3W POWER SA/ AEG Power Solutions

Third Quarter 2010 Financial Report

October 27, 2010

3W power HOLDINGS S.A. *(formerly Germany1 Acquisition Ltd)*

Condensed Consolidated Interim Financial Statements for the 3 and 9 Month Period Ended September 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

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 third quarter and nine month period ended September 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 nine month period ended September 30, 2010. The prior period comparatives September 30, 2009 are those of the Company plus the results of AEG PS as from September 10, 2009. Included in Appendix I is a pro forma combined statement of income for the nine months to September 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. Also shown in Appendix I is a pro-forma combined statement of income for the quarter ended September 30, 2009 as if the Company had owned AEG PS throughout the period.

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 was 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. 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 nine month period ended September 30, 2010 the Lannion operation contributed €19.2 million in revenue (2009: pro forma revenue of €19.4 million) and an operating loss of €1.6 million (2009: pro forma operating loss of €8.8 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 with the last quarter typically being the strongest. 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 €7.278 million and €1.898 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.

The reported results for 2009 (quarterly and for the nine months) include AEG PS from the date of acquisition on September 10, 2009 to September 30, 2009. For comparability purposes., Appendix I shows pro-forma results as if AEG PS was acquired at the beginning of 2009.

Revenue in the quarter to September 30, 2010 was €70.055 million, 11% down on pro-forma revenue over the same period in 2009. The drop was across both business segments with Renewable Energy Solutions ("RES") showing a 15% fall and Energy Efficiency Solutions ("EES") 8%. The drop in RES was due to lower poly-silicon sales although this was partially offset by better performance from other solar activities including a contribution from ***skytron***. EES revenue was down following slower than expected order intake in the first half of the year.

In contrast to revenue performance, total Group order intake over the same period was 93% higher than pro-forma 2009 (RES 630% up, EES 34% up), with RES in particular benefitting from strong demand for solar and contribution from ***skytron.***

Third quarter 2010 orders were also 5% higher than the second quarter of 2010.

Loss from operating activities in the third quarter of 2010 was €9.425 million compared to 2009 pro-forma profit of €0.482 million. This was primarily due to the lower revenue and higher selling, general and administrative expenses (see comments later in this section).

Total revenue in the nine month period was a €211.134 million which, on a pro forma basis was 34% lower than the €318.155 million of pro-forma revenue in the same period of 2009 (Appendix I). Excluding the contribution made by ***skytron***, Group revenue in 2010 would have been €203.856 million. The decline in revenue was almost entirely due to lower sales into poly-silicon applications in the RES segment (down 58% to €75.564 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. Revenue in the EES segment was €135.570 million, down 3% from 2009 pro forma revenue.

Included in revenue in 2010 (first quarter) was €5.6 million of one-time income from a contract amendment negotiated with a customer in the RES 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 nine month period to September 2010 was €59.067 million or 28% of revenue. In the same period in 2009, pro forma gross profit before acquisition accounting effects was €124.145 million or 39% 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 nine months to September 2010 the Group recorded an operating loss of €32.553 million compared to a loss of €1.968 million in 2009. However, the 2010 loss includes €27.899 million (2009: €4.619) of amortisation charges for intangibles on acquisition of AEG PS as well as charges of €2.984 million (2009: €nil) for executive severance.

Directors' report, *continued*

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

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, the 2010 operating result would have been a profit €2.870 million compared to pro forma 2009 operating income on the same basis of €68.384 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 €50.286 million, an increase of €6.054 million or 14% compared to 2009 pro-forma. The increase is primarily due to professional and consultancy fees and charges for executive share based payments. The fees are largely of a non-recurring nature as they relate to one-off events such as the Company's proposed listing on the Frankfurt market, its migration to Luxembourg, acquisition of Skytron etc.

Research and development costs (net of capitalised R&D and related amortisation charges) were €17.389 million, an increase of €4.224 million or 32% 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 reduction in the amount of R&D capitalised and a contribution from ***skytron***.

Net financial income was €22.960 million (2009: expense of €31.687 million) including the effect of the change in the market value of warrants. In 2010 this was a gain of €24.645 million while in 2009 it was a charge of €35.340 million. The change in the value of warrants is a non-cash item. Excluding the effects of the warrants, 2010 would have shown a net financial expense of €1.685 million compared to net financial income in 2009 of €3.653 million. The income in 2009 arose principally on the cash raised from the Company's IPO and held in the trust account until the completion of the acquisition of AEG PS on September 10, 2009.

The Group recognised a tax benefit in 2010 of €5.728 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.

The net book value of property, plant and equipment increased in the period since December 31, 2009 primarily due to new investments. Capital expenditure in the period amounted to €21.029 million, of which €18 million was for 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. In July 2010 the Group secured a total of €10.0 million in bridging credit facilities for the purpose of financing the construction of its solar assets.
A further €2.5 million of the increase in the net 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 €29.898 million and a reduction in goodwill on acquisition of AEG by €4.564 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 11.

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 €0.386 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.

Directors' report, *continued*

Outlook

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 improved sales in the last quarter of the year.
Order intake in EES continued to rise quarter-on-quarter and revenue in the last quarter is expected to be stronger than any of the preceding quarters aided partly by the seasonality effects noted earlier. At the same time the Group is reviewing its EES business with a view to improving the efficiency and economic resilience of this segment which will complement its recognised technical excellence and quality. This would be a continuation of the process already initiated in 2009 at 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 period. 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 is conducting a review of its operations in EES as noted in the Outlook section above.

The Group also monitors working capital closely. 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, the Group obtained a total of €10.0 million in bridging facilities for its solar farms in Italy (see note 16). 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

October 25, 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 three and nine month period ended September 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 period. In addition, the management report includes a fair review of the development and performance of the group's operations during the period and of business risks, where appropriate, facing the group.

Signed on behalf of the Board by:

Dr. Horst J. Kayser Robert J. Huljak

October 25, 2010

Condensed consolidated interim statement of financial position

As at

In millions of euro	Note	September 30 2010	December 31 2009
Assets			
Property, plant and equipment		51.869	30.911
Intangible assets	11	265.623	278.655
Goodwill	11	100.926	102.452
Other non-current financial assets		1.525	1.548
Total non-current assets		**419.943**	**413.566**
Inventories		60.863	59.361
Trade and other receivables		70.408	70.732
Prepayments		1.488	4.400
Cash and cash equivalents		45.051	57.958
Assets classified as held for sale	6	-	24.785
Total current assets		**177.810**	**217.236**
Total assets		**597.753**	**630.802**
Equity			
Share capital	13	12.520	-
Share premium	13	383.836	394.928
Retained earnings		(11.053)	(8.211)
Reserve for own shares	13	(26.525)	(24.375)
Cumulative translation adjustment		1.141	0.086
Total equity attributable to equity holders of the Company		**359.919**	**362.428**
Non controlling interest		0.386	-
Total Equity		**360.305**	**362.428**
Liabilities			
Loans and borrowings	16	1.087	-
Employee benefits		22.757	22.569
Deferred tax liabilities	12	64.369	73.103
Provisions	14	6.684	7.950
Total non-current liabilities		**94.897**	**103.622**
Warrants	15	6.161	30.975
Loans and borrowings	16	23.675	10.748
Trade and other payables		69.514	59.859
Income tax liabilities		12.995	16.129
Deferred income		26.457	32.060
Provisions	14	3.749	2.807
Liabilities classified as held for sale	6	-	12.174
Total current liabilities		**142.551**	**164.752**
Total liabilities		**237.448**	**268.374**
Total equity and liabilities		**597.753**	**630.802**

The condensed consolidated interim financial statements on pages 9 to 28 are unaudited. They were approved by the Board of Directors on October 25, 2010 and signed on its behalf by:

Dr. Horst J. Kayser Robert J. Huljak

The notes on pages 14 to 28 are an integral part of these condensed consolidated interim financial statements.

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

Condensed consolidated interim statement of income

For the period ended September 30,

Q3 2010	Q3 2009	In millions of euro	Note	9 months to Sep 2010	9 months to Sep 2009
70.055	21.373	Revenue	5	211.134	21.373
(49.381)	(15.456)	Cost of sales		(152.067)	(15.456)
20,674	**5.917**	**Gross profit**		**59.067**	**5.917**
(17.759)	(3.310)	Selling, general and administrative expenses		(50.286)	(3.785)
(5.944)	(1.110)	Research and development expenses		(17.389)	(1.110)
(6.396)	(2.990)	Other expenses	8	(23.945)	(2.990)
(9.425)	**(1.493)**	**Loss from operating activities**	**5**	**(32.553)**	**(1.968)**
12.477	0.472	Finance income	9	26.715	3.846
(0.592)	(38.013)	Finance costs	9	(3.755)	(35.533)
11.885	(37.541)	Net finance income / (costs)	9	22.960	(31.687)
2.460	**(39.034)**	**(Loss) / profit before income tax**		**(9.593)**	**(33.655)**
1.446	0.602	Income tax benefit	10	5.728	0.602
3.906	**(38.432)**	**(Loss) / profit after income tax**		**(3.865)**	**(33.053)**
		Profit / (loss) attributable to:			
3.655	(38.432)	Owners of the Company		(4.175)	(33.053)
0.251	-	Non-Controlling interest profit / (loss)		0.310	-
3.906	**(38.432)**	**(Loss) / profit for the period**		**(3.865)**	**(33.053)**
		Earnings per share			
0.08	(1.10)	Basic (loss) / earnings per share (euro)	13	(0.09)	(1.02)
(0.17)	(0.01)	Diluted (loss) / earnings per share (euro)	13	(0.58)	0.06

The notes on pages 14 to 28 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of comprehensive income

For the period ended September 30,

Q3 2010	Q3 2009	In millions of euro	Note	9 months to Sep 2010	9 months to Sep 2009
3.906	**(38.432)**	**Profit / (loss) for the period**		**(3.865)**	**(33.053)**
		Other comprehensive income			
(0.439)	(0.023)	Foreign currency translation differences for foreign operations		1.055	(0.023)
0.128	-	Share based payments		1.333	-
(0.311)	**(0.023)**	**Other comprehensive income for the period, net of income tax**		**2.388**	**(0.023)**
3.595	**(38.455)**	**Total comprehensive (loss)/income for the period**		**(1.477)**	**(33.076)**
		Total comprehensive (loss) / income attributable to:			
3.344	(38.455)	Owners of the Company		(1.787)	(33.076)
0.251	-	Non-Controlling interest profit		0.310	-
3.595	**(38.455)**	**Total comprehensive (loss)/income for the period**		**(1.477)**	**(33.076)**

The notes on pages 14 to 28 are an integral part of these condensed consolidated interim financial statements.

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 (loss) for the nine month period	-	-	(0.023)	-	(33.053)	(33.076)
Total contributions by and distributions to owners						
Redemption of 2,916,420 ordinary redeemable shares		(29,399)				(29.399)
Issue of 9,604,465 class A shares		93,644				93.644
Issue of 9,604,465 class B shares		93,644				93.644
Treasury shares		24,375	-	(24.375)	-	-
Total transactions with owners	**-**	**182.264**	**(0.023)**	**(24.375)**	**(33.053)**	**124.813**
Balance at September 30, 2009	**-**	**394.712**	**(0.023)**	**(24.375)**	**(14.189)**	**356.125**
Balance at January 1, 2010	**-**	**394.928**	**0.086**	**(24.375)**	**(8.211)**	**362.428**
Total comprehensive (loss) for the nine month period	-	-	1.055	-	(2.842)	(1.787)
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
Increase in treasury shares				(2.150)		(2.150)
Total transactions with owners	**12.520**	**(11.092)**	**1.055**	**(2.150)**	**(2.842)**	**(2.509)**
Balance at September 30, 2010	**12.520**	**383.836**	**1.141**	**(26.525)**	**(11.053)**	**359.919**

Non-Controlling interest						
Balance at January 1, 2010	**-**	**-**	**-**	**-**	**-**	**-**
Non-controlling interest in the income for the period	-	-	-	-	0.310	0.310
Acquisition of non controlling interest	0.012	-	-	-	0.064	0.076
Balance at September 30, 2010	**0.012**	**-**	**-**	**-**	**0.374**	**0.386**

The notes on pages 14 to 28 are an integral part of these condensed consolidated interim financial statements.

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

Condensed consolidated interim statement of cash flows

Q3 2010	Q3 2009	In millions of euro	Note	9 months to Sep 2010	9 months to Sep 2009
		Cash flows from operating activities			
3.906	(38.432)	(Loss) / profit for the period		(3.865)	(33.053)
		Adjustments for non-cash items:			
1.027	0.0263	Depreciation		3.147	0.263
9.153	4.675	Amortisation of intangible assets		29.898	4.675
(12.322)	37.820	Change in fair value of warrants		(24.645)	35.340
0.128	-	Charge for share-based payments		1.334	-
0.437	(0.169)	Finance (expense) / income (net)		1.685	(3.536)
(1.446)	(0.602)	Income tax benefit / (charge)	10	(5.728)	(0.602)
0.044	-	Change in other non-current financial assets		0.159	
0.927	**3.555**	**Cash flow from / (used in) operations before changes in working capital**		**1.985**	**3.087**
(0.320)	4.564	Change in inventories		3.458	4.564
11.842	(0.222)	Change in trade and other receivables		9.091	(0.197)
0.321	0.052	Change in prepayments		2.914	0.052
(11.049)	7.785	Change in trade and other payables		(1.264)	7.704
(0.565)	0.818	Change in employee benefits		(2.022)	0.818
(1.062)	(1.774)	Change in provisions		(4.415)	(1.774)
4.561	(6.815)	Change in deferred income		(5.706)	(6.815)
3.728	**4.408**	**Cash generated from / (used in) operating activities**		**2.056**	**4.352**
0.379	(3.493)	Income tax paid		(6.357)	(3.493)
5.034	**4.470**	**Net cash from / (used in) operating activities**		**(2.316)**	**3.946**
		Cash flows from investing activities			
(0.001)	(165.503)	Acquisition of subsidiary, net of cash acquired		(2.229)	(165.503)
-	(4.241)	Expenses of acquisition AEG Power Solutions		-	(4.241)
(7.399)	(0.144)	Acquisition of property, plant and equipment		(16.088)	(0.144)
0.009	-	Proceeds from sale of property, plant and equipment		0.048	-
(0.503)	(0.286)	Acquisition of intangible assets	11	(2.797)	(0.286)
(1.215)	(0.143)	Capitalised internal development expenditure	11	(3.152)	(0.143)
(9.109)	**(170.317)**	**Net cash used in investing activities**		**(24.218)**	**(170.317)**
		Cash flows from financing activities			
0.070	0.471	Interest received (net)		0.084	3.838
-	-	Proceeds from issue of share capital and warrants		1.260	-
-	(29.399)	Share redemptions		-	(29.399)
0.405	-	Change in long term debt		0.405	
10.000	-	Proceeds from new short term debt raised		10.000	-
(0.642)	1.839	Change in other short term debt		0.583	1.839
9.833	**(27.089)**	**Net cash from (used in) financing activities**		**12.332**	**(23.722)**
(0.159)	(0.024)	Effect of movement in exchange rates		0.426	(0.024)
5.599	**(192.960)**	**Net (decrease) / increase in cash and cash equivalents**		**(13.776)**	**(190.117)**
39.452	**255.339**	**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	-
45.051	**62.379**	**Cash and cash equivalents at end of period**		**45.051**	**62.379**

The notes on pages 14 to 28 are an integral part of these condensed consolidated interim financial statements.

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 nine month period ended September 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 October 25, 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.

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. Although this is expected to improve in the last quarter, the Group is conducting a review of its activities in this segment with a view to improving its performance and economic resilience.

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").

Segment results

The results by segment for the period ended September 30 are as follows:

a) 9 month period ended September 30, 2010

In millions of euro	Renewable Energies Solutions	Energy Efficiency Solutions	Unallocated amounts	Total
Revenue	**75.564**	**135.570**	**-**	**211.134**
Segment operating income / (loss)	**13.193**	**(5.109)**	**(0.835)**	**7.249**
Restructuring costs	-	-	(2.084)	(2.084)
Capitalised development costs (net of amortisation)	2.039	(0.430)	-	1.609
Central overheads	-	-	(11.428)	(11.428)
PPA[1] adjustments	(19.473)	(8.165)	(261)	(27.899)
Loss from operating activities	**(4.241)**	**(13.704)**	**(14.608)**	**(32.553)**

b) 9 month period ended September 30, 2009

In millions of euro	Renewable Energies Solutions	Energy Efficiency Solutions	Unallocated amounts	Total
Revenue	**9.559**	**11.814**	**-**	**21.373**
Segment operating income / (loss)	**1.812**	**1.848**	**0.169**	**3.829**
Restructuring costs	-	-	(0.042)	(0.042)
Capitalised development costs (net of amortisation)	0.028	0.040	-	0.068
Central overheads	-	-	(1.204)	(1.204)
PPA[1] adjustments	(4.127)	(0.473)	(0.019)	(4.619)
Loss from operating activities	**(2.287)**	**1.415**	**(1.096)**	**(1.968)**

[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 €176.2 million (2009: €19.0 million) for goods and € 34.9 million (2009: €2.4 million) for services.

5. Operating segments, *continued*

c) Quarter ended September 30, 2010

In millions of euro	Renewable Energies Solutions	Energy Efficiency Solutions	Unallocated amounts	Total
Revenue	**29.416**	**40.639**	**-**	**70.055**
Segment operating income / (loss)	**6.034**	**(2.169)**	**(0.332)**	**3.533**
Restructuring costs	-	-	(0.109)	(0.109)
Capitalised development costs (net of amortisation)	0.897	(0.430)	-	0.467
Central overheads	-	-	(5.069)	(5.069)
PPA[1] adjustments	(5.562)	(2.598)	(87)	(8.247)
Loss from operating activities	**1.369**	**(5.197)**	**(5.597)**	**(9.425)**

d) Quarter ended September 30, 2009

In millions of euro	Renewable Energies Solutions	Energy Efficiency Solutions	Unallocated amounts	Total
Revenue	**9.559**	**11.814**	**-**	**21.373**
Segment operating income / (loss)	**1.812**	**1.848**	**0.169**	**3.829**
Restructuring costs	-	-	(0.042)	(0.042)
Capitalised development costs (net of amortisation)	0.028	0.040	-	0.068
Central overheads	-	-	(0.729)	(0.729)
PPA[1] adjustments	(4.127)	(0.473)	(0.019)	(4.619)
Loss from operating activities	**(2.287)**	**1.415**	**(0.621)**	**(1.493)**

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.

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.

a) 9 month period to September 30, 2010

In millions of euro	Germany	Rest of Europe	Africa, Middle East and Asia	Americas	Total
Revenue	54.209	72.493	51.690	32.742	211.134
Non-current assets	168.912	130.029	13.382	5.169	317.492
Total assets	269.242	292.598	28.895	7.018	597.753

b) 9 month period to September 30, 2009

In millions of euro	Germany	Rest of Europe	Africa, Middle East and Asia	Americas	Total
Revenue	3.760	4.216	13.144	253	21.373
Non-current assets	199.135	117.340	14.043	5.472	335.990
Total assets	324.285	305.778	27.318	12.922	670.303

Non-current assets in both periods exclude goodwill and non-current financial assets.

5. Operating segments, *continued*

c) Quarter ended September 30 2010

In millions of euro	Germany	Rest of Europe	Africa, Middle East and Asia	Americas	Total
Revenue	17.431	23.943	13.139	15.542	70.055

d) Quarter ended September 30 2009

In millions of euro	Germany	Rest of Europe	Africa, Middle East and Asia	Americas	Total
Revenue	3.760	4.216	13.144	253	21.373

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 was 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 nine month period ended September 30, 2010 the Lannion operation contributed €19.2 million in revenue and an operating loss of €1.6 million.

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. Acquisition of AEG Power Solutions BV

On 10 September 2009, the Company acquired 100% of AEG Power Solutions BV ("AEG PS"). The transaction was structured so that the AEG PS shareholders contributed their shares and options in AEG Power Solutions to Power Solutions Holdings BV ("PSHBV"). The Company acquired PSHBV thereby acquiring all shares in AEG Power Solutions. At the same time all outstanding options in AEG PS were deemed exercised and cancelled. PSHBV subsequently merged with and was absorbed into Germany1 Acquisition BV ("G1BV") a wholly owned subsidiary of the Company.

AEG PS is engaged in the design, developments, manufacture, marketing, sales and distribution of AC Power Control systems, AC and DC power systems for a variety of industrial and communication applications.

Purchase Price Consideration

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

In millions of euro	2009
Base cash consideration	200.000
Share consideration	187.288
Cash and working capital consideration adjustment	22.498
Total purchase price consideration	**409.786**

Contingent Consideration

The Company agreed to pay the former shareholders of AEG PS an additional consideration of maximum €25 million in cash and a maximum of 2.5 million in class A and class B shares on a 50/50 basis subject to the achievement of certain adjusted EBITDA targets for each of the years 2009, 2010 and 2011. Based on actual results for 2009 and projections for 2010 and 2011, the Board of Directors consider that the earn-out will probably not be achieved for any of the years in question. Accordingly, both the cash and share elements of the earn-out have been excluded from the determination of the purchase price for the acquisition of AEG PS.

Should this contingent consideration become probable the amount of the purchase price and goodwill will be adjusted.
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.

Transaction expenses related to the acquisition

In accordance with IFRS 3 (2004) transaction costs directly attributable to the acquisition in 2009 were included in the cost of the acquisition. The Company incurred acquisition-related costs of €4.2 million primarily relating to external legal fees and due diligence costs. The aggregate cost of the acquisition is therefore €414.0 million.

7. Acquisition of AEG Power Solutions BV, *continued*

Identifiable assets acquired and liabilities assumed on acquisition are as follows:

In millions of euro	Before acquisition date	Purchase Price allocation	After acquisition date
Assets			
Goodwill	-	102.452	102.452
Other intangible assets	10.815	284.933	295.748
Property, plant and equipment	24.271	6.960	31.231
Other non-current financial assets	1.554	-	1.554
Deferred tax assets	4.869	(4.869)	-
Inventories	66.575	6.054	72.629
Trade and other receivables	80.389	-	80.389
Prepayments	5.559	-	5.559
Cash and cash equivalents	56.519	-	56.519
Assets held for sale	14.394	11.536	25.930
Total	**264.945**	**407.066**	**672.011**
Liabilities			
Employee benefits	23.171	(1.491)	21.680
Deferred tax liabilities	3.370	76.263	79.633
Provisions	8.419	-	8.419
Loans and borrowings	8.863	-	8.863
Deferred income	38.389	-	38.389
Trade and other payables	61.103	-	61.103
Income tax liabilities	26.560	-	26.560
Liabilities held for sale	13.339	-	13.339
Total	**183.214**	**74.772**	**257.986**
Total net identifiable assets	**81.731**	**332.294**	**414.025**

The goodwill is attributable mainly to the skills and technical capability of the workforce of AEG PS.

The purchase price allocation adjustments for other intangible assets (including those previously presented as discontinued as at December 31, 2009) are as follows:

In millions of euro	
Order portfolio	24.007
Customer relations	215.978
Technology	55.740
Total	**295.725**

The policies adopted in determining fair values are set out in the Company's financial statements for the year ended December 31, 2009.

Property, plant and equipment fair value adjustments primarily relate to the Group's freehold properties whose book values were restated to market levels derived on the basis of third party valuations by qualified valuers. Inventory was valued on the basis of estimated selling price less costs to complete. The adjustment to pensions primarily relates to the Group's pension scheme in Germany and represents the recognition of net actuarial gains calculated on the basis of a report by external actuaries.

Intangible assets such as order portfolio and customer relations were valued based on discounted cash flows expected to be derived from the use or eventual sale of the assets. Technology was valued based on the estimated discounted royalty payments that have been avoided as a result of acquiring the technology.

Cash flows were projected based on past experience, actual operating results and 5 year business plans. Projected cash flows were discounted at the Group's estimated weighted average cost of capital.

8. Other expenses

Q3 2010	Q3 2009	In millions of euro	9 months to Sep 2010	9 months to Sep 2009
6.229	2.953	Amortization of intangible assets	19.140	2.953
-	-	Impairment of intangible assets	2.605	-
0.109	0.042	Restructuring expense	2.084	0.042
0.058	(0.005)	Other expenses	0.116	(0.005)
6.396	**2.990**	**Total other expenses**	**23.945**	**2.990**

9. Finance income and costs

Q3 2010	Q3 2009	In millions of euro	9 months to Sep 2010	9 months to Sep 2009
0.154	0.469	Interest income on bank deposits	0.233	3.843
12.322	-	Net change in fair value of warrants	24.645	-
-	-	Gain in foreign exchange	1.836	-
0.001	0.003	Other finance income	0.001	0.003
12.477	**0.472**	**Finance income**	**26.715**	**3.846**
(0.121)	(0.018)	Interest expense on loans and payables	(0.236)	(0.018)
0.279	(0.056)	Pension related financial expenses	(1.396)	(0.056)
(0.592)	(0.115)	Loss on foreign exchange	(1.561)	(0.115)
-	(37.820)	Net change in fair value of warrants	-	(35.340)
(0.158)	(0.004)	Other finance costs	(0.562)	(0.004)
(0.592)	**(38.013)**	**Finance costs**	**(3.755)**	**(35.533)**
11.885	**(37.541)**	**Net finance income**	**22.960**	**(31.687)**

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 market value of the warrants has no effect on the cash flows of the company.

10. Income tax benefit

Q3 2010	Q3 2009	In millions of euro	9 months to Sep 2010	9 months to Sep 2009
		Current tax (expense) / benefit		
(0.641)	(1.560)	Income tax charge for current period	(2.827)	(1.560)
		Deferred tax (expense) / benefit		
0.793	2.162	Origination and reversal of temporary differences	7.239	2.162
1.390	-	Recognition of current year tax losses	1.390	-
(0.096)	-	Other	(0.074)	-
2.087	**2.162**	**Deferred tax benefit**	**8.555**	**2.162**
1.446	**0.602**	**Total income tax benefit**	**5.728**	**0.602**

Reconciliation of effective tax rate

Q3 2010	Q3 2009	In millions of euro	9 months to Sep 2010	9 months to Sep 2009
3.906	(38.432)	(Loss) / income for the period	(3.865)	(33.053)
(1.446)	(0.602)	Total income tax benefit	(5.728)	(0.602)
2.460	**(39.034)**	**Loss before income tax**	**(9.593)**	**(33.655)**
(0.713)	-	Expected income tax benefit / (charge) using the theoretical tax rate of 29% (2009: 0%)	2.782	-
3.573	-	Tax exempt income (change in fair value of outstanding warrants)	7.147	-
0.184	0.602	Effects on different local tax rates	0.113	0.602
(2.098)	-	Current year losses for which no deferred tax asset was set-up	(5.046)	-
(0.706)	-	Other	(0.474)	-
1.446	**0.602**	**Income tax benefit**	**5.728**	**0.602**

11. 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
Transfer of Founder shares	(2.150)	-	-	-	-	-	(2.150)
Settlement of tax escrow	(2.414)						(2.414)
Additions	-	-	-	-	-	2.797	2.797
Internally developed assets	-	-	-	-	3.152	-	3.152
Net effect of exchange rate changes	-	-	-	-	-	0.152	0.152
Balance at September 30, 2010	**100.926**	**24.007**	**215.978**	**55.740**	**13.557**	**5.382**	**415.590**
Amortisation							
Balance at January 1, 2010	-	(11.764)	(4.475)	(2.262)	(0.314)	(0.290)	(19.105)
Amortisation for the period	-	(7.212)	(11.928)	(5.893)	(1.543)	(0.717)	(27.293)
Impairment	-	(2.605)	-	-	-	-	(2.605)
Disposals	-	-	-	-	-	-	-
Net effect of exchange rate changes	-	-	-	-	-	(0.038)	(0.038)
-							
Balance at September 30, 2010	**-**	**(21.581)**	**(16.403)**	**(8.155)**	**(1.857)**	**(1.045)**	**(49.041)**
Carrying amounts							
At January 1, 2010	102.452	12.243	201.682	52.507	10.091	2.132	381.107
At September 30, 2010	**100.926**	**2.426**	**199.575**	**47.585**	**11.700**	**4.337**	**366.549**

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 September 30, 2010 ***skytron*** contributed €7.278 million and €1.898 million 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.

During the period to September 30, 2010 goodwill on acquisition of AEG PS was reduced by €2.150 million representing the transfer to the Company of 250,000 Founder shares in settlement of certain transaction-related expenses. Goodwill was further reduced by €2.414 million following the determination of the tax audit of AEG Power Solutions GmbH, the Company's subsidiary in Germany. Under the agreement for the acquisition of AEG PS, 500,000 shares and €5 million cash were held in escrow pending finalisation of the tax audit. This has now been concluded and the Company expects an amount of €2.414 million to be returned to it from escrow. This represents a reduction in the price paid for the acquisition of AEG PS and accordingly goodwill has been reduced.

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.

12. Deferred tax assets and liabilities

Unrecognized deferred tax assets

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

In millions of euro	September 30, 2010	December 31, 2009
Tax losses	14.268	6.885
Deductible temporary differences	1.594	0.739
Total unrecognised deferred tax	**15.862**	**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 Sep 2010
Property, plant and equipment	(4.131)	(0.467)	0.188	(4.410)
Intangible assets	(80.573)	(3.593)	7.448	(76.718)
Inventories	(0.563)	0.046	(0.052)	(0.569)
Employee benefits	2.360	0.399	(0.435)	2.324
Provisions	0.552	1.244	(0.081)	1.715
Other items	1.570	0.034	0.092	1.696
Sub-total	(80.785)	(2.337)	7.160	(75.962)
Tax loss carry forward	7.682	2.337	1.574	11.593
Total	(73.103)	-	8.734	(64.369)

An amount of €0.179 millions is recognised directly through equity as currency translation effects.

13. Capital and reserves

a) Share capital

Number of shares	Founding shares	Ordinary public shares	Ordinary Class A shares	Ordinary Class B shares	Sub-total	Treasury shares	Total shares
At December 31, 2009	**6,250,000**	**22,109,080**	**10,854,465**	**10,854,466**	**50,068,011**	**-**	**50,068,011**
Less: earn-out shares	-	-	(1,250,000)	(1,250,000)	(2,500,000)	2,500,000	-
Sub-total	**6,250,000**	**22,109,080**	**9,604,465**	**9,604,466**	**47,568,011**	**2,500,000**	**50,068,011**
Transfer of A and B shares to public shares	-	19,208,931	(9,604,465)	(9,604,466)	-	-	-
Treasury shares (250,000 shares from Founders	(250,000)	-			(250,000)	250,000	-
Issued on exercise of warrants	-	168,013	-	-	168,013	-	168,013
At September 30, 2010	**6,000,000**	**41,486,024**	**-**	**-**	**47,486,024**	**2,750,000**	**50,236,024**

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 could not be traded. The restrictions on the A and B shares were lifted in March and September 2010 respectively.

The earn-out shares treated as 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. The number of Treasury shares increased through the transfer of 250,000 of shares from the Founders to the Company in settlement of certain acquisition-related expenses. The effect of the transfer was to reduce goodwill on the acquisition of AEG PS and to reduce equity by the same amount.

13. 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.

b) Earnings per share

Basic earnings per share

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

Q3 2010	Q3 2009	In millions of euro	9 months to Sep 2010	9 months to Sep 2009
3.655	**(38.432)**	**(Loss) / profit attributable to ordinary shareholders**	**(4.175)**	**(33.053)**

Weighted average number of ordinary shares

Q3 2010	Q3 2009	In number of shares	9 months to Sep 2010	9 months to Sep 2009
47,486,024	47,542,511	Issued ordinary shares	47,486,024	47,542,511
-	-	Effect of warrants exercised	(54,704)	-
-	(14,824,284)	Effect of shares issued	-	(17,731,321)
-	2,250,716	Effect of shares redeemed	=	2,692,080
19,022	-	Effect of Founder shares transferred to the Company	172,161	-
47,505,045	**34,968,943**	**Weighted average number of ordinary shares**	**47,603,481**	**32,503,270**
0.08	**(1.10)**	**Basic (loss) / earnings per share (euro)**	**(0.09)**	**(1.02)**

Diluted earnings per share

Diluted earnings per share are based on the loss attributable to ordinary shareholders of 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:

Q3 2010	Q3 2009	In millions of euro	9 months to Sep 2010	9 months to Sep 2009
3.655	(38.432)	(Loss) / profit attributable to ordinary shares	(4.175)	(33.053)
(12.322)	37.820	Effect of warrants	(24.813)	35.340
(8.667)	**(0.612)**	**(Loss) / profit adjusted for dilution effects**	**(28.988)**	**2.287**

Weighted average number of ordinary shares (diluted)

Q3 2010	Q3 2009	In number of shares	9 months to Sep 2010	9 months to Sep 2009
47,505,045	34,968,943	Weighted average number of ordinary shares (basic)	47,603,481	32,503,270
-	7,656,627	Effect of warrants	-	7,202,661
2,730,978	570,652	Effect of treasury shares	2,577,839	192,308
50,236,024	**43,196,221**	**Weighted average number of ordinary shares (diluted)**	**50,181,320**	**39,898,239**
(0.17)	**(0.01)**	**Diluted (loss) / earnings per share (euro)**	**(0.58)**	**0.06**

13. Capital and reserves, *continued*

c) Dividends

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

14. Provisions

Provisions primarily relate to restructuring, warranty and termination payments due to executives. The latter are explained in note 19 on related parties.

15. Warrants

The change in fair value of the warrants is recorded through the income statement as financial income or cost. During the period to September 30, 2010, 168,013 warrants were exercised with an equivalent number of shares issued to the warrant holders. The number of warrants outstanding at September 30, 2010 was 30,806,487. At the reporting date the market price of the warrants was €0.20 (at December 31, 2009 €1.00). The warrants expire on July 21, 2012.

16. Loans and borrowings

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

In millions of euro	September 30, 2010	December 31, 2009
Non-current		
Unsecured government loans	0.682	-
Unsecured bank loans	0.405	-
Total non-current	**1.087**	**-**

In millions of euro	September 30, 2010	September 30, 2009
Current		
Unsecured government loan	0.062	0.062
Unsecured bank loans	0.079	-
Bank overdrafts	1.152	0.592
Obligations under receivables factoring arrangements	12.382	10.094
Short term bank bridge loans	10.000	-
Total current	**23.675**	**10.748**

The government loans are interest free and are repayable by annual instalments of €0.062 million.

There are two unsecured bank loans with a face value of €0.2 million (0% interest) and €0.3 million (interest at euribor+2.5%). The carrying amounts at September 30, 2010 were €0.184 million and €0.3 million respectively. The loans are repayable by monthly instalments over a period of 3 and 5 years respectively.

In July 2010 the Group obtained two short term bank bridge loans totalling €10 million for the purpose of funding the construction of the Group's solar power generation farms in Italy. The loans are intended to provide bridge finance pending full project financing which is expected upon completion of construction and connection to the grid. One loan 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 loans are repayable on demand and are guaranteed by AEG Power Solutions BV.

17. 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 statement of financial position.

September 30, 2010

In millions of euro	Less than 1 year	1 - 3 years	4 – 6 years	Total
Operating leases	2.152	4.069	1.987	8.208
Unconditional purchase obligations	28.475	0.721	0.107	29.303
Total	**30.627**	**4.790**	**2.094**	**37.511**

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 €4.034 million in the period to September 30, 2010 (2009: €0.295).

b) Other commitments

September 30, 2010

In millions of euro	Less than 1 year	1 - 3 years	4 – 6 years	Total
Guarantees	3.194	2.806	0.177	6.177

Guarantees relate to bonds and guarantees issued on customer contracts 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 (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 €2.783 million for 2010. 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. The term of the license has also been extended until 2028.

18. Contingencies

Apart from the legal proceedings mentioned below, neither the Company nor its subsidiaries are the subject of government interventions or a party to legal, or arbitration proceedings which might significantly affect the Group's profitability. To Managements best knowledge, no such proceedings are pending.

The Group's German subsidiary is currently involved in court proceedings against a customer from which it seeks to recover approximately EUR 36.0 million against delivery of 104 Power Control Systems and Modules for silicon reactors under frame agreements entered into on 12 December 2007 and 25 April 2008. According to Management, the customer had agreed to order a total of 294 Power Control Systems and Modules by 31 December 2009 under these framework agreements. The legal proceedings are currently pending with the Regional Court of Stuttgart, Germany. The customer recently filed a counter-claim alleging abuse of dominant market position. The counter-claim is for Euro 12.7 million plus interest in damages. Management believes the counter-claim to be groundless and unsubstantiated.

Management believe 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.

19. 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 September 30, 2010 were as follows:

	Shares						**Warrants**
No. of shares/warrants	**Sellers**				**Founders**	**Total**	**Founders**
	Brock and Brock Trust	Ripplewood	AEG PS mgmt.	Sub-total			
Founding shares/warrants	-	-	-	-	6,000,000	6,000,000	4,500,000
Public shares/warrants	2,522,681	14,793,696	626,108	17,942,485	2,000,000	19,942,485	2,000,000
Sub-total	**2,522,681**	**14,793,696**	**626,108**	**17,942,485**	**8,000,000**	**25,942,485**	**6,500,000**
Escrow shares - tax	64,747	395,365	16,733	476,844	-	476,844[1]	-
Escrow shares – earn out	323,733	1,976,823	83,664	2,384,220	-	2,384,220[1]	-
Sub-total	**388,480**	**2,372,188**	**100,397**	**2,861,064**	**-**	**2,861,064**	**-**
Total	**2,911,161**	**17,165,884**	**726,505**	**20,803,549**	**8,000,000**	**28,803,549**	**6,500,000**

1 The shares were held in escrow at September 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 September 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").

In February 2010, the Manager agreed to the transfer of 250,000 Founding Shares to the Company. This transfer was completed in July 2010. The effect of this transfer was to reduce goodwill on the acquisition of AEG PS and to reduce equity by the same amount as the shares were recorded as treasury shares.

19. Related parties, *continued*

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.

Included in the 2,522,681 shares under Brock and Brock Trust are shares held directly by Messrs Brock (1,107,101 shares) and Huljak (146,329 shares). The shares due to Mr Brock under the transition arrangements referred to earlier were transferred to him in September 2010 and are included in the table above. The shares due to Mr Huljak under the transition arrangements have not yet been transferred to him and accordingly these are not reflected in the holdings in the table above.

During the period the restrictions on the trading of the class B shares were lifted in September 2010, 12 months after the date of acquisition of AEG PS. Accordingly these shares have been reclassified from restricted and are shown as public.

An additional 3,000,000 shares are held in escrow on behalf of the Sellers and other former AEG PS shareholders. 2,500,000 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. 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 500,000 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. The audit has been completed and the shares are expected to be distributed to the former shareholders of AEG PS in the fourth quarter. Of these tax escrow shares, 478,799 are attributable to the Sellers.

Appendix I

Pro-forma combined statement of income[1] for the nine month period ended September 30, 2009

In millions of euro	3W Power	AEG PS	Sub-total	PPA	Combined
Continuing operations					
Revenue	-	318.155	318.155	-	318.155
Cost of sales		(194.010)	(194.010)	(6.798)	(200.808)
Gross profit	-	124.145	124.145	(6.798)	117.347
Selling, general and administrative expenses	(0.898)	(43.073)	(43.971)	(0.261)	(44.232)
Research and development expenses	-	(7.695)	(7.695)	(5.470)	(13.165)
Other (expenses) / income	-	(5.695)	(5.695)	(28.638)	(34.333)
(Loss) / Profit from operating activities	(0.898)	67.682	66.784	(41.167)	25.617
Net finance (expense) / income	(31.514)	(1.813)	(33.327)	(3.838)	(37.165)
Profit / (loss) before income tax	(32.412)	65.869	33.457	(45.005)	(11.548)
Income tax expense	-	(24.961)	(24.961)	18.199	(6.762)
Profit / (loss) from continuing operations	(32.412)	40.908	8.496	(26.806)	(18.310)
Profit / (loss) for the year	(32.412)	40.908	8.496	(26.806)	(18.310)

1 The table shows the income statement of the Company and AEG PS for September 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 nine 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 September 30, 2009 figures the results of the Lannion operation have been presented as continuing operations following the decision to retain the activity.

Pro-forma combined statement of income[2] for the quarter ended September 30, 2009

In millions of euro	3W Power	AEG PS	Sub-total	PPA	Combined
Continuing operations					
Revenue	-	78.496	78.496	-	78.496
Cost of sales		(52.780)	(52.780)	-	(52.780)
Gross profit	-	25.716	25.716	-	25.716
Selling, general and administrative expenses	(0.423)	(13.383)	(13.806)	(0.094)	(13.900)
Research and development expenses	-	(2.394)	(2.394)	(1.607)	(4.001)
Other (expenses) / income	-	(0.122)	(0.122)	(7.211)	(7.333)
(Loss) / Profit from operating activities	(0.423)	9.817	9.394	(8.912)	0.482
Net finance (expense) / income	(37.368)	(0.897)	(38.265)	(0.455)	(38.720)
Profit / (loss) before income tax	(37.791)	8.920	(28.871)	(9.367)	(38.238)
Income tax expense	-	(4.233)	(4.233)	5.194	0.961
Profit / (loss) from continuing operations	(37.791)	4.687	(33.104)	(4.173)	(37.277)
Profit / (loss) for the year	(37.791)	4.687	(33.104)	(4.173)	(37.277)

2 The table shows the income statement of the Company and AEG PS for the third quarter of 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 nine 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 September 30, 2009 figures the results of the Lannion operation have been presented as continuing operations following the decision to retain the activity.

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