


CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PERIOD ENDED SEPTEMBER 30, 2012

KEY PERFORMANCE INDICATORS (KPIs)

AEGPS GROUP

in millions of euros	Quarter to September Q3 2012	Q3 2011[1]	% change	Nine months to September 2012	2011[1]	% change
Backlog	135.3	200.2	-32.4%	135.3	200.2	-32.4%
Orders	89.2	99.4	-10.2%	260.3	307.0	-15.2%
Revenue	81.0	103.2	-21.6%	254.6	282.6	-9.9%
Book to Bill	1.10	0.96	14.4%	1.02	1.09	-5.9%
EBITDA	11.0	17.5	-37.0%	16.0	41.4	-61.4%
% of revenue	*13.6%*	*17.0%*		*6.3%*	*14.6%*	
Normalized EBITDA	13.7	17.4	-21.3%	19.6	40.2	-51.3%
% of revenue	*16.9%*	*16.8%*		*7.7%*	*14.2%*	
Adjusted EBIT	10.3	15.7	-34.4%	11.0	34.8	-68.4%
% of revenue	*12.7%*	*15.2%*		*4.3%*	*12.3%*	
Reported EBIT	(39.9)	11.0	na	(49.0)	21.6	na
% of revenue	*-49.3%*	*10.7%*		*-19.2%*	*7.6%*	
Result from discontinued operations	(4.9)	(0.5)	na	(8.2)	(1.3)	na
Net income	(34.1)	4.9	na	(52.2)	6.8	na
Adjusted net income	1.1	6.0	na	(10.9)	10.8	na
Earnings per share (in euros)	(0.71)	0.10	na	(1.09)	0.13	na
Adjusted earnings per share (in euros)	0.02	0.12	na	(0.23)	0.22	na
Cash from operating activities	(0.6)	3.2	na	(20.5)	7.8	na
Cash used in investing activities	(0.9)	(5.2)	81.7%	(8.6)	(13.8)	37.7%
Working capital	55.7	50.3	10.6%	55.7	50.3	10.6%
Cash	65.3	95.0	-31.3%	65.3	95.0	-31.3%
Net (debt)	(57.5)	(16.8)	na	(57.5)	(16.8)	na

AEG PS – RENEWABLE ENERGY SOLUTIONS (RES)

in millions of euros	Quarter to September Q3 2012	Q3 2011[1]	% change	Nine months to September 2012	2011[1]	% change
Backlog	54.5	119.0	-54.3%	54.5	119.0	-54.3%
Orders	42.1	55.8	-24.5%	124.8	163.9	-23.8%
Revenue	42.3	62.1	-31.8%	126.9	157.7	-19.5%
Book to bill	0.99	0.90	10.7%	0.98	1.04	-5.4%
EBITDA	11.8	20.0	*-40.8%*	24.6	51.0	*-51.8%*
% of revenue	*27.9%*	*32.2%*		*19.4%*	*32.3%*	
Adjusted EBIT	9.5	19.1	-50.4%	19.1	48.5	-60.6%
% of revenue	*22.5%*	*30.8%*		*15.1%*	*30.8%*	
Reported EBIT	(36.3)	16.2	*na*	(32.1)	40.0	*na*
% of revenue	*-85.8%*	*26.1%*		*-25.3%*	*25.4%*	

AEG PS – ENERGY EFFICIENCY SOLUTIONS (EES)

in millions of euros	Quarter to September Q3 2012	Q3 2011[1]	% change	Nine months to September 2012	2011[1]	% change
Backlog	80.8	81.1	-0.4%	80.8	81.1	-0.4%
Orders	47.1	43.6	8.0%	135.5	143.1	-5.3%
Revenue	38.7	41.1	-5.8%	127.7	124.9	2.3%
Book to Bill	1.22	1.06	14.6%	1.06	1.15	-7.4%
EBITDA	2.5	2.0	25.0%	3.8	3.3	13.2%
% of revenue	*6.5%*	*4.9%*		*3.0%*	*2.6%*	
Adjusted EBIT	3.3	1.0	na	2.7	(0.5)	na
% of revenue	*8.5%*	*2.4%*		*2.1%*	*-0.4%*	
Reported EBIT	(0.1)	(0.7)	*89.6%*	(3.9)	(4.9)	*21.6%*
% of revenue	*-0.3%*	*-1.7%*		*-3.1%*	*-3.9%*	

[1] 2011 numbers have been represented for comparative purposes to reflect the classification of the telecom converter business (CVT/LED) as a discontinued operation in Q3 2012.

%-changes are not shown if considered not to be helpful in the understanding of the KPIs.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

CONTENTS

Dr. Horst J. Kayser, CEO

CHIEF EXECUTIVE OFFICER OF 3W POWER AND AEG POWER SOLUTIONS SINCE 2010, DR. HORST J. KAYSER SPEARHEADS THE DAY-TO-DAY MANAGEMENT OF THE COMPANY.

CHIEF EXECUTIVE OFFICER'S LETTER

DEAR SHAREHOLDERS,

3W Power S.A., the holding company of AEG Power Solutions (AEG PS), has in the third quarter performed respectably in a challenging economic environment and in particular in the renewable energy sector. Order intake in Q3 2012 was €89.2 million, down 10.2% year-on-year, the result of a significant drop in orders for polysilicon systems for POC in RES. Compared to the prior quarter, orders were up 7.4% primarily coming from Solar which is resuming solid growth after renewed ability of some key customers to obtain project financing. Order backlog in Q3 2012 was €135.3 million, down 32.4% year-on-year but up 6.7% compared to Q2. The book-to-bill ratio of 1.10 in Q3 provides a solid underpinning despite the weaknesses in the macroeconomic environment. Revenue in Q3 2012 was €81.0 million, down 21.6% compared to Q3 2011 and down 13.7% compared to the prior quarter with increases in Solar (up 13.3%) offset by lower POC and EES revenue. Normalized EBITDA in Q3 2012 was €13.7 million, excluding one-time charges of €2.7 million. This corresponds to normalized EBITDA in Q3 2011 of €17.4 million and €5.9 million in Q2 2012. Historical numbers have been represented for comparative purposes to reflect the classification of the telecom converter business as a discontinued operation.

While Solar continued to grow profitably, EES returned to positive EBITDA after systematically addressing its cost base to ensure profitability in a difficult trading environment. Furthermore in Q3, we completed the sale of EMED, the 5.75MW solar installation in Puglia, Italy for a total consideration of €24.3 million, which includes the assumption of €17.4 million of debt. Significant overcapacity in the polysilicon market and corresponding investment reluctance of our customers has resulted in an accelerated amortization charge of certain customer-related intangibles of €43.3 million. The drop in the spot market for polysilicon indicates an oversupply situation which we will continue to closely monitor over the next few quarters. While we expect the polysilicon market to recover in the medium-term, it remains a strategic priority to use our innovation and technological strength to continue diversifying the Power Controller business beyond polysilicon applications into new promising applications such as advanced industrial applications and power controller solutions for energy storage and smart grid applications.

The Company has initiated a multi-faceted cost improvement initiative to continue to increase structural profitability. The Company has launched a global EES headcount reduction of more than 100 employees, principally in Warstein-Belecke, Germany. This initiative, together with the effects of product clinics, purchasing initiatives to reduce material costs and structural efficiency programs undertaken in 2012, is expected to achieve run-rate cost savings of approximately €7 million. In addition, the Company has further focused on reducing its central overhead costs and is targeting an annual run-rate of its central overhead costs of approximately €10 million. Restructuring provisions and one-off costs for all of the initiatives are expected to be approximately €9.7 million. The Company took a restructuring charge of €2.4 million in Q3 2012 and expects to take a charge for the balance of these initiatives in Q4 2012.

For the full financial year 2012, 3W Power expects revenue of €370-€380 million and projects a normalized EBITDA margin of at least 9% which excludes the discontinued operations of the telecom converter business (CVT/LED). Our EBITDA expectation has an additional upside of up to €7 million due to contractual cancellation fees that may be recognized in Q4 2012. The expectation is based on continued margin improvements in the EES business segment and an order and sales pipeline above 2011 levels in Solar within RES for the fourth quarter of 2012.

In 2013, Solar orders and revenue are expected to grow profitably year-on-year. The growing pipeline of projects in Solar confirms the success of our solar strategy in a challenging market environment. Our global footprint constitutes a major strength and the recent certification of our Protect PV.500-UL to the North American standard now also positions us in the U.S. solar market. Furthermore, as the only local producer of utility scale solar inverters in South Africa we are uniquely positioned in growth regions of Southern Africa as well as Eastern Europe, India and the USA, which are expected to offset and over-compensate expected market contractions in Western European solar markets. In addition, while the weakness in the polysilicon market is expected to result in lower POC orders and revenue in 2013 year-on-year, the base business of POC that is not directly related to polysilicon is expected to continue running profitably even at substantially lower volumes.

In EES, we continue to benefit from the industrial-based UPS activities which are resilient even in difficult economic conditions as demand for backup-reliable energy is a core necessity. A continuous effort to reduce costs and improve structural profitability in EES will remain in focus for EES' future development. For the full year 2013, EES excluding the telecom converter business, is expected to achieve modest growth in revenue and a step change in profitability.

In EES in 2013, we will continue to focus on profitable growth in our core industrial UPS business on the basis of clearly improved profitability while the DC Telecom business will continue to serve a small core of profitable customers in France and Italy. We will continue to develop Commercial UPS business serving customers with standardized UPSs from compact size to higher power requirements designed specifically for market leading performance in large data/IT systems and related services. Following the successful launch of our brand-new commercial flagship UPS model Protect Blue at the CeBit in Hanover earlier this year, we have started serving first customer orders for this promising product. The technology provides an unrivalled 96% double conversion efficiency and will improve overall Total Cost of Ownership, reduce CO_2 emissions and energy consumption.

On a consolidated basis for 2013, despite further contraction of our POC business, we still expect to achieve overall sales volumes of above 2012 levels. With our cost reduction initiatives and stressed emphasis on continuous improvement we should also be able to maintain similar EBITDA profitability levels to those of 2012. We will provide more detailed guidance when we report our full year 2012 results.

In closing, AEG PS is fortunate to have such a diversified business both geographically as well as across industries and markets. With a focus on both cash flow and exciting new growth areas we are well positioned for the future.

Yours sincerely

Dr. Horst J. Kayser
CEO 3W Power | AEG Power Solutions

SHAREHOLDER STRUCTURE

- 30.2% Ripplewood
- 13.9% Deutsche Bank
- 8.2% Prof. Dr. h.c. Roland Berger
- 5.3% Bruce Brock and Brock Trust
- 2.6% Dr. Dr. h.c. Thomas Middelhoff*
- 5.1% Dr. h.c. Carsten Maschmeyer/ Marcel J. Maschmeyer
- 0.1% Prof. Mark Wössner
- 0.5% Dr. Horst J. Kayser*
- 0.2% Other Non-Executive Board members and AEG PS managers
- 34.0% Other shareholders

As of October 24, 2012

* On October 24, 2012, 3W Power S.A. issued a regulatory notification that Dr. Dr. h.c. Middelhoff, Non-Executive Board member of 3W Power S.A., sold a total of 10,000 shares of 3W Power S.A.

On August 27 and 28, 2012, 3W Power S.A. issued a regulatory notification that Dr. Horst J. Kayser, Executive Director and CEO of 3W Power S.A. and AEG Power Solutions, purchased a total of 50,000 shares of 3W Power S.A.

On July 13, 2012, 3W Power S.A. issued a regulatory notification that Dr. Horst J. Kayser purchased a total of 121,500 shares of 3W Power S.A.

On July 5, 2012, 3W Power S.A. furthermore issued a notification of the grant by the Company of 30,000 of its shares to Dr. Horst J. Kayser, pursuant to Dr. Kayser's employment agreement with the Company. The shares were transferred from the treasury shares held by the Company and no new shares were issued.

OUR SHARES

SHARE PRICE DEVELOPMENT

Despite ongoing concerns over the economic situation and in particular the still unresolved sovereign debt crisis in some industrial economies, worldwide capital markets realized stock price gains in the third quarter of 2012. The DAX, which comprises Germany's 30 most important stocks, increased by 12.7% during the third quarter and closed at more than 7,200 points by the end of September. Overall, during the first nine months of the year, capital markets recorded substantial gains, with the DAX closing 22.3% up on the start of 2012.

To the contrary, concerns over the renewable energy sector led to a drop in the performance of the ÖkoDAX by 7.0% in the third quarter and by 43.2% during the first nine months of 2012 respectively. In this environment, 3W Power's share price dropped by 34.1% to €1.07 during the third quarter and by 64.4% during the first nine months of the 2012 business year. Despite expectations of margin improvements in the EES business segment and an improving sales pipeline in RES for the second half of 2012, sector concerns and Q2 revenues and profitability lower than in the prior year comparable impacted the market sentiment. Moreover, the discontinued takeover attempt by Andrem Power S.C.A. continued to have an effect on the share price of 3W Power. The announcement of the takeover offer attracted a large number of squeeze-out investors, speculating with the short-term benefits in connection with the expected takeover. After the German Federal Financial Supervisory Authority (BaFin) prohibited the publication of Andrem Power's offer document on April 5, 2012 many of these market participants sought to sell their shares.

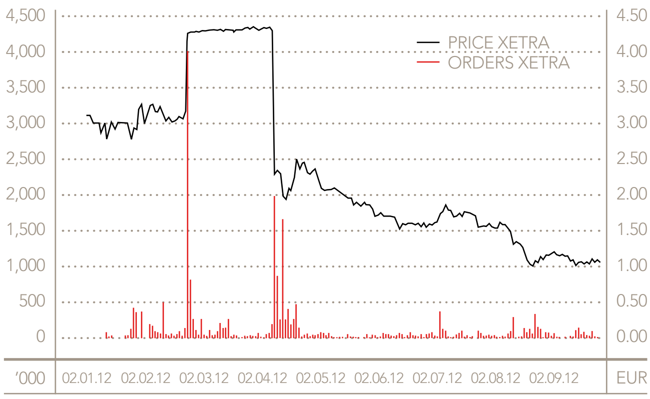
With 4.2 million shares being traded on Xetra in the third quarter, the order book turnover declined compared to the 8.8 million shares traded in the second and 10.2 million shares traded in the first quarter of 2012. As a result, the total trading volume in the first nine months of 2012 accumulated to 23.2 million traded shares. This is a substantial increase compared to only 2.6 million shares in the full 2011 business year and relates largely to the Andrem Power transaction. Increased liquidity of the Company's securities is an important factor especially for institutional investors as it makes the placement of larger orders more feasible.

SHARE INFORMATION

ISIN	GG00B39QCR01
Stock exchange	Frankfurt Stock Exchange, Xetra (Deutsche Börse AG), Frankfurt/Main
Symbol	3W9
Reuters symbol	GAQAu.DE
Designated sponsor	Close Brothers Seydler Bank
High in first nine months of 2012	€4.34 (March 28, 2012)
Low in first nine months of 2012	€0.97 (September 13, 2012)
Closing price on September 28, 2012	€1.07
Market capitalization on September 28, 2012	€53.75 million
Number of shares	50,236,024

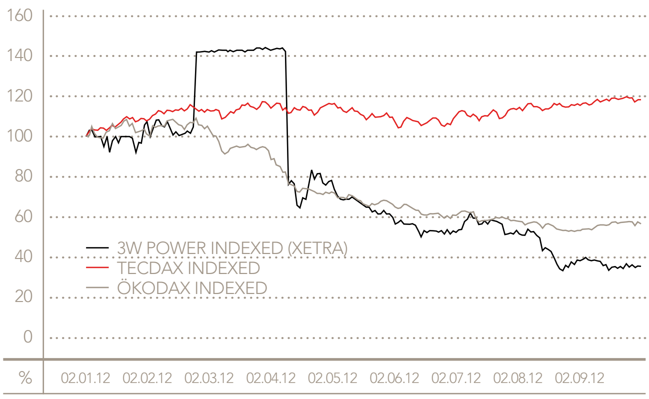
Source: Deutsche Börse

ORDER VOLUMES ('000) AND SHARE PRICE (EUR) DEVELOPMENT XETRA



From January 1 to September 30, 2012

INDEXED SHARE PRICE (%) DEVELOPMENT 3W POWER AGAINST TECDAX & ÖKODAX



From January 1 to September 30, 2012

INVESTOR RELATIONS

3W Power seeks to nurture a continuous dialogue with its shareholders. The Company aims at further strengthening its presence in the capital markets and increasing its awareness amongst institutional investors. In the third quarter of 2012, 3W Power management and investor relations representatives met with existing and potential investors in Frankfurt/Main, London, Munich and Zurich. In the fourth quarter the Company intends to meet investors during road shows in major financial centers and to attend capital market conferences including the German Equity Forum.

3W Power is committed to keeping its stakeholders informed of all key business and strategic developments. This nine-month report, as well as previously published financial reports, contains information beyond statutory disclosure requirements to provide interested parties with greater insight into the Group. On its website, 3W Power provides detailed, up-to-date information including investor news, current and historic financial reports, stock and bond market data, presentations and analyst information. The investor relations section is available online at http://www.aegps.com/en/3w-power-aeg-ps-investor-relations.

EQUITY RESEARCH

3W Power is covered by Bankhaus Lampe, Close Brothers Seydler Research and natureo finance. It remains one of 3W Power's objectives to further expand its position as an actively followed industrial stock of the German renewable energy sector. In the first nine months of 2012 all analysts of the aforementioned institutions maintained "Buy" recommendations and anticipated substantial upside potential for the Company's share.

INTERIM MANAGEMENT REPORT AND BUSINESS REVIEW

THE DIRECTORS PRESENT THEIR REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF 3W POWER S.A. ("THE COMPANY") FOR THE PERIOD ENDED SEPTEMBER 30, 2012. THE COMPANY AND ITS CONSOLIDATED SUBSIDIARIES ARE COLLECTIVELY REFERRED TO AS THE GROUP.

CORPORATE EVENTS

On July 24, 2012 the warrants of the Company expired and were delisted from NYSE Euronext in Amsterdam on the same date.

On August 7, 2012 the Group signed a Share Purchase Agreement to sell its 100% stake in Energie Mediterranee S.r.l. ("EMED") and its solar farms in southern Italy for a total consideration of up to €24.3 million including the assumption of €17.4 million of debt. The actual closing took place on November 5, 2012.

OPERATING SEGMENTS

The Group operates in two segments: Renewable Energy Solutions ("RES") and Energy Efficiency Solutions ("EES").

RES comprises the Power Controller (POC) and Solar (including skytron) business units. EES includes the Energy Management Solutions (EMS) and Telecom.

Management decided to divest the assets of AEG Power Solutions S.A.S at Lannion in France ("Lannion"). Accordingly the assets and liabilities of Lannion have been classified as held for sale and the net operating loss is presented as result from discontinued operations.

The decision is consistent with the Company's ongoing effort to reduce complexity within the Group by reducing its exposure to telecommunications. The principal business activity from Lannion and sole activity for the Group is Converters and LED. The converter activity is suffering from the reduction in prices which is believed to be an ongoing trend. Year-to-date September 2012 order input is 50% lower than in the previous-year period. LED activity is not taking off to the extent that we have anticipated.

In these condensed consolidated interim financial statements the Converter business unit is excluded from the EES segment and 2011 comparative numbers have been represented as discontinued operations.

KEY FIGURES FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER

	Orders		Revenue		EBITDA		Adjusted EBIT[1]		EBIT	
in millions of euros	2012	2011[2]	2012	2011[2]	2012	2011[2]	2012	2011[2]	2012	2011[2]
RES	124.8	163.9	126.9	157.7	24.6	51.0	19.1	48.5	(32.1)	40.0
% of revenue					*19.4%*	*32.3%*	*15.1%*	*30.8%*	*–25.3%*	*25.4%*
EES	135.5	143.1	127.7	124.9	3.8	3.3	2.7	(0.5)	(3.9)	(4.9)
% of revenue					*3.0%*	*2.6%*	*2.1%*	*–0.4%*	*–3.1%*	*–3.9%*
Unallocated	–	–	–	–	(12.4)	(12.9)	(10.8)	(13.2)	(13.0)	(13.5)
Total	**260.3**	**307.0**	**254.6**	**282.6**	**16.0**	**41.4**	**11.0**	**34.8**	**(49.0)**	**21.6**
% of revenue					*6.3%*	*14.6%*	*4.3%*	*12.3%*	*–19.2%*	*7.6%*

[1] The Group has significant non-cash charges resulting from the amortization of intangible assets arising on the acquisition of AEG PS. Therefore, in addition to EBIT and net income, the Group also reports adjusted EBIT and adjusted income. Adjusted EBIT is EBIT adjusted for the amortization of intangibles on acquisition, one-off costs (such as restructuring costs and related professional fees), and income (capital gain on sale of building) that are from a non-recurring nature.
Adjusted net income is net income adjusted for the amortization of intangibles on acquisition, the change in the value of warrants, one-off costs (such as restructuring costs and related professional fees), and income (capital gain on sale of building) that are from a non-recurring nature and the estimated tax effects of these (see Appendix).

[2] 2011 numbers have been represented for comparative purposes to reflect the classification of the telecom converter business (CVT/LED) as a discontinued operation in Q3 2012.

KEY FIGURES FOR THE QUARTER ENDED SEPTEMBER

	Orders		Revenue		EBITDA		Adjusted EBIT[1]		EBIT	
in millions of euros	2012	2011[2]	2012	2011[2]	2012	2011[2]	2012	2011[2]	2012	2011[2]
RES	42.1	55.8	42.3	62.1	11.8	20.0	9.5	19.1	(36.3)	16.2
% of revenue					*27.9%*	*32.2%*	*22.5%*	*30.8%*	*–85.8%*	*26.1%*
EES	47.1	43.6	38.7	41.1	2.5	2.0	3.3	1.0	(0.1)	(0.7)
% of revenue					*6.5%*	*4.9%*	*8.5%*	*2.4%*	*–0.3%*	*–1.7%*
Unallocated	–	–	–	–	(3.3)	(4.5)	(2.5)	(4.4)	(3.5)	(4.5)
Total	**89.2**	**99.4**	**81.0**	**103.2**	**11.0**	**17.5**	**10.3**	**15.7**	**(39.9)**	**11.0**
% of revenue					*13.6%*	*17.0%*	*12.7%*	*15.2%*	*–49.3%*	*10.7%*

[1] The Group has significant non-cash charges resulting from the amortization of intangible assets arising on the acquisition of AEG PS. Therefore, in addition to EBIT and net income, the Group also reports adjusted EBIT and adjusted income. Adjusted EBIT is EBIT adjusted for the amortization of intangibles on acquisition, one-off costs (such as restructuring costs and related professional fees), and income (capital gain on sale of building) that are from a non-recurring nature.
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[2] 2011 numbers have been represented for comparative purposes to reflect the classification of the telecom converter business (CVT/LED) as a discontinued operation in Q3 2012.

GROUP AND SEGMENT FINANCIAL REVIEW

Orders lower than in 2011 for POC and DCT

Orders in the nine-month period of 2012 were €260.3 million, 15.2% lower than the prior-year orders of €307.0 million. Major contributor was the weak demand in the polysilicon market in RES and declining orders for DCT in EES.

Largely as a result of lower POC order intake, RES showed a decline in orders of 23.8% year-on-year, strongly mitigated by a 26.6% year-on-year increase in order intake for Solar which is benefitting from an upturn in project financing. EES orders were 5.3% lower than in the prior-year nine-month period.

In the quarter-on prior-year quarter comparison, RES orders were down 24.5% principally due to POC. Solar orders however had a strong quarter with an increase of 129.4%. EES orders were positive, up 8.0% due to a higher EMS order intake. On a consolidated basis, Group orders in the quarter were €89.2 million, down 10.2% on the same quarter in 2011.

Compared to the second quarter of 2012, third-quarter orders for the Group were up 7.4%. RES orders increased by 13.3%, largely driven by strong order intake from Solar, up 24.5% compared to the previous quarter. EES showed moderate growth, up 2.6% compared to the second quarter 2012, again mainly due to lower DCT orders.

Economic and market conditions impact revenues and profitability as expected

The nine-month period to September revenue was €254.6 million, down 9.9% on the same period in 2011. The fall was anticipated and is attributable to lower year-on-year sales in RES with EES remaining flat.

In RES, the period to September revenue was €126.9 million, down 19.5% year-on-year with POC revenues lower and Solar revenues higher than in the prior year. The drop in RES revenue follows low order intake in late 2011 and the first quarter of 2012 due to the reduction in polysilicon demand and the economic uncertainty which resulted in delayed demand and customer difficulties in financing projects. For Solar we maintain our forecasts that for the full financial year 2012, Solar sales and orders will exceed those of 2011. Conversely, weakness in the polysilicon market is expected to result in lower POC revenue and orders than in 2011.

EES revenue in the period to September 2012 was €127.7 million compared to €124.9 million in the same period of 2011. The core EMS business was 5.3% up compared to 2011 with DCT down.

Revenue in the third quarter of 2012 was €81.0 million, 21.6% lower than the third quarter of 2011. RES revenue was 31.8% lower at €42.3 million with increases in Solar being more than offset by the weakness in POC. EES revenue in the quarter was 5.8% lower at €38.7 million. Compared to the second quarter of 2012, third-quarter revenue was down 13.7% with increases in Solar (up 13.3%) offset by lower POC and EES revenue.

The Group gross margin for the nine-month period was 25.2% compared to 31.0% in the same period of 2011. This was due to several factors mainly attributable to RES: a reduced proportion of revenue coming from high margin POC business, higher reserve levels, and higher operating costs following Solar investments made in 2011 in RES (new facility in India and expansion in Germany). These items were partially offset by an improved product mix in 2012 in Solar which contained a higher proportion of PV.500 inverters than in 2011 although this was not enough to offset the lower volume and higher operating costs. The EES gross margin was somewhat lower than in the prior year, and is mainly attributable to lower DCT margins.

For the third quarter, gross margin was 27.0% compared to 32.5% in the same quarter in 2011.

EBITDA in the nine-month period to September 2012 was €16.0 million compared to EBITDA of €41.4 million in the prior-year period. The reduction in EBITDA was due to lower volumes and gross margin referred to earlier as well as €2.6 million restructuring charges and other one-time charges totaling €2.4 million. Also included in EBITDA are capital gain of €1.5 million and net operating income of €1.7 million from the solar farms in Italy (pending disposal). It should be noted that for 2012, EBITDA included income of €6.9 million from the cancellation of customer contracts (€3.1 million in EES and €3.8 million in RES). The prior-year period included €6.5 million of settlement of litigation with a customer in RES and the release of restructuring provisions of €1.3 million in EES. Estimated one-time transaction-related charges in 2012 were €2.4 million (2011 €1.0 million).

EBITDA in the third quarter was €11.0 million (after one-time charges of €2.7 million, net operating income of €0.8 million from the Italian solar farms and a €6.2 million cancellation fee from a contract), compared to €17.5 million in the third quarter of 2011.

RES EBITDA in the nine-month period was €24.6 million (including operating income from the solar farms referred to earlier and a €3.8 million cancellation fee) compared to €51.0 million in 2011, the latter benefitting from the inclusion of the €6.5 million income from settlement of litigation and the higher volumes and gross margin experienced in 2011.

EES EBITDA in the nine-month period was €3.8 million including restructuring charges of €1.3 million and a €3.1 million cancellation fee, both for EMS. The prior period EES EBITDA was €3.3 million and includes a release of restructuring provisions of €1.3 million.

Central/unallocated costs in the nine-month period were generally in line with the prior-year period. However, the third quarter of 2012 included a restructuring charge of €1.1 million which was offset by a capital gain of €1.5 million.

Research & Development (R&D) costs

The Group increased its R&D investment in the period and is convinced that its product and technology roadmap is a critical part of its long-term success and growth. Gross R&D costs (excluding discontinued operations, € 2.7 million for 2012, and €2.8 million for 2011) in the three quarters to September were €12.3 million (4.8% of revenue) compared to €11.8 million (4.2% of revenue) in the same period in 2011. The increase was mainly driven by the launch of future-oriented advanced R&D programs developing storage solutions and devices for renewable energy integration. Solar R&D work focused on the expansion of the power range, country specific approvals and variants enabling worldwide sales reach. The China State Grid and the UL1741/IEEE1547 approval of the PV.500 outdoor in North America are two major steps opening these two large markets for AEG PS and in broadening our reach. In addition, approvals for the PV.630 indoor and outdoor are also in process.

Solar R&D is in the last steps of finalizing the modular solar inverter for the U.S. market with a MPV 75 and 150 and full product release is scheduled for Q4 2012.

In Power Controllers, R&D focused on the completion of the high-power variant of the new Thyro-A module family. The upgrade program of the high-end controller Thyro-P started with the launch of wireless technology facilitating the utilization of the devices.

Several orders for customized systems for non-poly applications such as crystal growing, electrolysis, arc furnaces and smart grid products have been shipped and customer qualification has been successful.

The Thyrobox-VR was qualified by utility providers as a voltage regulator for low voltage grids allowing further integration of renewables and enhancing the Group's field experience and orders.

Numerous Thyrobox-H2 units used for Power-to-Gas storage systems have been shipped and successfully commissioned for customer electrolyser systems. The power roadmap is now at 2MW and will continue to increase, ensuring that AEG PS keeps its leadership position in this field and participates in the expected growth of long-term energy storage technology.

Power Controller R&D also continues to focus on products which improve the efficiency of the polysilicon production process.

EES R&D continues to optimize the modular Protect 8 UPS and Protect TPR technology for constant improved performance versus costs. In addition, R&D supports larger orders for products with more complex customizations. Larger orders have also been placed for the recently launched full IGBT Data/IT UPS Protect Blue and with R&D support required for the overall system design.

Two major custom designs were won for on-board switched mode chargers and beside-the-track thyristor inverters adding to the innovation in the railway vertical. In addition, EES R&D work continued on hybrid solutions for communication applications extending the ecopx product and the application range of the recently launched ultra-high efficiency 2kW G6 rectifier module.

Selling, general and administrative expenses (SG&A)
SG&A expenses increased 4.3% year-on-year to €53.7 million. The increase is largely attributable to investments in RES (South Africa, Ukraine, India, and Dallas). For the third quarter, expenses decreased by 3.6% to €16.6 million. Third quarter 2011 expenses included a €1.0 million one-off expense.

Other expenses (net)
In the nine-month period to September 2012 the Group recorded net other expenses of €43.6 million compared to net other expenses of €1.5 million in the prior year. The 2012 figure includes a charge of €43.3 million for accelerated amortization for certain POC customer intangible assets, €1.4 million capital gain resulting from the sale of the building from the Malaysia operations as well as a net restructuring charge of €2.6 million. The 2012 figures also include a net operating income of €1.7 million from the solar farms in Italy (pending disposal). For the third quarter 2012 the Group recorded net other expenses of €39.4 million compared to net other expenses of €2.6 million in the prior-year quarter. In addition to the already referred items, a customer contract cancellation fee of €6.2 million was recorded in Q3 2012.

Net financial costs
Net financial costs in the nine-month period to September 2012 were €9.8 million compared to €3.7 million in 2011, mainly due to the reduction in the non-cash gain from the change in the value of warrants (2012: €0.2 million gain compared to €5.3 million gain in 2011). The change in the value of warrants is a non-cash item. During the period to September 30, 2012 no warrants were exercised. The warrants expired on July 24, 2012 and were delisted from Euronext on the same date.

In the quarter to September, net financial costs increased by €3.7 million to €3.8 million compared to the prior-year quarter due to the impact in the prior-year quarter of the profit from the change in value of the warrants (€2.3 million), higher interest expenses (€0.8 million) and net effect of foreign exchange loss (€0.6 million).

Taxation

In the nine-month period to September 2012 the Group recorded a net tax benefit of €14.9 million compared to a tax charge of €9.8 million in 2011. The net tax benefit in 2012 comprises deferred tax benefit of €18.6 million (2011: €1.8 million), principally due to a reduction in deferred tax liabilities on the intangibles on acquisition and current income tax charge of €3.7 million (2011: net current tax charge €11.6 million). The reduction in the current tax charge is due to the lower profitability in 2012.

In the third quarter of 2012, the Group had a net tax benefit of €14.5 million compared to a net tax charge of €5.5 million in the same quarter in 2011. This is merely due to higher release of deferred tax liabilities and lower current income tax charges.

The effective tax rate at which the Group recognizes and pays taxes depends on the profitability and tax rates in the countries in which the Group operates. In both periods the Group had significant unrecognized deferred tax assets in the form of unrecognized tax losses. The current tax charge arises primarily on the Group's German operations.

Non-current assets

Expenditure on tangible fixed assets in the nine-month period to September 2012 amounted to €6.0 million (2011: €5.4 million) with the majority of the expenditure invested in Germany with smaller amounts in the new facilities in South Africa and India, and North America. The expenditure relates primarily to product development and production equipment for RES. In Q3 2012, the Group closed on the sale of the building of its Malaysia operations (€3.8 million).

An amount of €43.3 million accelerated amortization of intangibles on acquisition of AEG PS caused the substantial reduction in intangible assets, excluding goodwill, to €135.3 million net at year-to-date September 2012. Additions to intangible assets for the period totaled €5.2 million (2011: €7.7 million) of which €4.5 million (2011: €6.4 million) is related to capitalized R&D.

Non-current financial assets increased in the nine-month period by net €1.0 million of which €0.7million (US$ 1.0 million) relates to the investment made in a limited liability company (LLC) in the U.S. The LLC is a partnership between the Group and an experienced investor and manager of solar assets in the U.S. Under the partnership agreement, the Group will invest up to US$5.0 million in solar projects under the stewardship of the partner. The total net investment to date was US$ 3.4 million. The Group will also have the opportunity to sell its solar products in the U.S. through a separate supply agreement. No goods have been supplied to date under the supply agreement.

Current assets and current liabilities

Assets held for sale increased from €25.3 million to €33.9 million. This is mainly due to the classification of the Lannion operations in France as Asset Held For Sale.

Excluding cash, current assets fell by 7.5% to €203.8 million in the nine-month period largely driven by lower receivables and inventory. Receivables and inventory are higher than at the end of June 2012.

Current liabilities at September 2012 were €151.9 million, €19.5 million down from December 2011. This is due to an increase in Liabilities Held For Sale of €26.2 million and a reduction in other current liabilities of €45.6 million. Liabilities Held For Sale include the liabilities of Energie Mediterranee (EMED) and the Lannion operations in France which both are held for sale. EMED's liabilities increased due to the receipt of €17.2 million (net of fees) of bank loans for the purpose of financing its solar farm assets in Italy. An increase of €9.5 million relates to the Lannion operation.

Current liabilities decreased mainly due to €23.9 million lower payables, €13.4 million lower deferred income and a €4.6 million net reduction in provisions due to payments made under ongoing restructuring programs.

Non-current liabilities

Non-current liabilities fell €20.3 million mainly due to lower deferred taxes (€18.7 million down) on intangible assets as a result of the accelerated amortization of intangibles.

Cash and cash equivalents

The cash balance at September 30, 2012 was €65.3 million, a reduction of €17.1 million in the nine-month period. Operating and investing activities consumed cash of €20.4 million and €8.6 million respectively and these were partially offset by a cash inflow from financing of €14.5 million.

Cash consumed by operating activities resulted from an increase in working capital, payments against provisions (principally restructuring) and tax payments. Working capital increased as reductions in trade and other receivables and inventory were more than offset by reductions in accounts payable, deferred income (advance payments from customers). Cash used in investing activities included €6.0 million for tangible capital expenditure, €4.5 million for capitalized R&D less €3.3 million proceeds from the Malaysian building sale.

Financing activities generated cash mainly as a result of new bank loans totaling €17.4 million received by EMED for the purpose of financing its solar farms in Italy.

Equity

Total equity at the end of September 2012 stood at €225.0 million, €51.9 million lower than at December 2011. The reduction was due to the net loss after tax of €52.2 million. The net loss after tax includes the amortization of intangibles on acquisition (and related tax effects), the change in value of warrants and the one-off items such as restructuring, capital gain and professional fees. Excluding these, the Group would have reported an estimated net loss after tax of €10.9 million (see Appendix).

Further information on movements in equity including retained earnings is shown in the condensed consolidated interim statement of changes in equity.

OUTLOOK

General economic situation

The continued impact of the sovereign-debt crisis in the Eurozone, slower growth rates in China and India, and a sluggish economic recovery in the U.S. negatively impact market sentiment and customer confidence which will continue to have an impact on the Company's business in the near-term. Furthermore, our RES business will continue to be impacted by the level of government spending in the renewable energy space, government subsidies for renewable energies, as well as the availability of project financing for renewable energy projects.

Group

The Group expects to achieve revenues of €370-€380 million and projects a normalized EBITDA margin of at least 9% for the full year 2012. Although there are uncertainties and sluggishness in the global market place, with the defensiveness of our core UPS business and the reach of our solar activities in core growth areas, we expect 2013 revenues to exceed those of 2012. Our business mix away from highly profitable polysilicon will challenge our profitability in 2013, but the Group will continue to reduce costs with increased efficiency and expects 2013 EBITDA profitability levels similar to those of 2012.

RISKS

The principal risks that could have a material impact on the Group were set out in the 2011 Annual Report and are deemed incorporated in this report.

SHARE CAPITAL

Details of the share capital (including own shares held by the Company as Treasury shares) and share premium are shown in note 12.

DIRECTORS' INTERESTS AND RELATED PARTIES

The interests of Directors and related parties in the share capital of the Company are shown in note 19 of the condensed consolidated interim financial statements.

RESPONSIBILITY STATEMENT

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

Dr. Horst J. Kayser

On behalf of the Board of Directors
November 12, 2012

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION As at

in thousands of euros	Note	September 30, 2012	December 31, 2011
Assets			
Property, plant and equipment		36,811	39,831
Intangible assets	10	135,270	191,421
Goodwill	10	87,152	87,152
Other non-current financial assets		4,155	3,171
Total non-current assets		**263,388**	**321,575**
Inventories		69,658	77,043
Trade and other receivables		98,915	116,952
Prepayments		1,325	1,015
Cash and cash equivalents		65,296	82,489
Assets held for sale	6	33,943	25,268
Total current assets		**269,137**	**302,767**
Total assets		**532,525**	**624,342**
Equity			
Share capital	12	12,520	12,520
Share premium		383,836	383,836
Retained earnings		(148,668)	(96,108)
Reserve for own shares		(23,888)	(24,633)
Cumulative translation adjustment		1,175	1,317
Total equity attributable to equity holders of the Company		**224,975**	**276,932**
Liabilities			
Loans and borrowings	14	98,792	98,203
Employee benefits		22,202	23,497
Deferred tax liabilities	11	27,766	46,532
Provisions		6,894	7,788
Total non-current liabilities		**155,654**	**176,020**
Warrants	16	–	154
Loans and borrowings	14	6,906	9,785
Trade and other payables		81,350	105,301
Income tax liabilities		1,465	2,205
Deferred income		29,137	42,505
Provisions	15	4,003	8,578
Liabilities held for sale	6	29,035	2,862
Total current liabilities		**151,896**	**171,390**
Total liabilities		**307,550**	**347,410**
Total equity and liabilities		**532,525**	**624,342**

The condensed consolidated interim financial statements on pages 16 to 31 are unaudited. They were approved by the Board of Directors on November 12, 2012 and signed on its behalf by:

Dr. Horst J. Kayser

The notes on pages 20 to 31 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME For the period ended September 30

		Quarter to September		Nine months to September	
in thousands of euros	Note	Q3 2012	Q3 2011[1]	2012	2011[1]
Revenue	5	80,958	103,209	254,596	282,551
Cost of sales		(59,085)	(69,722)	(190,417)	(195,005)
Gross profit		**21,873**	**33,487**	**64,179**	**87,546**
Selling, general and administrative expenses		(16,598)	(17,215)	(53,716)	(51,486)
Research and development expenses		(5,716)	(2,678)	(15,787)	(12,986)
Other income/(expenses)	7	(39,421)	(2,561)	(43,641)	(1,490)
(Loss)/income before interest and tax (EBIT)[2]		**(39,862)**	**11,033**	**(48,965)**	**21,584**
Finance income		257	3,004	528	6,008
Finance costs		(4,049)	(3,114)	(10,354)	(9,709)
Net finance (costs)	8	**(3,792)**	**(110)**	**(9,826)**	**(3,701)**
(Loss) before income tax		**(43,654)**	**10,923**	**(58,791)**	**17,883**
Income tax (charge)/benefit	9	14,471	(5,538)	14,861	(9,825)
(Loss)/profit from continuing operations		**(29,183)**	**5,385**	**(43,930)**	**8,058**
Loss from discontinued operations	6	**(4,948)**	**(451)**	**(8,233)**	**(1,251)**
Net (loss)/income		**(34,131)**	**4,934**	**(52,163)**	**6,807**
Net (loss) attributable to:					
Owners of the Company		(34,131)	4,839	(52,163)	6,360
Non-controlling interest profit		–	95	–	447
Net (loss)/income		**(34,131)**	**4,934**	**(52,163)**	**6,807**
Earnings per share					
Basic (loss) per share (euro)	12	(0.71)	0.10	(1.09)	0.13
Diluted (loss) per share (euro)	12	(0.71)	0.10	(1.09)	0.13

[1] 2011 numbers have been represented for comparative purposes to reflect the classification of the telecom converter business (CVT/LED) as a discontinued operation in Q3 2012.
[2] The interest referred to in earnings before interest and tax (EBIT) comprises all financial items included within net finance income/costs.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME For the period ended September 30

		Quarter to September		Nine months to September	
in thousands of euros	Note	Q3 2012	Q3 2011[1]	2012	2011[1]
(Loss)/income for the period		**(34,131)**	**4,934**	**(52,163)**	**6,807**
Other comprehensive income					
Foreign currency translation differences for foreign operations		(164)	300	(142)	350
Other comprehensive income for the period		**(164)**	**300**	**(142)**	**350**
Total comprehensive (loss)/income for the period		**(34,295)**	**5,234**	**(52,305)**	**7,157**
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(34,295)	5,139	(52,305)	6,710
Non-controlling interest		–	95	–	447
Total comprehensive (loss)/income for the period		**(34,295)**	**5,234**	**(52,305)**	**7,157**

[1] 2011 numbers have been represented for comparative purposes to reflect the classification of the telecom converter business (CVT/LED) as a discontinued operation in Q3 2012.

The notes on pages 20 to 31 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Equity attributable to holders of the Company

in thousands of euros	Note	Share capital	Share premium	Translation reserve	Reserve for own shares	Retained earnings	Total group equity	Non-controlling interest	Total equity
Balance at January 1, 2011		**12,520**	**383,836**	**1,094**	**(25,235)**	**(92,542)**	**279,673**	**731**	**280,404**
Profit/(loss) for the period						6,360	6,360	447	6,807
Total other comprehensive income/(loss)		–	–	360	–	(10)	350	–	350
Total comprehensive income/(loss) for the period		**–**	**–**	**360**	**–**	**6,350**	**6,710**	**447**	**7,157**
30,000 shares transferred from treasury shares		–	–	–	258	(258)	–	–	–
Acquisition on non-controlling interest		–	–	–	–	(3,122)	(3,122)	(1,178)	(4,300)
Share-based payments/ long-term incentive plan		–	–	–	–	809	809	–	809
Total contributions by and distributions to owners of the Company		**–**	**–**	**–**	**258**	**(2,571)**	**(2,313)**	**(1,178)**	**(3,491)**
Total transactions		**–**	**–**	**360**	**258**	**3,779**	**4,397**	**(731)**	**3,666**
Balance at September 30, 2011		**12,520**	**383,836**	**1,454**	**(24,977)**	**(88,763)**	**284,070**	**–**	**284,070**
Balance at January 1, 2012		**12,520**	**383,836**	**1,317**	**(24,633)**	**(96,108)**	**276,932**	**–**	**276,932**
Profit/(loss) for the period		–	–	–	–	(52,163)	(52,163)	–	(52,163)
Total other comprehensive income/(loss)		–	–	(142)	–	–	(142)	–	(142)
Total comprehensive income/(loss) for the period		**–**	**–**	**(142)**	**–**	**(52,163)**	**(52,305)**	**–**	**(52,305)**
80,000 shares transferred from treasury shares		–	–	–	745	(745)	–	–	–
Share-based payments/ long-term incentive plan		–	–	–	–	348	348	–	348
Total contributions by and distributions to owners of the Company		**–**	**–**	**–**	**745**	**(397)**	**348**	**–**	**348**
Total transactions		**–**	**–**	**(142)**	**745**	**(52,560)**	**(51,957)**	**–**	**(51,957)**
Balance at September 30, 2012		**12,520**	**383,836**	**1.175**	**(23,888)**	**(148,668)**	**224,975**	**–**	**224,975**

The notes on pages 20 to 31 are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS For the period ended September 30

in thousands of euros	Note	Quarter to September Q3 2012	Q3 2011	Nine months to September 2012	2011
Cash flows from operating activities					
(Loss)/income for the period		(34,131)	4,934	(52,163)	6,807
Adjustments for non-cash items:					
Depreciation		3,299	988	6,554	3,198
Amortization and impairment of intangible assets and goodwill		50,078	5,665	61,297	17,075
Change in provisions		6,445	(200)	10,907	(1,281)
Charge for share-based payments		101	366	348	809
Change for other non-cash transactions	7	(6,177)	–	(6,874)	–
Change in other non-current financial assets		(61)	341	(216)	19
Finance (expense)/income (net)	8	3,840	78	9,902	3,785
Income tax (benefit)/charge	9	(14,642)	5,465	(15,113)	9,838
Cash flow from/(used in) operations before changes in working capital		**8,752**	**17,637**	**14,642**	**40,250**
Change in inventories		(4,869)	1,064	76	(13,109)
Change in trade and other receivables		(5,502)	(2,825)	16,244	(2,733)
Change in prepayments		(364)	(1,401)	(324)	(1,972)
Change in trade and other payables		1,823	(5,988)	(30,647)	(8,461)
Change in employee benefits		137	(316)	275	(1,753)
Change in provisions		(2,344)	(2,204)	(7,470)	(5,510)
Change in deferred income		2,811	(1,587)	(6,526)	(1,377)
Cash generated from/(used in) operating activities		**(8,308)**	**(13,257)**	**(28,372)**	**(34,915)**
Income tax paid		(1,058)	(1,209)	(6,740)	2,434
Net cash from operating activities		**(614)**	**3,171**	**(20,470)**	**7,769**
Cash flows from investing activities					
Acquisition of investment/subsidiary, net of cash acquired		(180)	56	(776)	(784)
Acquisition of property, plant and equipment		(1,765)	(1,779)	(5,998)	(5,436)
Proceeds from sale of property, plant and equipment		2,981	32	3,298	65
Acquisition of intangible assets		(214)	(106)	(637)	(1,318)
Capitalized internal development expenditure		(1,765)	(3,361)	(4,510)	(6,363)
Net cash used in investing activities		**(943)**	**(5,158)**	**(8,623)**	**(13,836)**
Cash flows from financing activities					
Interest paid/received (net)		(290)	212	(355)	(8)
Change in other long- and short-term debt		(3,323)	(687)	14,866	(17,859)
Acquisition of minority interest		–	(4,300)	–	(4,300)
Net cash from/(used in) financing activities		**(3,613)**	**(4,775)**	**14,511**	**(22,167)**
Effect of movement in exchange rates		(278)	209	(338)	320
Net increase/(decrease) in cash and cash equivalents		**(5,448)**	**(6,553)**	**(14,920)**	**(27,914)**
Cash and cash equivalents at the beginning of period		72,865	100,785	82,337	122,146
Cash and cash equivalents as at September 30		**67,417**	**94,232**	**67,417**	**94,232**

The notes on pages 20 to 31 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. REPORTING ENTITY

3W Power S.A. (The "Company") is domiciled in Luxembourg and the address of its registered office is: 19, rue Eugène Ruppert, L-2453 Luxembourg.

On April 9, 2010 the Company changed its name from Germany1 Acquisition Limited to 3W Power Holdings S.A. On May 19, 2011 the Company changed its name to its current name of 3W Power S.A.

The Company's shares are listed on the Regulated Market (Prime Standard) of the Frankfurt stock exchange (FWB). As from December 19, 2011 the Company delisted its shares from the NYSE Euronext, Amsterdam. The Company's warrants expired on July 24, 2012 and were delisted from the NYSE Euronext, Amsterdam. The condensed consolidated interim financial statements of the Company as at and for the period ended September 30, 2012 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 ended December 31, 2011 are available upon request from the Company's registered office address or at www.aegps.com.

The Group is a world provider of premium electronics. It offers comprehensive product and service portfolios in power conversion and control for customers spanning the infrastructure markets of energy, telecommunication, lighting, transportation and general industrial sectors. The Group has developed a full range of products for the solar energy industry including solar inverters, monitoring systems and turn-key solutions and is investing in solutions that will enable distributed power generation and smart micro grids.

2. BASIS OF PREPARATION

A) STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements of the Group prepared in accordance with IFRS, as adopted by the European Union (EU), and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended December 31, 2011.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 12, 2012.

B) USE OF ESTIMATES AND JUDGMENTS

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

By preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

All accounting policies applied by the Group in these condensed consolidated 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, 2011, or the new standards did not have 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 December 31, 2011.

5. OPERATING SEGMENTS

The Group has two reportable segments, Renewable Energy Solutions (RES) which comprise the Power Control and Solar product lines and Energy Efficiency Solutions (EES) comprising Energy Management Solutions and Telecom. Accordingly the results of the Group are presented in these two segments which also reflect the presentation of information to the Group's Chief Executive, who has been identified as the chief operating decision maker ("CODM"). The LED and Converter activity are presented as discontinued operations and 2011 numbers are consequently represented. These results were previously included in the EES segment.

RESULTS BY OPERATING SEGMENT

For the nine-month period ended September 30, 2012

in thousands of euros	Renewable Energy Solutions (RES)	Energy Efficiency Solutions (EES)	Unallo-cated amounts	Total
Revenue	**126,877**	**127,719**	**–**	**254,596**
Segment operating income/(loss)[1]	**17,811**	**2,355**	**(1,232)**	**18,934**
Restructuring costs (net)	–	(1,515)	(1,078)	(2,593)
Capitalized development costs (net of amortization)	1,300	206	–	1,506
Central overheads	–	–	(11,863)	(11,863)
Capital gain (net)[2]	–	–	1,472	1,472
Amortization of intangibles on acquisition[3]	(51,251)	(4,909)	(261)	(56,421)
Income/(loss) before interest and tax (EBIT)[4]	**(32,140)**	**(3,863)**	**(12,962)**	**(48,965)**

[1] RES and EES operating income both include in 2012 a receipt of €3.1million following an order cancellation settlement with a customer. RES operating income also includes €1.698 million of revenues from EMED.
[2] Includes €1.4 million capital gain as a result of sale of building in Malaysia.
[3] Relates to intangibles identified on the acquisition of AEG PS in 2009.
[4] The interest referred to in earnings before interest and tax (EBIT) comprises all financial items included within net finance income/costs.

Revenue comprises €214,660 thousand for goods and €39,936 thousand for services.

RESULTS BY OPERATING SEGMENT

For the nine-month period ended September 30, 2011

in thousands of euros	Renewable Energy Solutions (RES)	Energy Efficiency Solutions (EES)	Unallo-cated amounts	Total
Revenue	**157,668**	**124,883**	**–**	**282,551**
Segment operating income/(loss)[1]	**45,380**	**(1,504)**	**(769)**	**43,107**
Restructuring income/(costs)	–	1,269	–	1,269
Capitalized development costs (net of amortization)	3,156	975	–	4,131
Central overheads	–	–	(12,474)	(12,474)
Amortization of intangibles on acquisition[2]	(8,523)	(5,665)	(261)	(14,449)
Income/(loss) before interest and tax (EBIT)[3]	**40,013**	**(4,925)**	**(13,504)**	**21,584**

[1] RES operating income includes in 2011 a receipt of €6.5 million following settlement of court proceedings against a customer.
[2] Relates to intangibles identified on the acquisition of AEG PS in 2009.
[3] The interest referred to in earnings before interest and tax (EBIT) comprises all financial items included within net finance income/costs.

Revenue comprises €237,432 thousand for goods and €45,119 thousand for services.

RESULTS BY OPERATING SEGMENT

For the quarter ended September 30, 2012

in thousands of euros	Renewable Energy Solutions (RES)	Energy Efficiency Solutions (EES)	Unallo-cated amounts	Total
Revenue	**42,247**	**38,711**	**–**	**80,958**
Segment operating income/(loss)[1]	**9,384**	**2,780**	**(395)**	**11,769**
Restructuring costs	–	(1,290)	(1,078)	(2,368)
Capitalized devel-opment costs (net of amortization)	74	69	–	143
Central overheads	–	–	(3,303)	(3,303)
Capital gain (net)[2]	–	–	1,357	1,357
Amortization of intangibles on acquisition[3]	(45,737)	(1,636)	(87)	(47,460)
Income/(loss) before interest and tax (EBIT)[4]	**(36,279)**	**(77)**	**(3,506)**	**(39,862)**

[1] RES and EES operating income both include in 2012 a receipt of €3.1 million following an order cancellation settlement with a customer. RES operating income also includes €0.778 million of revenues from EMED.
[2] Includes €1.4 million capital gain as a result of sale of building in Malaysia.
[3] Relates to intangibles identified on the acquisition of AEG PS in 2009.
[4] The interest referred to in earnings before interest and tax (EBIT) comprises all financial items included within net finance income/costs.

Revenue comprises € 66, 980 thousand for goods and € 13,978 thousand for services.

RESULTS BY OPERATING SEGMENT

For the quarter ended September 30, 2011

in thousands of euros	Renewable Energy Solutions (RES)	Energy Efficiency Solutions (EES)	Unallo-cated amounts	Total
Revenue	**62,095**	**41,114**	**–**	**103,209**
Segment operating income/(loss)[1]	**16,935**	**539**	**(197)**	**17,277**
Restructuring income/(costs)	–	184	–	184
Capitalized devel-opment costs (net of amortization)	2,123	414	–	2,537
Central overheads	–	–	(4,147)	(4,147)
Amortization of intangibles on acquisition[2]	(2,852)	(1,879)	(87)	(4,818)
Income/(loss) before interest and tax (EBIT)[3]	**16,206**	**(742)**	**(4,431)**	**11,033**

[1] RES operating income includes in 2011 a receipt of €6.5 million following settlement of court proceedings against a customer.
[2] Relates to intangibles identified on the acquisition of AEG PS in 2009.
[3] The interest referred to in earnings before interest and tax (EBIT) comprises all financial items included within net finance income/costs.

Revenue comprises €86,972 thousand for goods and €16,237 thousand for services.

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 geographical 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 and liabilities are based on the location of the assets and liabilities.

The country of domicile of the Company (Luxembourg) is included in the Rest of Europe.

For the nine-month period ended and as at September 30, 2012

in thousands of euros	Germany	Rest of Europe	Africa, Middle East and Asia	Americas	Held for sale	Total
Revenue	58,978	64,587	118,919	12,112	11,776	266,372
Non-current assets[1]	84,975	77,438	8,422	1,246	19,239	191,320
Total assets	207,471	247,264	38,054	5,793	33,943	532,525
Total liabilities	89,249	176,447	11,712	1,107	29,035	307,550

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

For the nine-month period ended and as at September 30, 2011

in thousands of euros	Germany	Rest of Europe	Africa, Middle East and Asia	Americas	Held for sale	Total
Revenue[1]	64,444	67,739	127,737	22,631	19,781	302,332
Non-current assets[2]	134,106	91,642	8,899	4,438	20,930	260,015
Total assets	234,088	325,680	33,965	2,865	22,786	619,384
Total liabilities	96,641	221,605	15,425	1,608	35	335,314

[1] 2011 numbers have been represented for comparative purposes to reflect the classification of the telecom converter business (CVT/LED) as a discontinued operation in Q3 2012.
[2] Non-current assets exclude goodwill and non-current financial assets.

6. NON-CURRENT ASSETS HELD FOR SALE

ENERGIE MEDITERRANEE S.R.L. ("EMED") ASSETS AND LIABILITIES HELD FOR SALE

On August 7, 2012 the Group signed a Share Purchase Agreement to sell its 100% stake in EMED and its solar farms in southern Italy for a total consideration of up to €24.3 million including the assumption of €17.4 million of debt. The actual closing took place on November 5, 2012.

EMED was acquired by the Group in February 2010 as a vehicle for the construction and operation of solar power generation farms in Italy.

EMED's sole activity was the construction of the solar farms and its principal asset is tangible fixed assets represented by Property, plant and equipment.

EMED's operating income is included within the consolidated statement of income as part of Other income/(expense).

ASSETS HELD FOR SALE

in thousands of euros	September 30, 2012	December 31, 2011
Intangible assets	1,553	1,684
Property, plant and equipment	17,531	18,325
Inventories	102	–
Trade and other receivables	3,729	4,572
Cash and cash equivalents	2,748	687
Total assets held for sale	**25,663**	**25,268**

LIABILITIES HELD FOR SALE

in thousands of euros	September 30, 2012	December 31, 2011
Loans and borrowings	16,938	–
Income tax liabilities	187	297
Trade and other payables	2,456	2,565
Total liabilities held for sale	**19,581**	**2,862**

On May 29, 2012 EMED entered into six long-term loan agreements for a total of €17.4 million with Mediocredito Italiano S.P.A. Interest is fixed at 7.22% for a five-year period. Thereafter the interest will be 3-month Euribor plus 5.3%. Interest is payable quarterly in arrears starting on June 30, 2012. The principal amount is to be reimbursed on a quarterly basis, starting on September 30, 2012 and ending on March 31, 2030. The amount reported in the balance sheet of €16.938 thousand is stated net of fees.

The loans are secured on the assets of the solar farms.

AEG POWER SOLUTIONS S.A.S AT LANNION IN FRANCE ASSET AND LIABILITIES HELD FOR SALE/DISCONTINUED OPERATION

Management decided to divest the assets of AEG Power Solutions S.A.S at Lannion in France ("Lannion").

The decision is consistent with the Company's ongoing effort to reduce complexity within the Group by reducing its exposure to telecommunications. The principal business activity from Lannion is Telecom converters and LED.

Its assets are operating assets. Provisions include a restructuring provision of €1.2 million.

Loans and borrowings represent a factoring credit line facility that is secured by trade account receivables.

Accordingly the assets and liabilities of Lannion have been classified as held for sale and the net operating loss is presented as result from discontinued operations.

Based on the current discussions we do not exclude that an additional loss upon disposal may occur.

ASSETS HELD FOR SALE

in thousands of euros	September 30, 2012	December 31, 2011
Intangible assets	1	–
Property, plant and equipment	154	–
Other current assets	18	–
Inventories	4,027	–
Trade and other receivables	3,746	–
Cash and cash equivalents	334	–
Total assets held for sale	**8,280**	**–**

LIABILITIES HELD FOR SALE

in thousands of euros	September 30, 2012	December 31, 2011
Employee benefits	1,368	–
Provisions	144	–
Loans and borrowings	780	–
Trade and other payables	5,814	–
Provisions	1,348	–
Total liabilities held for sale	**9,454**	**–**

RESULT OF DISCONTINUED OPERATIONS

	Quarter to September		Nine months to September	
in thousands of euros	2012	2011	2012	2011
Revenue	3,700	6,066	11,776	19,781
Expenses	(8,818)	(6,589)	(20,261)	(21,019)
Result from operating activities	**(5,118)**	**(523)**	**(8,485)**	**(1,238)**
Income tax	170	72	252	(13)
(Loss) for the period	**(4,948)**	**(451)**	**(8,233)**	**(1,251)**
Earnings per share				
Basic (loss) per share (euro)	(0.10)	(0.01)	(0.17)	(0.03)
Diluted (loss) per share (euro)	(0.10)	(0.01)	(0.17)	(0.03)

CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS

	Quarter to September		Nine months to September	
in thousands of euros	2012	2011	2012	2011
Net cash used in operating activities	(1,790)	(1,003)	(2,564)	(2,476)
Net cash used In investing activities	(39)	(56)	(115)	(155)
Net cash from financing activities	(1.445)	1,256	(1.583)	328
Net cash from discontinued operations	(3,274)	197	(4.262)	(2,303)

7. OTHER INCOME/(EXPENSE)

		Quarter to September		Nine months to September	
in thousands of euros	Note	2012	2011[1]	2012	2011[1]
EMED Operating income (net)	6	778	–	1,698	–
Cancellation fees/settlement of litigation[2]		6,177	–	6,874	6,500
Release of restructuring provision (net)		–	184	–	1,269
Capital gain (net)		1,357	–	1,472	–
Other		425	316	390	4
Other income		**8,737**	**500**	**10,434**	**7,773**
Amortization of intangible assets	10	(45,791)	(3,061)	(51,482)	(9,263)
Restructuring expense (net)		(2,367)	–	(2,593)	–
Other (expense)		**(48,158)**	**(3,061)**	**(54,075)**	**(9,263)**
Total (expense)/income		**(39,421)**	**(2,561)**	**(43,641)**	**(1,490)**

[1] 2011 numbers have been represented for comparative purposes to reflect the classification of the telecom converter business (CVT/LED) as a discontinued operation in Q3 2012.
[2] 2012 cancellation fees are non-cash items and represent release of advance payments received from customers.

8. FINANCE INCOME AND COSTS

	Quarter to September		Nine months to September	
in thousands of euros	Q3 2012	Q3 2011[1]	2012	2011[1]
Interest income on bank deposits	226	268	374	678
Net change in fair value of warrants	31	2,280	154	5,330
Foreign exchange income	–	456	–	–
Finance income	**257**	**3,004**	**528**	**6,008**
Interest expense on loans and payables	(386)	(101)	(666)	(466)
Interest expense on notes payable	(2,458)	(2,446)	(7,376)	(7,336)
Fair valuing of interest swap	(480)	–	(480)	–
Pension-related financial expenses	(428)	(454)	(959)	(1,055)
Foreign exchange costs	(109)	–	(402)	(310)
Other finance costs	(188)	(113)	(471)	(542)
Finance costs	**(4,049)**	**(3,114)**	**(10,354)**	**(9,709)**
Net finance (costs)/income	**(3,792)**	**(110)**	**(9,826)**	**(3,701)**

[1] 2011 numbers have been represented for comparative purposes to reflect the classification of the telecom converter business (CVT/LED) as a discontinued operation in Q3 2012.

Outstanding warrants were shown as a liability on the statement of financial position valued at the market price of the warrants. Changes in the value of the liability are included in the statement of income in Finance income and costs. Income or costs arising from the change in the value of warrants is non-cash.

Interest on notes payable relates to interest accrued at 9.25% on the Notes placed in December 2010 (note 14) and the amortized portion of costs incurred in placing the notes payable. Such costs are expensed over the period that the debt is outstanding using the effective interest method.

Fair valuing of interest swap relates to the difference between the fixed interest and the actual 3-month Euribor plus 5.3% interest conditioned to the six long-term loan agreements that EMED entered into May 29, 2012 (note 6).

Other finance costs include factoring charges.

9. INCOME TAX BENEFIT/(CHARGE)

	Quarter to September		Nine months to September	
in thousands of euros	2012	2011[1]	2012	2011[1]
Current tax (expense)/benefit				
Income tax charge for the period	(755)	(4,498)	(3,707)	(11,570)
Deferred tax (expense)/benefit				
Origination and reversal of temporary differences	14,123	(1,079)	16,502	624
Recognition of current and prior-year tax losses	1,106	38	2,068	1,121
Other	(3)	1	(2)	–
Deferred tax benefit	**15,226**	**(1,040)**	**18,568**	**1,745**
Total income tax benefit/(charge)	**14,471**	**(5,538)**	**14,861**	**(9,825)**

[1] 2011 numbers have been represented for comparative purposes to reflect the classification of the telecom converter business (CVT/LED) as a discontinued operation in Q3 2012.

RECONCILIATION OF EFFECTIVE TAX RATE

	Quarter to September		Nine months to September	
in thousands of euros	2012	2011[1]	2012	2011[1]
(Loss)/income for the period	(29,183)	5,385	(43,930)	8,058
Total income tax (charge)/benefit	14,471	(5,538)	14,861	(9,825)
(Loss)/income before income tax	**(43,654)**	**10,923**	**(58,791)**	**17,883**
Expected income tax benefit using the Company's domestic tax rate of 28.8%	12,573	(3,146)	16,932	(5,150)
Effect of different local tax rates	347	(150)	(107)	(696)
Tax exempt income (change in fair value of warrants)	9	657	44	1,535
Current year losses for which no deferred tax asset was set up	626	(1,521)	(2,735)	(4,293)
Previously recognized tax losses	(120)	(1,247)	(269)	(1,362)
Impact of discontinued operations	72	89	289	230
Other	964	(220)	707	(89)
Income tax benefit/(charge)	**14,471**	**(5,538)**	**14,861**	**(9,825)**

[1] 2011 numbers have been represented for comparative purposes to reflect the classification of the telecom converter business (CVT/LED) as a discontinued operation in Q3 2012.

10. INTANGIBLE ASSETS

The Company performed an impairment test of goodwill for POC, EMS and Telecom. The test was triggered by the lower order intake caused by the weak demand in the polysilicon market and the lower than expected order intake for EMS and Telecom business.

An additional assessment was made on the likely future revenue streams and useful life of POC customers. The specific review of individual customer values resulted in an accelerated amortization charge of €43.3 million in intangible assets. The accelerated amortization charge is recognized in other expenses in the condensed consolidated interim statement of income.

The methodology used in the impairment test is to determine the value in use which is then compared to the carrying value of each cash generating unit (CGU) in order to assess the impairment or otherwise the goodwill.

The business plan for POC includes management's current view of the cyclicality of this business. The cash flow projections for EMS and Telecom were based upon past experience, actual operating results and five-year business plans. Terminal growth rates used in the valuation are set at 1% which can be supported by reference to the trading performance of the Company over a longer period.

In setting the five-year plans management took into account cost improvement initiatives for EES and Headquarter costs. The projections for the five-year plans have been based on some recovery in the economy adjusted for factors expected to influence the units' activities such as growth in renewable markets, changes in order backlog and introduction of new products.

An average pre-tax discount rate of 12.8% (2011: 12.5%) was applied in determining the recoverable amount of the CGUs. The discount rate was applied using the market rate for risk free returns and risk premium and by benchmarking against the cost of equity, capital structure and credit spreads of a peer Group of companies operating in sectors similar to those of AEG PS's operations.

Given the current available headroom any diverse change in key assumptions may result in an impairment of goodwill.

11. DEFERRED TAX ASSETS AND LIABILITIES

UNRECOGNIZED DEFERRED TAX ASSETS

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

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

in thousands of euros	September 30, 2012	December 31, 2011
Tax losses	29,615	26,338
Deductible temporary differences	3,188	3,190
Total unrecognized deferred tax assets	**32,803**	**29,528**

Of the total unrecognized tax losses, €24.7 million have no expiration date.

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities at September 30 are attributable to the following:

in thousands of euros	Assets Sept. 30, 2012	Liabilities Sept. 30, 2012	Assets Dec. 31, 2011	Liabilities Dec. 31, 2011
Property, plant and equipment	34	(3,468)	398	(4,210)
Intangible assets	–	(37,287)	–	(54,223)
Inventories	9	(139)	13	(197)
Employee benefits	2,363	(610)	2,595	–
Provisions	1,222	(399)	1,275	(453)
Other items	1,824	(214)	1,849	(412)
Sub-total	**5,452**	**(42,117)**	**6,130**	**(59,495)**
Tax loss carry-forwards	8,899	–	6,833	–
Tax assets/(liabilities)	**14,351**	**(42,117)**	**12,963**	**(59,495)**
Set-off of deferred tax positions	(14,351)	14,351	(12,963)	12,963
Net tax assets/(liabilities)	**–**	**(27,766)**	**–**	**(46,532)**

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE PERIOD

in thousands of euros	Balance Dec. 31, 2010	Recognized in profit or loss	Balance Dec. 31, 2011	Recognized in profit or loss	Transferred to held for sale	Balance Sept. 30, 2012
Property, plant and equipment	(4,207)	395	(3,812)	(116)	494	(3,434)
Intangible assets	(61,378)	7,155	(54,223)	16,748	188	(37,287)
Inventories	(292)	108	(184)	54	–	(130)
Employee benefits	2,928	(333)	2,595	(348)	(494)	1,753
Provisions	1,865	(1,043)	822	1	–	823
Other items	1,359	78	1,437	173	–	1,610
Sub-total	**(59,725)**	**6,360**	**(53,365)**	**16,512**	**188**	**(36,665)**
Tax loss carry-forwards	7,184	(351)	6,833	2,066	-	8,899
Total	**(52,541)**	**6,009**	**(46,532)**	**18,578**	**188**	**(27,766)**

12. CAPITAL AND RESERVES

A) SHARE CAPITAL

in number of shares	Ordinary shares	Treasury shares	Total shares
Issued at December 31, 2010	**47,636,019**	**2,600,005**	**50,236,024**
Transferred to managers and executive [1]	70,000	(70,000)	–
Issued at December 31, 2011	**47,706,019**	**2,530,005**	**50,236,024**
Transferred to (former) executives [2]	80,000	(80,000)	–
Issued at September 30, 2012 [3]	**47,786,019**	**2,450,005**	**50,236,024**

[1] During the year 2010 30,000 shares were transferred to three managers and 40,000 shares were transferred to Dr. Horst J. Kayser, under the terms of their employment contracts. On December 17, 2010 the Company's shares were admitted to trading on the Regulated Market (Prime Standard) of the Frankfurt stock exchange (FWB) under the ticker symbol 3W9. The shares on the Euronext Amsterdam (ticker 3WP) were delisted on December 19, 2011. On July 24, 2012 the warrants of the Company expired and were delisted from NYSE Euronext, Amsterdam on the same date. During 2012 no warrants were converted into 3W Power shares listed on the Prime Standard of the Frankfurt stock exchange.

[2] During the year 2012 30,000 shares were transferred to Dr. Horst J. Kayser and 50,000 shares were transferred to Gerhard Henschel under the terms of their employment contracts.

[3] Included in Treasury shares are 2,500,000 shares previously held in escrow for the purpose of an earn-out agreement with the former AEG Power Solutions B.V. shareholders. The earn-out was based on the achievement of certain EBITDA targets with respect to fiscal years 2009, 2010 and 2011. The targets have not been met and under the terms of the earn-out agreement the shares were released from escrow to the Company in September 2012.

B) DIVIDEND

No dividends were declared or paid by the Company in 2012 or 2011.

13. EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

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

Loss/profit attributable to ordinary shareholders

	Quarter to September		Nine months to September	
in euros	2012	2011	2012	2011
Basic (loss)/earnings per share	(0.71)	0.10	(1.09)	0.13
Diluted (loss)/earnings per share	(0.71)	0.10	(1.09)	0.13

14. LOANS AND BORROWINGS

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

in thousands of euros	September 30, 2012	December 31, 2011
Non-current		
Notes payable	97,769	97,330
Government loans	667	601
Bank loans	356	227
Other	–	45
Total non-current	**98,792**	**98,203**
Current		
Government loans	56	109
Bank loans	156	142
Bank overdrafts	962	839
Obligations under receivable factoring arrangements	5,679	8,605
Other	53	90
Total current	**6,906**	**9,785**
Grand total of current and non-current	**105,698**	**107,988**

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

in thousands of euros	Currency	Nominal interest rate %	Year of maturity	Nominal value 2012	Carrying amount 2012	Nominal value 2011	Carrying amount 2011
Notes payable [1]	EUR	9.250	2015	100,000	97,769	100,000	97,330
Government loans [2]	EUR	–	2021-2022	723	723	710	710
Bank loans [3]	EUR	Euribor +1.5-2.75	2016	512	512	369	369
Bank overdraft [4]	EUR	Euribor +2.0-4.0	–	962	962	839	839
Obligations under receivable factoring arrangements [5]	EUR	Euribor +0.8-4.0	–	5,679	5,679	8,605	8,605
Other	EUR	–	–	53	53	135	135
Total				**107,929**	**105,698**	**110,658**	**107,988**

Non-current

1 Unsubordinated Notes payable €100,000,000, effective interest 10.11%, due December 1, 2015.
On December 1, 2010 the Company issued loan notes (the "Notes") with a nominal value of €100 million. The Notes were bought by pan-European institutional investors and asset managers. Costs of issuing the Notes amounted to €3,250,000. The Notes bear interest from and including December 1, 2010 to, but excluding December 1, 2015 at a rate of 9.25% pa (10.11% effective interest) payable annually in arrears on December 1 of each year. The first interest payment was made on December 1, 2011. The Notes are redeemable at par on December 1, 2015. The Notes have the benefit of an unconditional and irrevocable guarantee by AEG Power Solutions B.V.
The terms and conditions of the Notes provide that the Company may, at its option, redeem the Notes, in whole but not in part, at any time after the third anniversary of the date of issue at a price of 102% of the principal amount plus accrued interest, and at any time after the fourth anniversary at a price of 101% of the principal amount plus accrued interest. The terms and conditions further provide that the Note holders may require an early redemption in whole or in part at 101% of their principal amount plus accrued interest in the event of a change of control of the Company.
The Notes are traded in the Bondm segment of Stuttgart stock exchange as well as in the Open Market of the Frankfurt stock market.

Other non-current loans

2 Includes four interest-free government loans repayable by varying annual installments in the range of €6-43 thousand. Two of these loans are secured.

3 There are two unsecured bank loans with an initial nominal value of €166 thousand (0% interest) and €300 thousand (interest at Euribor plus 1.5%). There is one secured bank loan with a nominal value of €250 thousand (interest at Euribor plus 2.75 0%). The carrying amounts at September 30, 2012 were €50 thousand, €212 thousand and €250 thousand respectively. The loans are repayable by monthly installments over a period of three and five years respectively.

Current loans

4 Bank overdraft
The bank overdraft is held by one of the Group's subsidiaries. Interest on the overdraft is charged at rates between Euribor plus 2.0% and 4.0%.

5 Obligations under receivable factoring arrangements
The Group has entered into financing agreements which provide for trade receivable financing facilities in France, Italy and Spain, up to a maximum of €21.6 million at September 30, 2012. These finance facilities are secured by trade account receivables. The interest conditions for these finance facilities vary between Euribor plus a margin between 0.8% and 4.0%.The facilities have no fixed expiry date but most are renewable annually.

15. PROVISIONS

Provisions included in current liabilities relate primarily to restructuring of €3.8 million. Long-term provisions relate to product warranty reserves.

16. WARRANTS

The change in fair value of warrants is recorded through the income statement as financial income or cost.

The warrants were traded on Euronext Amsterdam under the symbol 3WPW. The warrants expired on July 24, 2012 and were delisted on the same date. During 2012 no warrants were exercised.

At December 31, 2011, the market price of the warrants was €0.005 per warrant and 30,806,487 number of warrants were outstanding.

17. CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET COMMITMENTS

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 consolidated statement of financial position.

September 30, 2012

in thousands of euros	Within 1 year	2-3 years	4-5 years	After 5 years	Total
Operating leases	3,957	5,424	2,376	1,105	12,862
Unconditional purchase obligations	755	–	–	–	755
Total	**4,712**	**5,424**	**2,376**	**1,105**	**13,617**

The unconditional purchase obligations are related to the requirements to place firm commitments for tangible and intangible assets. Rental expenses under operating leases amounted to €4.4 million in 2012 (€4.1 million in 2011).

OTHER COMMITMENTS

September 30, 2012

in thousands of euros	Within 1 year	2-3 years	4-5 years	After 5 years	Total
Guarantees	6,634	5,120	442	176	12,372

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

TRADEMARK LICENSE AGREEMENT

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

18. CONTINGENCIES

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 interim financial statements or will not result in any significant costs to the Group in the future. 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 Management's best knowledge, no such proceedings are pending.

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.

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

RELATED PARTY INTERESTS IN THE EQUITY AND NOTES OF THE COMPANY

The interests of Directors and other related parties in the shares, warrants and notes of the Company at September 30, 2012 were as follows:

			Awards under long-term incentive plan (LTIP)[1]	
			Part A	Part B
	No. of shares	Notes at nominal value (€)	No. of shares	No. of units
Dr. Dr. h.c. Thomas Middelhoff	1,325,518	–	–	–
Brock and Brock Trust	2,637,427	–	–	–
Ripplewood	15,189,060	–	–	–
Prof. Mark Wössner	30,000	–	–	–
Dr. Horst J. Kayser	254,000	100,000	108,000	300,000
AEG PS managers	111,434	–	120,000	330,000
Total	**19,547,439**	**100,000**	**228,000**	**630,000**

[1] The awards under the LTIP are conditional on remaining in employment with the Group until vesting and are exercisable at different times. The awards under Part B are also conditional on the achievement of certain share price targets. The key features of the LTIP are set out in the consolidated financial statements as at and for the year ended December 31, 2011.

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

Brock Trust refers to a U.S. LLC controlled by Mr. Brock and in which Mr. Huljak has a minority holding. Included in the 2,637,427 shares under Brock and Brock Trust are shares held directly by Messrs. Brock (1,134,014 shares) and Huljak (200,240 shares).

AEG PS managers refer to key executives other than Directors. Mr. Jeffrey Casper was appointed as Chief Financial Officer (CFO) of the Company effective June 1, 2012 and his interests in the shares of the Company are included within those of AEG PS managers. On his appointment as CFO Mr. Casper received a new contract of employment under which he can be awarded €50,000 in shares on June 1, 2013. This award is at the discretion of the Chief Executive Officer and the Compensation Committee of the Board of Directors.

Under his service agreement, Dr. Horst J. Kayser is entitled to receive shares in the Company. Dr. Horst J. Kayser is entitled to receive 40,000, 30,000 and 30,000 shares in the Company on the first, second and third anniversary of his joining the Company respectively. The first tranche of 40,000 was transferred to Dr. Kayser in December 2011 while 30,000 shares were transferred to him in July 2012.

On June 1, 2012, the Company and Mr. Gerhard Henschel, CFO and Executive Director, agreed to terminate his contract of employment by mutual consent. On June 15, 2012 Mr. Henschel left the Company having also stepped down from the Board of Directors. Mr. Henschel's awards under the LTIP all lapsed on leaving the Company. Mr. Henschel was entitled to 50,000 shares under his contract of employment and these were transferred to him in July 2012.

20. SUBSEQUENT EVENTS

There were no significant subsequent events.

APPENDIX

RECONCILIATION OF REPORTED EBIT TO ADJUSTED EBIT

For the period ended September 30

	Quarter to September		Nine months to September	
in millions of euros	Q3 2012	Q3 2011	2012	2011
Reported EBIT	**(39.9)**	**11.0**	**(49.0)**	**21.6**
Adjustments				
Amortization of intangibles on acquisition	4.2	4.8	13.1	14.4
Accelerated amortization of intangibles on acquisition	43.3	–	43.3	–
Restructuring charge/(release)	2.4	(0.1)	2.6	(1.2)
Capital gain on sale of building	(1.4)	–	(1.4)	–
Professional consultancy and other costs	1.7	–	2.4	–
Total adjustments	**50.2**	**4.7**	**60.0**	**13.2**
Adjusted EBIT	**10.3**	**15.7**	**11.0**	**34.8**

DERIVATION OF EBITDA

For the period ended September 30

	Quarter to September		Nine months to September	
in millions of euros	Q3 2012	Q3 2011	2012	2011
Reported EBIT	**(39.9)**	**11.0**	**(49.0)**	**21.6**
Depreciation and amortization charges				
Amortization of intangibles on acquisition	47.5	4.8	56.4	14.4
Depreciation charge on tangible assets	1.4	0.8	4.2	2.6
Depreciation charge on intangible assets	0.5	0.4	1.4	1.1
Other	1.5	0.5	3.0	1.7
Total depreciation and amortization charges	**50.9**	**6.5**	**65.0**	**19.8**
EBITDA	**11.0**	**17.5**	**16.0**	**41.4**

DERIVATION OF NORMALIZED EBITDA

For the period ended September 30

	Quarter to September		Nine months to September	
in millions of euros	Q3 2012	Q3 2011	2012	2011
Adjusted EBIT	**10.3**	**15.7**	**11.0**	**34.8**
Depreciation and amortization charges				
Depreciation charge on tangible assets	1.4	0.8	4.2	2.6
Depreciation charge on intangible assets	0.5	0.4	1.4	1.1
Other	1.5	0.5	3.0	1.7
Total depreciation and amortization charges	**3.4**	**1.7**	**8.6**	**5.4**
Normalized EBITDA	**13.7**	**17.4**	**19.6**	**40.2**

RECONCILIATION FROM REPORTED NET INCOME TO ADJUSTED NET INCOME

For the period ended September 30

	Quarter to September		Nine months to September	
in millions of euros	Q3 2012	Q3 2011	2012	2011
Reported net income	**(34.1)**	**4.9**	**(52.2)**	**6.8**
Adjustments				
Change in fair value of warrants	–	(2.3)	(0.2)	(5.3)
Regular amortization of intangibles on acquisition	4.2	4.8	13.1	14.4
Accelerated amortization of intangibles on acquisition	43.3	–	43.3	–
Restructuring charge/(release)	2.4	(0.1)	2.6	(1.2)
Capital gain on sale of building	(1.4)	–	(1.4)	–
Professional consultancy and other costs	1.7	–	2.4	–
Estimate tax effect on the above	(15,0)	(1.3)	(18.5)	(3.9)
Total adjustments	**(35,2)**	**1.1**	**41.3**	**4.0**
Adjusted net income	**1.1**	**6.0**	**(10.9)**	**10.8**

GENERAL INFORMATION

BOARD OF DIRECTORS

Bruce A. Brock	Chairman
Dr. Horst J. Kayser	Chief Executive Officer
Gerhard Henschel	Chief Financial Officer, resigned on June 1, 2012

Keith Corbin
Robert J. Huljak
Lawrence Lavine
Dr. Thomas Middelhoff
Christopher P. Minnetian
Harris N. Williams
Prof. Mark Wössner

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KPMG Luxembourg S.à r.l.
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L-2520 Luxembourg

LIST OF ABBRIVIATIONS

RES = Renewable Energy Solutions
EES = Energy Efficiency Solutions
POC = Power Controllers
DCT = DC Telecom
EMS = Energy Management Solutions
AC = Alternating current
DC = Direct current
UPS = Uninterruptable Power Supply
CGU = Cash-generating unit

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Note to the condensed consolidated interim financial statements: this is the English original of the condensed consolidated interim financial statements. The condensed consolidated interim financial statements are also translated into German. In case of deviations between these two the English version prevails.

Note regarding the rounding of figures: due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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