Directors have in the meantime reassessed the value of the Lannion operation to the Group taking into account its world-class R&D capability, the potential to diversify into new areas such as LED lighting and the likelihood of realising a sale in a reasonable timescale. Considering all factors the Directors have concluded that it is in the best interests of the Group to retain the Lannion operation. Accordingly in the condensed consolidated interim statement of income, the results of the Lannion operation are included in continuing operations.

In the half year period ended June 30, 2010 the Lannion operation contributed €11.9 million in revenue (2009: pro forma revenue of €14.2 million) and an operating loss of €1.6 million (2009: pro forma operating loss of €8.017 million).

Change in operating segments

The Group had previously identified two reportable segments, New Energies and Communications. New Energies comprised the Group's Control, Solar and Protect Power product lines while Communications included the Telecom products. During the course of the first half of 2010, order intake performance in the New Energies segment has exceeded expectations driven primarily by demand in solar. This is expected to continue and the Group sees exciting opportunities for growth in renewable energies. To aid this growth and to add focus to the activity the Directors have decided to collect all the Group's activities in renewables into one operating segment called Renewable Energy Solutions ("RES") which will now comprise the Power Control and Solar product lines. The Group's new subsidiary, ***skytron***, will also be reported within this segment to further capitalise on the benefits expected to accrue from the combined strengths of AEG PS and ***skytron***. As a result of this change, Protect Power products will now be combined with Telecom and the previously discontinued converter activity into one segment called Energy Efficiency Solutions ("EES"). Accordingly the results of the Group are now 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").

Directors' report, *continued*

Seasonality of operations

The Group's revenue in the second half of the year in general tends to be higher than the revenue in the first half. This seasonality holds most for the EES segment. In the RES segment this second half bias can be distorted by the incidence of specific large projects, as indeed was the case in 2009 when in actual fact total revenues were higher in the first half as a result of excellent sales performance in RES.

Acquisition of *skytron*

On February 28, 2010 the Group acquired 75% of the equity of ***skytron energy*** GmbH & Co KG and transformed the company into ***skytron energy*** GmbH ("skytron"). Goodwill arising on the acquisition amounted to €3.038 million. In the period since acquisition ***skytron*** contributed €2.888 million and €0.34 million to Group revenue and operating income respectively. ***skytron*** is reported within the RES segment.

Principal activity and business review

The principal activity of AEG PS is the design, development, manufacture, and sale of custom AC and DC power solutions for a wide variety of industrial and communication applications as well as for the renewable energy sector.

Total revenue in the period was a €141.079 million which, on a pro forma basis was 41% lower than the €239.659 million of revenue in the same period of 2009 (Appendix I). The decline in revenue was almost entirely due to lower sales into poly silicon applications in the Renewable Energy Solutions ("RES") segment (down 68% to €46.148 million from 2009). The fall in sales followed low order intake in 2009 from poly silicon customers due to overcapacity in the world poly silicon market. Excluding the contribution made by ***skytron***, Group revenue in 2010 would have been €138.191 million. Revenue in the Energy Efficiency Solutions ("EES") segment was €94.931 million, down 1% from 2009 pro forma revenue.

Included in revenue in 2010 was €5.6 million of one-time income from a contract amendment negotiated with a customer in the RE segment.

In contrast to the decline in revenues from poly silicon, the Group notes that its other solar activities are enjoying better than anticipated order intake and sales and expects these to remain buoyant to the end of the year. Although this will not be sufficient to offset the drop in poly silicon revenues the Group considers that the trends seen in the solar market provide a reasonable basis for expecting a recovery in poly silicon demand.

Gross profit in the period to June 2010 was €38.393 million or 28% of revenue. In the same period in 2009, pro forma gross profit before acquisition accounting effects was €98.429 million or 41% of revenue. The decline in gross profit in absolute and percentage terms is essentially due to a much lower mix of poly silicon sales in 2010. Gross margin in 2010 was also impacted by exceptional charges totalling €4.4 million in respect of inventory and an advance payment given to a supplier.

In the six months to June 2010 the Group recorded an operating loss of €23.128 million compared to a loss of €0.475 million in 2009. However, the 2010 loss includes €19.652 million (2009: €nil) of amortisation charges for intangibles as well as charges of €2.984 million (2009: €nil) for executive severance.

Excluding the amortisation of intangibles, the executive severance/share based payments, the one-time income of €5.6 million noted above and the exceptional charges of €4.4 million, 2010 operating loss would have been €1.692 million compared to pro forma 2009 operating income on the same basis of €57.39 million (Appendix I). The chief contributor to this drop in operating income is the decline in revenue in the RES segment noted earlier.

Selling, general and administrative expenses were €32.527 million, an increase of €2.195 million or 7% compared to 2009 pro forma. This was caused primarily by the executive severance/share-based payments..

Research and development costs (net of capitalised R&D and related amortisation charges) were €11.445 million, an increase of €2.281 million or 25% compared to 2009 pro forma. Most of this was due to a general increase in spending as the Group continued to invest in its technology and in developing new products, in particular in the RES segment. There was also a contribution from ***skytron***.

Directors' report, *continued*

Principal activity and business review, ***continued***

Net financial income was €11.075 million (2009: €5.854 million) including €12.323 million (2009: €2.48 million) non-cash income from the change in the market value of warrants. In 2009 the Company also had interest income of €3.374 million arising principally on the cash raised from its IPO and held in the trust account pending the completion of a business combination. On a pro forma basis, 2009 net financial income was lower, at €1.555 million, as the pro forma assumes that the acquisition of AEG PS occurred on January 1, 2009 and that therefore the cash held in trust for the acquisition was spent on January 1, 2009.

The Group recognised a tax benefit in 2010 of €4.282 million principally arising on deferred taxes on intangibles. In 2009 the Company was resident in Guernsey and was subject to a tax rate of 0%. Following its migration to Luxembourg in June 2010, the Company's tax rate will no longer be zero. The effective rate at which the Group recognises and pays taxes depends on the profitability and tax rates in the countries in which the Group operates.

Tangible assets increased by €9.727 million since December 2009. Capital expenditure on tangible assets in the period amounted to €8.689 million, of which €6.387 million was spent on the construction of the Group's solar power generation farms in Italy. The farms and the licences for their construction and operation are held by Energie Mediterranee S.R.L. ("EMED"), a company formed in 2010 for this purpose. After the balance sheet date, EMED secured a total of €10.0 million in bridging credit facilities for the purpose of financing the construction of its solar assets.
A further €2.383 million of the increase in the book value of tangible assets was due to Lannion which was previously designated as asset held for sale and was therefore excluded from tangible assets.

The net book value of intangible assets fell in the period primarily as a result of amortisation and impairment charges totalling €20.917 million. The change in intangibles also includes €10.792 million relating to Lannion which was previously designated as asset held for sale. Other changes in intangibles, including goodwill arising on the acquisition of ***skytron*** and the purchase of solar permits in Italy, are shown in note 10.

Inventories, trade and other receivables and trade and other payables all increased in the period primarily due to the effect of including Lannion, which had previously been shown as asset held for sale.

Share capital increased €12.520 million and this was due to the assignment of nominal value to the Company's shares following the migration from Guernsey to Luxembourg. The increase in nominal value was affected by means of a transfer from share premium. Previously share capital had no nominal value and all issued capital was included in share premium.

The non-controlling interest of €0.135 million shown in equity relates to the 25% stake in ***skytron*** retained by the vendor.
Further information on movements in equity including retained earnings, are shown in the condensed consolidated interim statement of changes in equity.

Outlook

As expected for a late cyclical business the group was adversely affected by the economic downturn of 2009 with the result that order intake in that year was lower than the previous year. In particular in the Renewable Energy Solutions (RES) segment new orders for poly silicon applications were very significantly lower than the peak of 2008. Given the relatively long lead-times in this activity the result was that poly silicon sales in the first half of 2010 were much lower than in 2009. Activities in the Energy Efficiency Solutions (EES) segment were also affected by the economic crisis and, although order intake in the first half of 2010 was broadly similar to the same period in 2009, first half-year sales in 2010 lagged just behind 2009 levels.

In contrast to the decline in revenues from poly silicon, the RES segment is experiencing much better than anticipated order intake and sales in its other solar activities and expects these to remain buoyant to the end of the year so that this business is expected to have a stronger second half 2010 in both orders and sales. Although this will not be sufficient to offset the drop in poly silicon revenues the Group considers that the trends seen in the solar market provide a reasonable basis for expecting a recovery in poly silicon demand. In total the RES business is expected to have higher sales in the second half of 2010 than in the first.

EES revenues in the second half of 2010 are expected to be higher than in the first half, aided partly by the seasonality effects noted earlier and partly by an expected improvement in economic activity in the second half of 2010. This business in total has a large project pipeline and should economic conditions ease as expected, then it is well placed to have a much improved second half of 2010. At the same time the Group will extend its review of operations in EES with a view to improving the efficiency and economic resilience of this business which will complement its recognised technical excellence and quality. This would be a continuation of the process already initiated in 2009 in the group's facilities in France.

Principal risks and going concern

The principal risks that could have a material impact on the Group are set out in the 2009 consolidated financial statements. These risks have not changed materially in the first half of 2010. However the Directors note that some of the Group's traditional markets have not yet recovered as fast as originally anticipated from the effects of the economic crisis, such that, while quotation activity remains buoyant, conversion to orders has been slower than anticipated.

In response to slower than expected pick-up in the more traditional parts of its business the group has taken steps to control costs and will supplement this with a continuation of its review of operations in EES as noted in the Outlook section above.

The Group also monitors working capital closely, especially due to the demands of the buoyant solar activities. Such monitoring includes the review of cash flow projections for the coming year. Furthermore, the group is engaged in advanced discussions with financial institutions with a view to improving its working capital facilities. In addition to these discussions, after the balance sheet date the Group obtained a total of €10.0 million in bridging facilities for its solar farms in Italy (see note 18). Based on its cash flow projections and financing already secured the Directors believe that it is appropriate to draw up these financial statements on the going concern basis.

Auditors

The Annual General Meeting held on June 2, 2010 approved the appointment of KPMG Audit of Luxembourg as auditors of the Company for the year ending December 31, 2010.

Approved by the Board of Directors and signed on its behalf by:

Dr. Horst J. Kayser

August 30, 2010

Responsibility statement

The Board of Directors and the executive management of the company reaffirm their responsibility to ensure the maintenance of proper accounting records disclosing the financial position of the group with reasonable accuracy at any time, and ensuring that an appropriate system of internal controls is in place to ensure the group's business operations are carried on efficiently and transparently.
In accordance with Article 3 of the law of January 11, 2008 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, we declare that, to the best of our knowledge, the condensed consolidated interim financial statements for the half year ended June 30, 2010, prepared in accordance with IFRS as adopted for use in the European Union give a true and fair view of the assets, liabilities, financial position and profit of the year. In addition, the management report includes a fair review of the development and performance of the group's operations during the year and of business risks, where appropriate, facing the group.

Signed on behalf of the Board by:

Dr. Horst J. Kayser

Robert J. Huljak

August 30, 2010

(formerly Germany1 Acquisition Ltd)

Condensed consolidated interim statement of financial position

As at

In millions of euro	Note	June 30 2010	December 31 2009
Assets			
Property, plant and equipment		40.638	30.911
Intangible assets	10	273.078	278.655
Goodwill	10	105.490	102.452
Other non current financial assets		1.568	1.548
Total non-current assets		**420.774**	**413.566**
Inventories		60.544	59.361
Trade and other receivables		79.464	70.732
Prepayments		1.809	4.400
Cash and cash equivalents		39.453	57.958
Assets classified as held for sale	6	-	24.785
Total current assets		**181.270**	**217.236**
Total assets		**602.044**	**630.802**
Equity			
Share capital	12	12.520	-
Share premium	12	383.836	394.928
Retained earnings		(14.836)	(8.211)
Reserve for own shares	12	(24.375)	(24.375)
Cumulative translation adjustment		1.580	0.086
Total equity attributable to equity holders of the Company		**358.725**	**362.428**
Non controlling interest		0.135	-
Total Equity		**358.860**	**362.428**
Liabilities			
Employee benefits		23.477	22.569
Deferred tax liabilities	11	66.380	73.103
Provisions	13	6.524	7.950
Total non-current liabilities		**96.381**	**103.622**
Warrants	14	18.484	30.975
Loans and borrowings		14.313	10.748
Trade and other payables		75.405	59.859
Income tax liabilities		11.668	16.129
Deferred income		21.896	32.060
Provisions	13	5.037	2.807
Liabilities classified as held for sale	6	-	12.174
Total current liabilities		**146.803**	**164.752**
Total liabilities		**243.184**	**268.374**
Total equity and liabilities		**602.044**	**630.802**

The condensed consolidated interim financial statements on pages 14 to 29 are unaudited. They were approved by the Board of Directors on August 30, 2010 and signed on its behalf by:

Dr. Horst J. Kayser   Robert J. Huljak

The notes on pages 19 to 29 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of income

For the period ended June 30,

In millions of euro	Note	2010	2009[1]
Revenue	5	141.079	-
Cost of sales		(102.686)	-
Gross profit		**38.393**	**-**
Selling, general and administrative expenses		(32.527)	(0.475)
Research and development expenses		(11.445)	-
Other expenses	7	(17.549)	-
Loss from operating activities	**5**	**(23.128)**	**(0.475)**
Finance income	8	15.003	5.854
Finance costs	8	(3.928)	-
Net finance income / (costs)	8	11.075	5.854
(Loss)/ profit before income tax		**(12.053)**	**5.379**
Income tax benefit	9	4.282	-
(Loss) / profit after income tax		**(7.771)**	**5.379**
Profit / (loss) attributable to:			
Owners of the Company		(7.830)	5.379
Non-Controlling interest profit / (loss)		0.059	-
(Loss) / profit for the period		**(7.771)**	**5.379**
Earnings per share			
Basic (loss) / earnings per share (euro)	12	(0.16)	0.17
Diluted (loss) / earnings per share (euro)	12	(0.39)	0.08

The notes on pages 19 to 29 are an integral part of these condensed consolidated interim financial statements.

1 The June 2009 comparatives have been restated in respect of the accounting treatment of warrants under IAS 32. The effect of the change was to reclassify the proceeds of the Initial Public Offering of the company attributable to the warrants from equity to a liability, and subsequently to measure this liability through the statement of income based on the market value of the warrants.

Condensed consolidated interim statement of comprehensive income

For the period ended June 30,

In millions of euro	Note	2010	2009[1]
Profit / (loss) for the period		**(7.771)**	**5.379**
Other comprehensive income			
Foreign currency translation differences for foreign operations		1.494	-
Share based payments		1.205	-
Other comprehensive income for the period, net of income tax		**2.699**	**-**
Total comprehensive (loss)/income for the period		**(5.072)**	**5.379**
Total comprehensive (loss) / income attributable to:			
Owners of the Company		(5.131)	5.379
Non-Controlling interest profit		0.059	-
Total comprehensive (loss)/income for the period		**(5.072)**	**5.379**

The notes on pages 19 to 29 are an integral part of these condensed consolidated interim financial statements.

1 The June 2009 comparatives have been restated in respect of the accounting treatment of warrants under IAS 32. The effect of the change was to reclassify the proceeds of the Initial Public Offering of the company attributable to the warrants from equity to a liability, and subsequently to measure this liability through the statement of income based on the market value of the warrants.

Condensed consolidated interim statement of changes in equity

As at

In millions of euro	Share capital	Share premium	Translation reserve	Reserve for own shares	Retained earnings	Total equity
	Attributable to equity holders of the Company					
Balance at January 1, 2009	**-**	**212.448**	**-**	**-**	**18.864**	**231.312**
Total comprehensive income for the half year	-	-	-	-	5.379	5.379
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners	-	-	-	-	-	-
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**-**
Balance at June 30, 2009[1]	**-**	**212.448**	**-**	**-**	**24.243**	**236.691**
Balance at January 1, 2010	**-**	**394.928**	**0.086**	**(24.375)**	**(8.211)**	**362.428**
Total comprehensive (loss) for the half year	-	-	1.494	-	(6.625)	(5.131)
Contributions by and distributions to owners						
Transfer to share capital from share premium	12.520	(12.520)	-	-	-	-
Exercised warrants (168,013 shares issued)		1.428				1.428
Total transactions with owners	**12.520**	**(11.092)**	**-**	**-**	**-**	**1.428**
Balance at June 30, 2010	**12.520**	**383.836**	**1.580**	**(24.375)**	**(14.836)**	**358.725**
Non-Controlling interest						
Balance at January 1, 2010	**-**	**-**	**-**	**-**	**-**	**-**
Non-controlling interest in the income for the period	-	-	-	-	0.059	0.059
Acquisition of non controlling interest	0.012	-	-	-	0.064	0.076
Balance at June 30, 2010	**0.012**	**-**	**-**	**-**	**0.123**	**0.135**

The notes on pages 19 to 29 are an integral part of these condensed consolidated interim financial statements.

1 The June 2009 comparatives have been restated in respect of the accounting treatment of warrants under IAS 32. The effect of the change was to reclassify the proceeds of the Initial Public Offering of the company attributable to the warrants from equity to a liability, and subsequently to measure this liability through the statement of income based on the market value of the warrants.

Condensed consolidated interim statement of cash flows

For the period ended June 30,

In millions of euro	Note	2010	2009[1]
Cash flows from operating activities			
(Loss) / profit for the period		(7.771)	5.379
Adjustments for non-cash items:			
Depreciation		2.120	-
Amortisation of intangible assets		20.745	-
Change in fair value of warrants		(12.323)	(2.480)
Charge for share-based payments		1.206	-
Finance (expense) / income (net)		1.248	(3.367)
Income tax benefit	9	(4.282)	-
Change in other non-current financial assets		0.115	-
Cash flow from / (used in) operations before changes in working capital		**1.058**	**(0.468)**
Change in inventories		3.778	-
Change in trade and other receivables		(2.751)	0.025
Change in prepayments		2.593	-
Change in trade and other payables		9.785	(0.081)
Change in employee benefits		(1.457)	-
Change in provisions		(3.353)	-
Change in deferred income		(10.267)	-
Cash generated from / (used in) operating activities		**(1.672)**	**(0.056)**
Income tax paid		(6.736)	-
Net cash from operating activities		**(7.350)**	**(0.524)**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		(2.228)	-
Acquisition of property, plant and equipment		(8.689)	-
Proceeds from sale of property, plant and equipment		0.039	-
Acquisition of intangible assets	10	(2.294)	-
Capitalised internal development expenditure	10	(1.937)	-
Net cash used in investing activities		**(15.109)**	**-**
Cash flows from financing activities			
Interest received (net)		0.014	3.367
Proceeds from issue of share capital and warrants		1.260	-
Change in short term debt		1.225	-
Net cash from (used in) financing activities		**2.499**	**3.367**
Effect of movement in exchange rates		0.585	-
Net (decrease) / increase in cash and cash equivalents		**(19.375)**	**2.843**
Cash and cash equivalents at beginning of period		**57.958**	**252.496**
Cash and cash equivalents of discontinued operations at beginning of period		0.869	
Cash and cash equivalents at end of period		**39.452**	**255.339**

The notes on pages 19 to 29 are an integral part of these condensed consolidated interim financial statements.

1 The June 2009 comparatives have been restated in respect of the accounting treatment of warrants under IAS 32. The effect of the change was to reclassify the proceeds of the Initial Public Offering of the company attributable to the warrants from equity to a liability, and subsequently to measure this liability through the statement of income based on the market value of the warrants.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

On April 9, 2010 the Company changed its name from Germany1 Acquisition to 3W Power Holdings.
On April 9, 2010 and May 7, 2010 the Company's shareholders approved the migration of the Company from Guernsey to Luxembourg. The migration process was completed on June 2, 2010 when the Company's registration as a Luxembourg société anonyme under the name 3W Power Holdings S.A. became effective.

The condensed consolidated interim financial statements of the Company as at and for the half year period ended June 30, 2010 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, 2009 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 engaged in the design, developments, manufacture, marketing, sales and distribution of AC Power Control systems, AC/DC power systems and converters for industrial and telecom applications. The group has manufacturing operations in China, France, Germany and Malaysia.

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, 2009.

These condensed consolidated interim financial statements were authorised for issue by the Board of Directors on August 30, 2010.

b) Use of estimates and judgements

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, 2009.

Notes to the condensed consolidated interim financial statements, *continued*

c) Restatement of 2009 interim published financial statements

In 2009, the accounting treatment of warrants has been revised as required under IAS 32. The effect of the change was to reclassify the proceeds of the Initial Public Offering of the company attributable to the warrants from equity to a liability, and subsequently to measure this liability through the statement of income based on the market value of the warrants. This is reflected in the company's 2010 condensed consolidated interim financial statements by adjusting the 2009 comparatives as follows:

Income statement

For the period ended June 30, 2009

In millions of euro	As reported	As restated
Retained profit for the period	2.899	5.379
Balance sheet As at June 30, 2009		
	As reported	As restated
Current liabilities	(5.383)	(18.713)
Net assets	250.021	236.691
Equity		
Share	243.448	212.448
Retained earnings	6.573	24.243
Total equity attributable to equity holders of the Company	**250.021**	**236.691**
Earnings per share		
Basic earnings per share (Euro)		0.17
Diluted earnings per share (Euro)		0.08

3. Significant accounting policies

With effect from January 1, 2010, the Group has adopted the IFRS 3 (revised) Business Combinations. Transaction costs directly attributable to the acquisition are reported in the consolidated statement of income. Also adopted was IAS 27 in respect of non-controlling (minority) interests. As a consequence upon acquisition the non-controlling interest is valued at fair value with any subsequent changes being recorded through the consolidated statement of income.

All other 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, 2009, 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 2009. However the Directors note that some of the Group's traditional markets have not yet recovered as fast as originally anticipated from the effects of the economic crisis, such that, while quotation activity remains buoyant, conversion to orders has been slower than anticipated.

5. Operating segments

The Group had previously identified two reportable segments, New Energies and Communications. New Energies comprised the Group's Control, Solar and Protect Power product lines while Communications included the Telecom products. During the course of the first half of 2010, order intake performance in the New Energies segment has exceeded expectations driven primarily by demand in solar. This is expected to continue and the Group sees exciting opportunities for growth in renewable energies. To aid this growth and to add focus to the activity the Directors have decided to collect all the Group's activities in renewables into one operating segment called Renewable Energy Solutions which will now comprise the Control and Solar product lines. The Group's new subsidiary, ***skytron***, will also be reported within this segment to further capitalise on the benefits expected to accrue from the combined strengths of AEG Power Solutions ("AEG PS") and ***skytron***. As a result of this change, Protect Power products will now be combined with Telecom and the previously discontinued converter activity into one segment called Energy Efficiency Solutions. Accordingly the results of the Group are now 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").

The information below is for the half year period ended June 30, 2010. No prior period comparatives are presented for the half year to June 30, 2009 as the company had no operating segments until after the acquisition of AEG PS on September 10, 2009.

In millions of euro	Renewable Energies Solutions	Energy Efficiency Solutions	Unallocated amounts	Total
Revenue	**46.148**	**94.931**		**141.079**
Segment operating income / (loss)	**7.159**	**(2.940)**	**(0.503)**	**3.716**
Restructuring costs	-	-	(1.975)	(1.975)
Capitalised development costs (net of amortisation)	1,142	-	-	1.142
Central overheads	-	-	(6.359)	(6.359)
PPA[1] adjustments	(13.911)	(5.567)	(0.174)	(19.652)
Loss from operating activities	**(5.610)**	**(8.507)**	**(9.011)**	**(23.128)**

[1] Purchase price accounting adjustments arising from the amortisation of fair value adjustments and intangible assets identified on the acquisition of AEG PS in 2009.

Revenue comprises €118.036 million for goods and €23.043 million for services.

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.

In millions of euro	Germany	Rest of Europe	Africa, Middle East and Asia	Americas	Total
Revenue	36.778	48.550	38.551	17.200	141.079
Non-current assets	174.243	120.172	13.990	5.311	313.716
Total assets	269.948	294.833	30.492	9.269	604.542

Non-current assets exclude goodwill and non-current financial assets.

6. Discontinued operation and assets held for sale

Harmer + Simmons S.A.S., the Group's converter activity at Lannion in France, had previously been designated as a discontinued operation and had been treated as such in the consolidated financial statements for the year ended December 31, 2009. The Lannion operation has undergone significant restructuring and strategic market changes under a programme initiated in 2009 in order to reduce its cost base and re-position it on a sounder footing for divestment. The restructuring is well advanced and expected to be substantially completed by September 2010. The Directors have in the meantime reassessed the value of the Lannion operation to the Group taking into account its world-class R&D capability, the potential to diversify into new areas such as LED lighting and the likelihood of realising a sale in a reasonable timescale. Taking all factors into consideration the Directors have concluded that it is in the best interests of the Group to retain the Lannion operation. Accordingly in the condensed consolidated interim statement of income, the results of the Lannion operation are shown as continuing operations.

In the period to June 30, 2010 Lannion contributed €11.9 million in revenue and an operating loss of €1.6 million. The condensed consolidated interim statement of income includes a charge of €0.98 million relating to amortisation of intangible assets arising on the acquisition of AEG PS and attributable to Lannion.

In the consolidated statement of financial position of the Group at December 31, 2009 the Lannion assets and liabilities were aggregated and separately shown as assets/liabilities held for sale. In these condensed consolidated interim financial statements the Lannion assets and liabilities are included within the relevant captions of the condensed consolidated statement of financial position as the activity is now reported as continuing operations. The balance sheet comparatives at December 31, 2009 have not been restated as the decision to re-integrate Lannion into the continuing operations was taken after December 31, 2009.

7. Other expenses

In millions of euro	June 30, 2010	June 30, 2009
Amortization of intangible assets	12.911	-
Impairment of intangible assets	2.605	-
Restructuring expense	1.975	-
Other expenses	0.058	-
Total other expenses	**17.549**	**-**

8. Finance income and costs

In millions of euro	June 30, 2010	June 30, 2009
Interest income on bank deposits	0.079	3.374
Net change in fair value of warrants	12.323	2.480
Gain on foreign exchange	2.601	-
Finance income	**15.003**	**5.854**
Interest expense on loans and payables	(0.115)	-
Pension related financial expenses	(1.675)	-
Loss on foreign exchange	(1.734)	-
Other finance costs	(0.404)	-
Finance costs	**(3.928)**	**-**
Net finance income	**11.075**	**5.854**

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. Neither the change in accounting policy nor in the market value of the warrants has any effect on the cash flows of the company.

9. Income tax benefit

In millions of euro	June 30, 2010	June 30, 2009
Current tax (expense) / benefit		
Income tax charge for current period	(2.186)	-
Deferred tax (expense) / benefit		
Origination and reversal of temporary differences	6.446	-
Other	0.022	-
Deferred tax benefit	**6.468**	**-**
Total income tax benefit	**4.282**	**-**

Reconciliation of effective tax rate

In millions of euro	June 30, 2010	June 30, 2009
(Loss) / income for the period	(7.771)	5.379
Total income tax benefit	(4.282)	-
Loss before income tax	**(12.053)**	**5.379**
Expected income tax benefit using the theoretical tax rate of 29% (2009: 0%)	3.495	-
Tax exempt income (change in fair value of outstanding warrants)	3.574	-
Effects on different local tax rates	(0.071)	-
Current year losses for which no deferred tax asset was set-up	(2.948)	-
Other	0.232	-
Income tax benefit	**4.282**	**-**

10. Intangible assets

In millions of euro	Goodwill	Backlog	Customer relations	Technology	Research & Develop-ment	Other	Total
Cost							
Balance at January 1, 2010	102.452	24.007	206.157	54.769	10.405	2.422	400.212
On acquisition of subsidiary	3.038	-	-	-	-	0.011	3.049
Transfer from assets held for sale	-	-	9.821	0.971	-	-	10.792
Additions	-	-	-	-	-	2.294	2.294
Internally developed assets	-	-	-	-	1.937	-	1.937
Disposals	-	-	-	-	-	(0.002)	(0.002)
Reclassifications	-	-	-	-	-	0.073	0.073
Net effect of exchange rate changes	-	-	-	-	-	0.072	0.072
Balance at June 30, 2010	**105.490**	**24.007**	**215.978**	**55.740**	**12.342**	**4.870**	**418.427**
Amortisation							
Balance at January 1, 2010	-	(11.764)	(4.475)	(2.262)	(0.314)	(0.290)	(19.105)
Amortisation for the period	-	(4.869)	(8.042)	(3.962)	(0.795)	(0.472)	(18.140)
Impairment	-	(2.605)	-	-	-	-	(2.605)
Disposals	-	-	-	-	-	0.002	0.002
Reclassifications	-	-	-	-	-	(0.001)	(0.001)
Net effect of exchange rate changes	-	-	-	-	-	(0.010)	(0.010)
-							
Balance at June 30, 2010	**-**	**(19.238)**	**(12.517)**	**(6.224)**	**(1.109)**	**(0.771)**	**(39.859)**
Carrying amounts							
At January 1, 2010	102.452	12.243	201.682	52.507	10.091	2.132	381.107
At June 30, 2010	**105.490**	**4.769**	**203.461**	**49.516**	**11.233**	**4.099**	**378.568**

Included in other intangibles is €1.684 million for licences purchased in Italy for the construction and operation of solar power generation farms. The licences are held by a new Group company, Energie Mediterranee S.R.L., established for the purpose. The remainder of other intangibles consists principally of software and other patents and licences.

On February 28, 2010 the Group acquired 75% of the equity of ***skytron energy*** GmbH. Goodwill arising on the acquisition amounted to €3.038 million. In the period since acquisition to June 30, 2010 ***skytron*** contributed €2.888 million and €0.34 thousands to Group revenue and operating income respectively. The goodwill is attributable to the skills and technical capability of ***skytron***'s workforce. No other intangible assets were identified on the acquisition. A further amount is payable to the former ***skytron*** owners on the achievement of certain EBITDA targets in 2010. This contingent consideration is payable in 2011 after ***skytron***'s results for 2010 have been determined. An estimate of the amount payable has been included in the purchase price and in the calculation of goodwill on acquisition.

The balance of goodwill and the intangibles associated with backlog, customer relations and technology relate to the acquisition of AEG PS by the Company on September 10, 2009. Full details of the acquisition can be found in the Company's consolidated financial statements for the year ended December 31, 2009.

The goodwill and intangibles on acquisition are subject to annual impairment testing. A test was carried out at June 30, 2010 and no impairment was identified other than the charge for Backlog of €2.605 million shown above. The impairment test will be repeated in the fourth quarter of 2010 in line with the Group's normal policy.

11. Deferred tax assets and liabilities

Unrecognized deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, as at June 30, 2010:

In millions of euro	June 30, 2010	June 30, 2009
Tax losses	12.197	6.885
Deductible temporary differences	0.997	0.739
Total unrecognised deferred tax	**13.194**	**7.624**

The movement in temporary differences during the period was:

In millions of euro	Balance 31 Dec. 2009	Lannion transferred back	Recognised in profit or loss	Balance 30 June 2010
Property, plant and equipment	(4.131)	(0.467)	0.463	(4.135)
Intangible assets	(80.573)	(3.593)	5.022	(79.144)
Inventories	(0.563)	0.046	(0.119)	(0.636)
Employee benefits	2.360	0.399	(0.531)	2.228
Provisions	0.552	1.244	0.252	2.048
Other items	1.570	0.034	0.382	1.986
Sub-total	(80.785)	(2.337)	5.469	(77.653)
Tax loss carry forward	7.682	2.337	1.254	11.273
Total	(73.103)	-	6.723	(66.380)

An amount of €255.0 thousands is recognised directly through equity as currency translation effects.

12. Capital and reserves

a) Share capital

Number of shares	Founding shares	Ordinary public shares	Ordinary Class A shares	Ordinary Class B shares	Total shares
Number of shares issued as at December 31, 2009	6,250,000	22,109,080	10,854,465	10,854,466	50,068,011
Less: Treasury shares as at December 31, 2009	-	-	(1,250,000)	(1,250,000)	(2,500,000)
Total shares at December 31, 2009	6,250,000	22,109,080	9,604,465	9,604,466	47,568,011
Transfer of A shares to public shares	-	9,604,465	(9,604,465)	-	-
Exercise of warrants	-	168,013	-	-	168,013
Issued at June 30, 2010	6,250,000	31,881,558	-	9,604,466	47,736,024

The A and B shares were issued on the acquisition of AEG PS on September 10, 2009. Both classes were restricted for a period of 6 and 12 months respectively from the date of acquisition, during which time they cannot be traded. The restrictions on the A shares were lifted in March 2010. The B shares remain restricted until September 2010.

The Treasury shares relate to 2,500,000 shares (50% in class A and 50% in class B shares) issued on acquisition of AEG PS for the purposes of an earn-out agreement entered into between the Company and the former AEG PS shareholders. The earn-out shares are held in escrow. The earn-out is subject to the achievement of certain adjusted EBITDA targets in respect of fiscal years 2009, 2010 and 2011. Any earn-out shares not distributed to the former AEG PS shareholders will be returned to the Company and may be used for other corporate purposes.

12. Capital and reserves, *continued*

At the Extraordinary General Meeting (EGM) held on May 7, 2010, the shareholders voted to set the issued share capital of the Company at €12,520,006 by conversion of the same amount from the share premium account. The issued share capital of the Company was therefore fixed at €12,520,006 divided into 50,236,024 shares (including the 2,500,000 of shares shown above as treasury shares). The authorised share capital of the Company was set at 150,240,072 shares.

As stated in note 17, in July 2010 the Company received 250,000 of its shares from LCP1 (a company controlled by the Founding shareholders) under an agreement signed in March 2010. The transfer is not reflected in these condensed consolidated interim financial statements, but will be recorded in the financial statements for the full year to December 31, 2010. The effect of the transfer will be to reduce goodwill on the acquisition of AEG PS and to reduce equity by the same amount as the shares will be recorded as treasury shares.

b) Earnings per share

Basic earnings per share

Loss / profit attributable to ordinary shareholders for the period to June 30,

In millions of euro	2010	2009
(Loss) / profit attributable to ordinary shareholders	**(7.830)**	**5.379**

Weighted average number of ordinary shares

In number of shares	2010	2009
Issued ordinary shares at January 1	47,736,024	31,250,000
Effect of warrants exercised	(82,509)	-
Weighted average number of ordinary shares	**47,653,515**	**31,250,000**
Basic (loss) / earnings per share (euro)	**(0.16)**	**0.17**

Diluted earnings per share

Diluted earnings per share are based on the loss attributable to ordinary shareholders of €6.080 million (2009: profit €5.379 million), adjusted for dilutive effects and a weighted average number of ordinary shares outstanding after adjustment for dilutive effects), calculated as follows:

Profit / (loss) attributable to ordinary shareholders (diluted) for the period to June 30,

In millions of euro	2010	2009
(Loss) / profit attributable to ordinary shares	(7.830)	5.379
Effect of warrants	(12.491)	(2.480)
(Loss) / profit from continuing operations (adjusted for dilution effects)	**(20.321)**	**2.899**

Weighted average number of ordinary shares (diluted)

In number of shares	2010	2009
Weighted average number of ordinary shares (basic)	47,653,515	31,250,000
Effect of warrants	2,038,751	6,931,677
Effect of treasury shares issued	2,500,000	-
Weighted average number of ordinary shares (diluted)	**52,192,266**	**38,181,677**
Diluted (loss) / earnings per share (euro)	**(0.39)**	**0.08**

12. Capital and reserves, *continued*

c) Dividends

No dividends were declared or paid by the Company during the reporting period.

13. Provisions

Provisions primarily relate to restructuring, warranty and termination payments due to executives. The latter are explained in note 17 on related parties.

14. Warrants

The change in fair value of the warrants is recorded through the income statement as financial income or cost. During the period to June 30, 2010, 168,013 warrants were exercised with an equivalent number of shares issued to the warrant holders. The number of warrants outstanding at June 30, 2010 was 30,806,487. At the reporting date the market price of the warrants was €0.60 (at December 31, 2009 €1.00). The warrants expire on July 21, 2012.

15. Contractual obligations and off-balance sheet 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, 2010

In millions of euro	Less than 1 year	1 - 3 years	4 – 5 years	Total
Operating leases	3.370	4.529	1.399	9.298
Unconditional purchase obligations	17.510	2.858	0.107	20.475
Total	**20.880**	**7.387**	**1.506**	**29.773**

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 €2.63 million in the period to June 30, 2010 (2009: €nil).

b) Other commitments

June 30, 2010

In millions of euro	Less than 1 year	1 - 3 years	4 – 6 years	Total
Guarantees	7.342	7.910	0.203	15.455

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 1 July 2008, AEG PS entered into a trademark license agreement 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. A minimum annual royalty of €2,737.5 thousand and €2,782.5 thousand is payable for 2009 and 2010 respectively if these amounts are greater than the royalty based on actual sales. Beginning 2011, the royalty is based on actual sales. The Company can terminate the agreement after 2011 with a one year notice period.

16. 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.

17. 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. Furthermore a related party relationship exists with the Executive and Non-Executive members of the Board who receive remuneration from the Group.

The Company has entered into transition agreements with Messrs Brock and Huljak under the terms of which Mr Brock and Mr Huljak will step down from their executive roles on August 1 and December 31, 2010 respectively. Under the terms of the agreements Mr Brock and Mr Huljak will receive severance payments totalling €1.779 million between them. In addition, on the respective date of severance all shares due to them under their employment contracts become vested. Mr Brock and Mr Huljak are entitled to 100,000 and 50,000 shares respectively. The cost of the share awards recognized in these condensed consolidated interim financial statements is €1.12 million. Appropriate provisions have been made in the condensed consolidated interim financial statements accounts for the severance and share awards to be made to these executives under the terms of the transition agreements.

In May 2010 the Company announced the appointment of Dr. Horst J. Kayser as new Chief Executive with effect from August 1, 2010. Dr. Kayser was appointed to the Board of Directors on July 23, 2010. Under his service agreement with the Company, Dr. 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.

The interests of Directors and related parties in the shares and warrants of the Company at June 30, 2010 were as follows:

Number of shares/warrants	Shares						Warrants
	Sellers				Founders	Total	Founders
	Brock Trust	Ripplewood	AEG PS mgmt.	Sub-total			
Founding shares/warrants	-	-	-	-	6,250,000	6,250,000	4,500,000
Public shares/warrants	1,247,922	7,396,848	313,054	8,957,824	2,000,000	10,957,824	2,000,000
Restricted shares	1,247,923	7,396,848	313,054	8,957,825	-	8,957,825	-
Sub-total	2,495,845	14,793,696	626,108	17,915,649	8,250,000	26,165,649	6,500,000
Escrow shares - tax	66,702	395,365	16,733	478,799		478,799[1]	-
Escrow shares – earn out	333,510	1,976,823	83,664	2,393,997		2,393,997[1]	-
Sub-total	400,211	2,372,188	100,397	2,872,796	-	2,872,796	-
Total	2,896,056	17,165,884	726,505	20,788,445	8,250,000	29,038,445	6,500,000

1 The shares were held in escrow at June 30, 2010 and December 31, 2009. Accordingly they had not been distributed to the sellers. The number of shares shown under each seller in the table above is based on the number of shares that would have been allocated had the shares been distributed at June 30, 2009 pro rata to the existing shareholding of each seller. The total number of shares held in escrow for tax and earn out is 500,000 and 2,500,000 respectively. The difference between these and the number shown in the table above relates to shares attributable to former AEG PS shareholders other than Ripplewood, Brock and AEG PS management.

The Founding Shareholders are Prof. Dr. h.c. Roland Berger, Dr. Dr. h.c. Thomas Middelhoff and Florian Lahnstein all of whom are or have been Directors of the Company. They hold their shares and warrants individually and, as regards Florian Lahnstein, also through LCP1 Limited ("LCP1"). The Founding Shares and Warrants held by LCP1 Limited were transferred to Stichting Administratiekantoor Germany1 Acquisition Limited, a Dutch foundation (the "Foundation"). The Founding Shares held by the Foundation cannot be transferred, exchanged or released before one year from the date of acquisition of AEG PS, without the consent of Deutsche Bank AG London branch (the "Manager").

17. Related parties, *continued*

In February 2010, the Manager agreed to the transfer of 250.0 thousand Founding Shares to the Company. This transfer was completed in July 2010 and accordingly it is not reflected in the table above or in the condensed consolidated interim financial statements. After the transfer the number of Founding Shares owned by LCP1 and held through the Foundation will be reduced from 6.2 million to 5.95 million. The effect of this transfer will be to reduce goodwill on the acquisition of AEG PS and to reduce equity by the same amount as the shares will be recorded as treasury shares.

Ripplewood, Brock Trust and AEG PS management are collectively referred to as the Sellers. Ripplewood is the former majority owner of AEG PS and refers to Ripplewood Power Systems I L.L.C. and Ripplewood Power Systems II L.L.C., US Limited Liability Companies (LLCs) of which Mr Collins is the controlling shareholder. Brock Trust refers to a US LLC controlled by Mr Brock and in which Mr Huljak has a minority holding. AEG PS management refers to members of the AEG PS management other than Messrs Brock and Huljak. The only change in the interests of Ripplewood, Brock Trust and AEG PS management is that the restrictions on the trading of the class A shares were lifted in March 2010, 6 months after the date of acquisition of AEG PS. Accordingly these shares have been reclassified from restricted and are shown as public.

An additional 3.0 million shares are held in escrow on behalf of the Sellers and other former AEG PS shareholders. 2.5 million of the shares held in escrow relate to earn-out shares that will be distributed to the former AEG PS shareholders subject to the achievement of certain adjusted EBITDA targets with respect to fiscal years 2009, 2010 and 2011. The number of earn-out shares attributable to the Sellers is 2,393,997. 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. The remaining 500.0 thousand escrow shares relate to shares held in escrow until the determination of a tax audit of AEG Power Solutions GmbH, the Company's subsidiary in Germany. Of these tax escrow shares, 478,799 are attributable to the Sellers.

18. Subsequent events

In July and August 2010 the Group's subsidiary, Energie Mediterranee S.R.L. secured two bridge loan facilities of €5.0 million each for the purpose of financing the construction of its solar power generation farms. The loans are intended to provide bridge finance until full project financing expected upon completion of the construction. One facility carries interest at 3 month Euribor + 2% and expires on March 31, 2011. The other bears interest at 3.5% and expires on April 30, 2011.
Both facilities are repayable on demand and are guaranteed by AEG Power Solutions BV.

Appendix I

Pro-forma combined statement of income (unaudited)[1] for the six month period ended June 30, 2009

In millions of euro	3W Power	AEG PS	Sub-total	PPA	Combined
Continuing operations					
Revenue	-	239.659	239.659	-	239.659
Cost of sales	-	(141.230)	(141.230)	(6.798)	(148.028)
Gross profit	-	98.429	98.429	(6.798)	91.631
Selling, general and administrative expenses	(0.475)	(29.690)	(30.165)	(0.167)	(30.332)
Research and development expenses	-	(5.301)	(5.301)	(3.863)	(9.164)
Other (expenses) / income	-	(5.573)	(5.573)	(21.427)	(27.000)
(Loss) / Profit from operating activities	(0.475)	57.865	57.390	(32.255)	25.135
Net finance (expense) / income	5.854	(0.916)	4.938	(3.383)	1.555
Profit / (loss) before income tax	5.379	56.949	62.328	(35.628)	26.690
Income tax expense	-	(20.728)	(20.728)	13.005	(7.723)
Profit / (loss) from continuing operations	5.379	36.221	41.600	(22.633)	18.967
Profit / (loss) for the year	5.379	36.221	41.600	(22.633)	18.967

Pro forma combined earnings per share

Basic earnings per share[2] (euro)	0.40
Diluted earnings per share[2] (euro)	0.29

Pro forma combined earnings per share excluding warrants and purchase price amortisation

Basic earnings per share[2] (euro)	0.82
Diluted earnings per share[2] (euro)	0.69

1 The table shows the income statement of the Company and AEG PS for June, 30 2009, and includes pro forma purchase price adjustments as if AEG PS had been acquired on January 1, 2009. It assumes that had AEG PS been consolidated since January 1, 2009 there would have been no other consolidation adjustments required. PPA refers to the amortisation charges on the intangible assets recognised at the acquisition of AEG PS on September 10, 2009 for a six month period and the elimination of interest income due to the assumed use of cash for the acquisition as at January 1, 2009. In the June 30, 2009 figures the results of the Lannion operation have been presented as continuing operations following the decision to retain the activity.

2 Earnings per share are calculated as if AEG PS had been acquired on January 1, 2009 and assuming that all shares issued for the purpose of the acquisition were issued at the beginning of the year.

Financial calendar

Date	Event
31 August 2010	Half yearly 2010 financial results
01 September 2010	DVFA SCC_ Small Cap Conference, Frankfurt / Main
02 - 03 September 2010	Barclays Capital Global Renewables and Clean Technology Conference, Zurich
21 September 2010	UniCredit German Investment Conference, Munich
26 October 2010	Interim management statement
22 - 24 November 2010	Deutsche Börse German Equity Forum, Frankfurt / Main

About AEG Power Solutions

AEG Power Solutions is a world provider of premium power electronics. It offers one of the world's most 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. 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 power plants, offshore oil rigs, chemical refineries, and utility-scale renewable energy plants. The company has developed a full range of products for the solar energy industry, from solar inverters to turnkey solutions. and is investing in solutions that will enable distributed power generation and smart micro-grids.

Renowned for engineering excellence, the company's customers benefit from over a century of expertise and field proven products under the AEG PS, Harmer & Simmons, and Saft Power Systems brands.

Headquartered near Amsterdam, AEG PS generated revenue of €400.0 million in 2009 with more than 1,500 employees around the world.

AEG Power Solutions became a public company in 2009 following a business combination with 3W Power Holdings Ltd. (formerly Germany1 Acquisition Ltd). Shares in the combined company are listed on Euronext Amsterdam (ticker: 3WP).

For more information: www.aegps.com