

# Consolidated Statement of Financial Position

<b>Asset</b>			
in EUR thousand	[Notes]	<b>31/12/2010</b>	31/12/2009
<b>Non-current assets</b>			
Goodwill	1	61,074	60,914
Intangible assets	2	39,265	37,542
Property, plant and equipment	3	91,946	91,252
Financial investments accounted for using the equity method	4	28,144	23,699
Loans and investments	4, 15	2,019	715
Other assets	5, 15	1,471	1,531
Deferred tax assets	6	2,906	3,827
		<b>226,825</b>	<b>219,480</b>
<b>Current assets</b>			
Inventories	7	64,521	57,024
Trade receivables	8, 15	57,629	58,723
Income tax receivable		298	769
Cash and cash equivalents	9, 15	41,123	35,356
Other assets	5, 15	9,165	8,294
		<b>172,736</b>	<b>160,166</b>
<b>Assets</b>		<b>399,561</b>	<b>379,646</b>
<b>Equity and Liabilities</b>			
in EUR thousand	[Notes]	<b>31/12/2010</b>	31/12/2009
<b>Shareholders' equity</b>			
Share Capital		16,962	16,716
Capital reserves		27,014	25,302
Treasury stock		(112)	(112)
Retained earnings and profit carryforward		91,632	85,577
Profit attributable to shareholders of CENTROTEC Sustainable AG		25,748	5,400
		<b>161,244</b>	<b>132,883</b>
Minority interest presented within equity		(428)	(209)
		<b>160,816</b>	<b>132,674</b>
<b>Non-current liabilities</b>			
Pension provisions	11	22,864	22,253
Other provisions	12	12,027	11,396
Financial liabilities	13, 15	78,720	90,080
Other liabilities	14, 15	3,081	3,621
Deferred tax liabilities	6	14,486	16,727
		<b>131,178</b>	<b>144,077</b>
<b>Current liabilities</b>			
Other provisions	12	2,112	1,708
Income tax payable		7,264	6,042
Financial liabilities	13, 15	33,526	31,727
Trade liabilities	15	32,467	31,402
Other liabilities	14, 15	32,198	32,016
		<b>107,567</b>	<b>102,895</b>
<b>Equity and Liabilities</b>		<b>399,561</b>	<b>379,646</b>

# Consolidated Income Statement

in EUR thousand	[Notes]	01/01/2010 31/12/2010	01/01/2009 31/12/2009
<b>Revenues</b>	<b>24</b>	<b>479,650</b>	<b>466,613</b>
Other income	16	7,600	8,794
Changes in inventories of finished goods and work in progress	17	4,674	(3,400)
Production for own fixed assets capitalised	2	3,050	3,666
Cost of purchased materials and services	17	(235,667)	(225,575)
Personnel expenses	18	(130,829)	(127,142)
Other expenses	19	(73,896)	(76,315)
<b>EBITDA</b>		<b>54,582</b>	<b>46,641</b>
Depreciation and amortisation	2, 3	(18,424)	(17,604)
<b>Operating income (EBIT)</b>		<b>36,158</b>	<b>29,037</b>
Interest income	20	276	735
Interest expense	20	(6,181)	(7,225)
Result from investments	4	4,288	(9,820)
<b>Result before income taxes (EBT)</b>		<b>34,541</b>	<b>12,727</b>
Income taxes	21	(8,969)	(7,511)
<b>Net income (EAT)</b>		<b>25,572</b>	<b>5,216</b>
Profit or loss attributable to minority interest	22	(176)	(184)
Profit or loss attributable to shareholders of CENTROTEC Sustainable AG		25,748	5,400
<b>EPS (Earnings per share in EUR)</b>			
Earnings per share (basic)	23	1.54	0.33
Earnings per share (diluted)	23	1.52	0.32
Weighted average shares outstanding (in thousand units; basic)	10, 23	16,750	16,610
Weighted average shares outstanding (in thousand units; diluted)	10, 23	16,986	16,702

# Consolidated Statement of Comprehensive Income

in EUR thousand	[Notes]	01/01/2010 31/12/2010	01/01/2019 31/12/2009
<b>Net income (EAT)</b>		<b>25,572</b>	<b>5,216</b>
Exchange Rate differences on translation		159	85
Derivative financial instruments		171	(1,925)
Income tax relating to components of other comprehensive income	6	(123)	453
<b>Other comprehensive income, net of tax</b>		<b>207</b>	<b>(1,387)</b>
<b>Total comprehensive income</b>		<b>25,779</b>	<b>3,829</b>
Attributable to:			
Minority interest		(219)	(183)
Shareholders of CENTROTEC Sustainable AG		25,998	4,012

# Consolidated Statement of Cash Flows

in EUR thousand	[Notes]	01/01/2010 31/12/2010	01/01/2009 31/12/2009
Net income before interest and taxes (EBIT)		36,158	29,037
Depreciation and amortisation	2, 3	18,424	17,604
Gain/loss on disposal of fixed assets		113	(184)
Other non-cash items		(308)	(988)
Increase/decrease in provisions		1,647	2,325
Increase/decrease in inventories, trade receivables and other assets that cannot be allocated to investing or financing activities		(7,175)	3,586
Increase/decrease in trade payables and other liabilities that cannot be allocated to investing or financing activities		(2,278)	5,063
Interest paid		(5,740)	(6,728)
Interest received		514	834
Income tax paid		(5,515)	(5,524)
<b>Cash flow from operating activities</b>	<b>25</b>	<b>35,840</b>	<b>45,025</b>
Purchase of property, plant and equipment/intangible assets/ investments/financial assets/loans receivable	2, 3, 4	(22,866)	(21,110)
Proceeds from disposal of property, plant and equipment/intangible assets/ investments/financial assets/loans receivable		789	3,104
<b>Cash flow from investing activities</b>	<b>25</b>	<b>(22,077)</b>	<b>(18,006)</b>
Proceeds from issuance of shares	10	1,642	305
Proceeds from financial liabilities		4,772	6,410
Repayment of financial liabilities		(15,067)	(18,454)
<b>Cash flow from financing activities</b>	<b>25</b>	<b>(8,653)</b>	<b>(11,739)</b>
<b>Change in financial resources*</b>	<b>25</b>	<b>5,110</b>	<b>15,280</b>
Foreign currency exchange gain/loss of the financial resources		(215)	35
Financial resources at the beginning of the financial year		19,716	4,401
Financial resources at the end of the financial year	25	24,611	19,716

\* Cash and cash equivalents deducted of credits current account

# Consolidated Statement of Changes in Equity

in EUR thousand	[Note 10]	Share capital	Capital reserve	Treasury Stock	Stock option reserve	Income tax relating to components of other comprehensive income reserve
<b>January 1, 2010</b>		<b>16,716</b>	<b>25,302</b>	<b>(112)</b>	<b>2,076</b>	<b>663</b>
Transfer to revenue reserves						
Change from exercise of options		246	1,396			
Stock option plan			316		405	
Comprehensive income						(123)
Other changes						
<b>December 31, 2010</b>		<b>16,962</b>	<b>27,014</b>	<b>(112)</b>	<b>2,481</b>	<b>540</b>
<b>January 1, 2009</b>		<b>16,582</b>	<b>25,068</b>	<b>(112)</b>	<b>1,452</b>	<b>210</b>
Transfer to revenue reserves						
Change from exercise of options		134	171			
Stock option plan			63		624	
Comprehensive income						453
Other changes						
<b>December 31, 2009</b>		<b>16,716</b>	<b>25,302</b>	<b>(112)</b>	<b>2,076</b>	<b>663</b>

Exchange Rate differences on translation	Derivative financial instruments	Retained earnings and profit carry-forward	Sum other retained earnings and profit carryforward	Profit attributable to shareholders of CENTROTEC Sustainable AG	Total capital to shareholders of CENTROTEC Sustainable AG	Minority interest presented within equity	Consolidated equity
<b>(237)</b>	<b>(2,315)</b>	<b>85,390</b>	<b>85,577</b>	<b>5,400</b>	<b>132,883</b>	<b>(209)</b>	<b>132,674</b>
		5,400	5,400	(5,400)			
			405		1,642		1,642
			250		721		721
202	171			25,748	25,998	(219)	25,779
<b>(35)</b>	<b>(2,144)</b>	<b>90,790</b>	<b>91,632</b>	<b>25,748</b>	<b>161,244</b>	<b>(428)</b>	<b>160,816</b>
<b>(321)</b>	<b>(390)</b>	<b>66,768</b>	<b>67,719</b>	<b>18,622</b>	<b>127,879</b>	<b>(75)</b>	<b>127,804</b>
		18,622	18,622	(18,622)			
			624		305		305
					687		687
84	(1,925)		(1,388)	5,400	4,012	(183)	3,829
						49	49
<b>(237)</b>	<b>(2,315)</b>	<b>85,390</b>	<b>85,577</b>	<b>5,400</b>	<b>132,883</b>	<b>(209)</b>	<b>132,674</b>

# Consolidated Segment Reporting

		Climate Systems	
		2010	2009
<b>Segment Structure</b>			
in EUR thousand			
<b>Income Statement</b>	[Note 24]		
Revenue from third parties		331,769	309,524
Revenue from other segments		603	413
Changes in inventories of finished goods and work in progress		2,227	(1,245)
Cost of purchased materials		(168,069)	(150,612)
Personnel expenses		(90,266)	(89,084)
Other expenses and income		(40,541)	(38,861)
<b>EBITDA</b>		<b>35,723</b>	<b>30,135</b>
Depreciation and amortisation		(10,751)	(10,598)
<b>Segment result (EBIT)</b>		<b>24,972</b>	<b>19,537</b>
Interest income		177	480
Interest expense		(3,289)	(3,694)
Result from investments		(157)	0
<b>EBT</b>		<b>21,703</b>	<b>16,323</b>
Income taxes			
<b>Net income (EAT)</b>			
Profit or loss attributable to minority interest			
Profit or loss attributable to shareholders CENTROTEC Sustainable AG			
<b>Balance sheet key figures</b>			
Assets*		228,090	218,569
Financial investments accounted for using the equity method		0	0
Loans and investments		982	715
Entitlement to income tax rebates**			
Liabilities		75,812	69,162
Financial liabilities			
Income tax payable**			
<b>Investments</b>			
Total investments in property, plant, equipment and intangible assets ***		7,243	6,489

		European euro countries	
		2010	2009
<b>Regional Structure</b>			
in EUR thousand			
Revenue from third parties		416,954	409,728
thereof Germany		248,048	241,464
Assets****		379,092	361,409
thereof Germany		249,412	233,783
Total investments in property, plant, equipment and intangible assets ***		20,471	17,262

- \* Excl. Financial investments accounted for using the equity method, loans and financial assets available for sale and entitlement to income tax rebates \*\*
- \*\* Including deferred tax
- \*\*\* Incl. goodwill and figures out of business combinations
- \*\*\*\* Excl. entitlement to income tax rebates\*\*

Gas Flue Systems		Medical Technology & Engineering Plastics		Consolidation		Total	
2010	2009	2010	2009	2010	2009	2010	2009
112,835	128,111	35,046	28,978	0	0	479,650	466,613
4,309	840	513	488	(5,425)	(1,741)	0	0
2,037	(813)	410	(1,342)	0	0	4,674	(3,400)
(60,594)	(68,407)	(12,486)	(8,232)	5,482	1,676	(235,667)	(225,575)
(26,376)	(24,822)	(14,187)	(13,236)	0	0	(130,829)	(127,142)
(17,218)	(19,811)	(5,487)	(5,183)	0	0	(63,246)	(63,855)
<b>14,993</b>	<b>15,098</b>	<b>3,809</b>	<b>1,473</b>	<b>57</b>	<b>(65)</b>	<b>54,582</b>	<b>46,641</b>
(5,313)	(4,554)	(2,360)	(2,452)	0	0	(18,424)	(17,604)
<b>9,680</b>	<b>10,544</b>	<b>1,449</b>	<b>(979)</b>	<b>57</b>	<b>(65)</b>	<b>36,158</b>	<b>29,037</b>
356	366	34	39	(291)	(150)	276	735
(2,473)	(2,918)	(710)	(763)	291	150	(6,181)	(7,225)
4,445	(9,820)	0	0	0	0	4,288	(9,820)
<b>12,008</b>	<b>(1,828)</b>	<b>773</b>	<b>(1,703)</b>	<b>57</b>	<b>(65)</b>	<b>34,541</b>	<b>12,727</b>
						(8,969)	(7,511)
						<b>25,572</b>	<b>5,216</b>
						(176)	(184)
						25,748	5,400
101,617	98,937	36,492	33,191	(5)	(61)	366,194	350,636
28,144	23,699	0	0	0	0	28,144	23,699
1,037	0	0	0	0	0	2,019	715
						3,204	4,596
24,178	28,374	4,759	4,860	0	0	104,749	102,396
						112,246	121,807
						21,750	22,769
10,479	9,305	3,871	2,081	0	0	21,593	17,875

European non-euro countries		Rest of world		Consolidation		Total	
2010	2009	2010	2009	2010	2009	2010	2009
53,603	47,439	9,093	9,446	0	0	479,650	466,613
						248,048	241,464
16,839	14,431	2,442	651	(2,016)	(1,441)	396,357	375,050
						249,412	233,783
898	587	224	26	0	0	21,593	17,875

# CENTROTEC Sustainable AG

## Notes to the Consolidated Financial Statements

### for the financial year 2010

## A Basic data for the group

The CENTROTEC Group – hereinafter also referred to as CENTROTEC – is an international group with subsidiaries in thirteen European countries, two Asian countries, one African country and one subsidiary in the USA, posting annual revenue of EUR 480 million (previous year EUR 467 million) and 2,663 employees worldwide (full time equivalents) (previous year 2,589 FTE). The focus of CENTROTEC's activities is the development, production and sale of the following product areas:

- Heating systems and in particular condensing-boiler technology for gas, oil and biomass as the energy source, together with solar thermal systems
- Gas flue systems for heating systems, made predominantly from plastic components
- Technical roof systems
- Ventilation systems with and without heat recovery
- Climate control systems
- Heat pumps
- Combined heat and power units, in particular fuelled by biogas and sewage gas
- Medical technology components and equipment
- Plastic semi-finished products and prefabricated products, and
- Indirectly via the equity interest in the CENTROSOLAR Group, turnkey photovoltaic systems and solar modules, mounting systems and components for solar power systems. Also components for solar power systems such as securing and covering concepts.

As well as the existing businesses, the CENTROTEC Group defines its business purpose as creating and acquiring new business areas and companies in which energy-saving products are developed and sold, and/or the expertise of which lies in the domain of medical technology products, innovative plastic-based products or gas flue and ventilation systems.

CENTROTEC Sustainable AG has been listed on the Frankfurt Stock Exchange as a public limited liability company since December 8, 1998. Many of the companies included in the Consolidated Financial Statements nevertheless go back further. The group parent, CENTROTEC Sustainable AG, Brilon, Germany, is listed in the Prime Standard in the SDAX index under the codes CEV, WKN 540750 and ISIN DE0005407506. CENTROTEC Sustainable AG is entered on the Commercial Register of the Local Court of Arnsberg, Germany, under the number HRB 2161. That group parent's registered offices are located at Am Patbergschen Dorn 9, 59929 Brilon, Germany. CENTROTEC Sustainable AG is not part of a superordinate group, and is the ultimate parent company of the group presented in these Notes and Consolidated Financial Statements. Further financial and corporate information on CENTROTEC is available from the above address, or on the homepage [www.centrotec.de](http://www.centrotec.de).

The financial year of CENTROTEC corresponds to the calendar year. The income statement therefore covers the period from January 1 to December 31, 2010 and has been prepared using the nature of expenditure method. The Consolidated Financial Statements have been prepared in euros; unless otherwise indicated, the amounts quoted refer to thousand euros (EUR thousand). For mathematical reasons, there may be rounding differences of +/- one unit.

## B Standards applied

The Consolidated Financial Statements at December 31, 2010 have been prepared in accordance with the “International Financial Reporting Standards” (IFRS) issued by the International Accounting Standards Board (IASB), as applicable within the European Union (EU), taking account of Section 315a (1) of German Commercial Code. All IFRS standards, the application of which is mandatory for the financial year from January 1, 2010, have been applied.

CENTROTEC Sustainable AG, as the parent company of the CENTROTEC Group, is required to prepare annual financial statements in accordance with the requirements of German Commercial Code.

### Accounting standards applied for the first time

The accounting standards have been revised and published by the IASB. They wholly or partly replace earlier versions of these standards/interpretations or constitute new standards/interpretations. CENTROTEC has applied the following IFRSs in full for the first time or applied the correspondingly revised standards in agreement with the corresponding transitional provisions and – insofar as necessary – adjusted the comparative figures for 2009 in agreement with the new accounting standards:

IAS 27 (revised)/ IFRS 3 (revised)	Consolidated and Separate Financial Statements / Business Combinations
Amendments to IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
Amendments to IFRS 2	Group Cash-settled Share-Based Payment Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distribution of Non-cash Assets to Owners
IFRIC 18	Transfer of Assets from Customers
Diverse	Extinguishing Financial Liabilities with Equity Instruments

All the standards and interpretations listed have been adopted into European law by the European Union.

The application of the new standards and interpretations for the first time had no impact on the Consolidated Financial Statements of the company in the 2010 financial year.

## Accounting standards applicable from the 2011 financial year or later

The following standards and interpretations issued by the IASB have been adopted into European law by the EU. None of the standards to be applied from the 2011 financial year or later was applied early.

IAS 24 (revised)	Related Party Disclosures
Amendments to IAS 32	Classification of Rights Issues
Amendments to IFRIC 14	Prepayments of a Minimum Funding Requirement
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

### **IAS 24 (revised)**

The IASB issued a revised version of IAS 24, Related Party Disclosures, on November 4, 2009. The amendment to IAS 24 in particular fundamentally revised the definition of related parties, and amended the definition of the transactions to be disclosed. Another major priority of the revision is moreover the introduction of a simplified requirement for government-related entities. The revised version of the standard takes effect for financial years beginning on or after January 1, 2011. The new rules are to be applied retrospectively. Earlier application is permitted, and there is scope for applying solely the exemption clause for government-related entities. The application of the amended standard for the first time will not have any impact on the net worth, financial position and financial performance of the group.

### **Amendments to IAS 32**

In October 2009 the IASB published the amendments to IAS 32. The amendments relate to the classification of rights issues, options and warrants with an exercise price denominated in a

currency other than the functional currency of the issuer. Presentation within equity is now called for in certain conditions, irrespective of the currency in which the exercise price is denominated. The amendment is to be applied from the start of the first financial year beginning after January 31, 2010. The amendment is to be applied retrospectively. The application of the amended standard for the first time will not have any impact on the net worth, financial position and financial performance of the group.

### **Amendments to IFRIC 14**

The IASB published an amendment to IFRIC 14 in November 2009. According to this amendment entities that are subject to minimum funding requirements may report the advantage from prepayments in order to fulfil minimum funding requirements as an asset. The amendment is to be applied from January 1, 2011. Its application for the first time will not have any impact on the net worth, financial position and financial performance of the group.

### **IFRIC 19**

The IASB published IFRIC 19 in November 2009. The interpretation deals with the accounting of the full or partial extinguishing of financial liabilities through the issuance of own equity instruments. The interpretation deals exclusively with accounting by the debtor, i.e. the issuer of the equity instruments. IFRIC 19 is to be applied for financial years beginning on or after July 1, 2010. Its application for the first time will not have any impact on the net worth, financial position and financial performance of the group.

In addition, various minor amendments that were adopted into European law on February 18, 2011 were made to the IFRS under the annual IFRS improvement process ("Improvements to IFRSs"). The amendments are to be applied from July 1, 2010 or from January 1, 2011. Their application for the first time will not have any material impact on the net worth, financial position and financial performance of the group.

The following standards and interpretations issued by the IASB had not yet been adopted into European law by the EU as at December 31, 2010:

Amendment to IAS 12	Deferred Tax: Recovery of Underlying Assets
Amendment to IFRS 7	Transfer of Financial Assets
IFRS 9	Financial Instruments: Classification and Measurement

**Amendment to IAS 12**

On December 20, 2010 the IASB published an amendment to IAS 12 Income Taxes that introduces an exception for certain investment properties carried at fair value. The amendment offers a practical solution to the problem of deferral for the question of whether the carrying amount of an asset is recovered through use or through sale, by introducing a rebuttable presumption that recovery of the carrying amount will normally be through sale. As a consequence of the amendment, SIC 21 no longer applies to investment properties carried at fair value. The remaining guidance has been incorporated into IAS 12 and SIC 21 withdrawn. Retrospective application of the amended version is mandatory for financial years beginning on or after January 1, 2012. Its application for the first time will not have any impact on the net worth, financial position and financial performance of the group.

**Amendment to IFRS 7**

The IASB published amendments to IFRS 7 on October 7, 2010. The amendments relate to enhanced derecognition disclosure requirements for transfer transactions of financial assets. The amendments are intended to give users of balance sheets and financial reports an improved understanding of transfer transactions (for example, securitisation or factoring). Where any of the opportunities and risks from such transactions remain with the entity that transferred the assets, including where the financial

assets are disposed of in full, the new disclosure requirements are intended to create greater transparency and clarity about their continuing involvement. Retrospective application of the amendments by enterprises is mandatory for financial years beginning on or after July 1, 2011. In the first year of application, comparative figures are not necessary. Application for the first time will have no effect on the net worth, financial position and financial performance.

**IFRS 9**

IFRS 9 now envisages only two categories into which financial assets are to be classified upon initial recognition: measurement at fair value, and measurement at amortised cost. Measurement at amortised cost requires the scheduled holding of the financial asset to collect the contractual cash flows, as well as contractual terms of the financial asset that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Financial instruments that do not satisfy these requirements are to be measured at fair value. The categorisation made upon initial recognition may only be revised in subsequent periods if the business model under which the asset is held has changed. The standard envisages retrospective application to all existing financial assets, with the circumstances at the date of initial application determining categorisation according to the new rules. Various transitional rules have moreover simplified matters. The rules must be applied from January 1, 2013. It remains to be examined whether this will affect the net worth, financial position and financial performance of the group.

# C Consolidation methods

The balance sheet date of the companies included in the Consolidated Financial Statements is December 31, 2010. The local financial statements of the domestic and foreign subsidiaries included in consolidation have been prepared according to uniform recognition and measurement principles corresponding to those of the parent company, and adjusted, i.e. pursuant to IAS 27.

Unless indicated to the contrary, the consolidation methods applied in these accounts have remained unchanged from the previous year. In connection with the more detailed classification of notes on the items Other provisions, Liabilities, Receivables and Other operating income/expenses, the prior-year figures have been adjusted to reflect the method of allocation for 2010.

## **a** Subsidiaries

Subsidiaries are included in the Consolidated Financial Statements in accordance with the rules on comprehensive consolidation, insofar as controlling influence that constitutes control over the financial and business policy of the subsidiary is exercised by the group. Controlling influence is assumed to apply where a share of more than 50 % of the shareholders' equity with voting rights is held, and where over half the voting rights are at the company's disposal. Potential voting rights that can be exercised or converted at the reporting date are taken into account. Where the group may determine the financial and business policy of a company even if it does not directly hold a majority of voting rights, the company in question is likewise included in consolidation. The date of first or last inclusion in the Consolidated Financial Statements within the context of full consolidation is fundamentally based on the date on which controlling influence is acquired or lost.

Business combinations are reported according to the purchase method. For this purpose, all assets and liabilities as well as contingent liabilities of the acquired company in existence at the time of acquisition are measured at fair value, irrespective of the

existence of minority interests. For each corporate acquisition, CENTROTEC decides on a case by case basis whether the non-controlling interests in the acquired enterprise are measured at fair value or based on the proportion of net assets held in the acquired enterprise. The option of measuring minority interests at fair value is not currently exercised. Minority interests are thus measured on the basis of the proportional net assets allocable to them, without goodwill for the portion allocable to minority interests. The cost of acquisition, including the transaction costs directly allocable to the acquisition, is offset against the corresponding acquirer's interest in the acquiree's net equity at the time of initial inclusion in the Consolidated Financial Statements. The difference in amount between the cost of acquisition and the pro rata net equity is initially allocated to the assets, liabilities and contingent liabilities where its fair value differs from the carrying amount at the time of first-time consolidation. The deferred tax effects resulting from a business combination are likewise taken into account. Any remaining balance in the cost of acquisition over the fair value measurement of the net assets acquired is reported as goodwill. This is then tested for impairment on an annual basis and, if necessary, written down to the lower value determined. Shares in the equity of subsidiaries that are not allocable to the group parent are reported as non-controlling interests. Where the cost of acquisition falls below the fair value measurement of the net assets acquired, the remaining difference is recognised in the income statement.

Intra-group transactions, balances, revenues, expenses and earnings, gains, losses as well as accounts receivable and payable between consolidated companies have been eliminated. For consolidation measures with an effect on income, the effects on income taxes are accounted for and deferred taxes are recognised. Any intercompany profits from trade are eliminated on a pro rata basis if the companies concerned had not left the group as at the balance sheet date. In each case the data of the company managing the inventory has been taken as the basis here.

## D Foreign currency translation

### b Associated companies

Investments in associated companies are included in the Consolidated Financial Statements by the equity method if the ownership interest is between 20 % and 50 % or if the group exercises considerable influence, but no control, by another means. Under the equity method, shares in associated companies are measured initially at cost. The carrying amount is increased or decreased to recognise the investor's profit share of the investee's earnings for the period after the date of acquisition. The share also includes goodwill arisen at the time of acquisition. The investment is then tested for impairment and, if impairment is established, written down to the lower value determined.

Unrealised gains from business transactions between the group and its associated companies are eliminated in proportion to the company's ownership interest; unrealised losses are likewise eliminated proportionally, unless the value of the transferred asset has been diminished. Where the group's share of the loss of an associated company exceeds the carrying amount of its investment, the group does not record any further losses, unless it has assumed liabilities on behalf of the associated company or made payments for obligations of the associated company.

### c Miscellaneous investments

Investments over which the CENTROTEC Group exercises no control or no significant influence and where its ownership interest is generally not in excess of 20 % are recognised as available-for-sale financial assets. Moreover, certain economically insignificant investments are likewise classified as financial assets available for sale.

The Consolidated Financial Statements are prepared in euros (EUR), as this is the functional currency of CENTROTEC Sustainable AG.

As part of the consolidation process, the financial statements of foreign group companies are translated into EUR where they have been prepared in a different currency. Assets and liabilities are translated at closing rates, and expense and income items are translated at average exchange rates for the period under review. Any currency translation differences from this translation into the group reporting currency are recognised within equity with no effect on income. In the event of the disposal of business operations, translation differences hitherto recognised income-neutrally within equity are recognised within income. Where necessary, shareholders' equity is translated at historical rates. Goodwill having arisen from business combinations as well as adjustments of stated amounts to fair values are attributed to the respective units, reassessed in their currency and, if necessary, translated at the exchange rates valid at the reporting date. None of the companies included in the Consolidated Financial Statements is based in a hyperinflationary economy.

The following table shows the exchange rates used for these accounts:

#### Foreign currency translation

ISO Code	Rate at reporting date		Average rate	
	31/12/2010	31/12/2009	2010	2009
GBP	0.8608	0.8881	0.8578	0.8909
DKK	7.4535	7.4418	7.4473	7.4462
CHF	1.2504	1.4836	1.3803	1.5100
PLN	3.9750	4.1045	3.9947	4.3276
USD	1.3362	1.4406	1.3257	1.3948
SGD	1.7136	2.0194	1.8055	2.0241
KES	106.0180	-	104.6882	-

# E Accounting policies

## a Goodwill

Goodwill is the excess of the cost of an investment or of assets over the market value of the acquiree's assets (on a time proportion basis) less liabilities. Goodwill is recognised as an asset included in the carrying amounts of the investment at the time of acquisition of an associated company. It is allocated to the cash generating unit or group of cash generating units where it is assumed that they will benefit from the merger. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of other groups of assets. The cash generating unit does not necessarily correspond to distinctions made under company law. Cash generating units are determined at the lowest possible level at which monitoring is performed, and are never greater than a segment. Allocation is made on the basis of economic features. Gains and losses from the disposal of a company comprise the carrying amount of the goodwill that is allocated to the company being disposed of.

Goodwill is assessed for impairment (value in use) once a year by means of an impairment test, irrespective of whether or not there is evidence of impairment. If necessary, an impairment loss is applied. Goodwill is recognised at cost, less accumulated impairment. If the reasons for a reduction for impairment applied to an asset on the basis of an impairment test have wholly or partly ceased to exist in a subsequent period, that impairment is not reversed accordingly.

## b Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated regular depreciation occasioned by use and impairment. Subsequent costs are capitalised where these are associated with future economic benefit that can reliably be measured. Self-created plant includes shares of overheads in addition to the production-related direct costs. Depreciation is charged according to the straight-line method. If necessary, a reduction for impairment is recognised for property, plant and equipment down to the recoverable amount. All expenses arising in conjunction with the maintenance of property, plant and equipment are recorded in the income statement for the period in which they are incurred.

## c Intangible assets

Intangible assets: acquired brand rights, customer bases, software and licences are capitalised at cost and amortised in accordance with their anticipated useful lives. In the same way, software developments and other development work that can be capitalised at cost are capitalised at cost and likewise amortised in accordance with their respective anticipated useful lives. Intangible assets also comprising brand names identified upon the acquisition of a company are amortised in accordance with the underlying

expectations and not amortised on a regular basis in the event of unlimited use ( $\infty$ , but not infinitely). The customer bases acquired in connection with business combinations are amortised on the basis of anticipated use, shrinkage rates and margins, correspondingly to the anticipated economic benefits. Profitable supply agreements are amortised on the basis of the underlying terms of the agreements, corresponding to the anticipated economic benefits. According to IAS 38, development costs are to be capitalised as "intangible assets" insofar as certain criteria stated are met cumulatively. All expenses arising in conjunction with the maintenance and upkeep of intangible assets are recorded in the income statement in the period in which they are incurred.

### *Useful lives serving as the basis for depreciation and amortisation by the straight-line method for property, plant and equipment and intangible assets:*

	Years
Brand rights, licences and customer bases	3 - 20
Patents/technologies	3 - 25
Capitalised development costs	5 - 10
Buildings	10 - 50
Technical equipment and machinery	3 - 20
Fixtures and office equipment	3 - 15
Software and software developments	3 - 5

Impairment of non-monetary assets such as property, plant and equipment and intangible assets:

Assets that are subject to depreciation and amortisation are examined for impairment if corresponding occurrences or changes in circumstances indicate that the carrying amount may possibly no longer be realisable. Assets that have an indeterminate useful life, such as goodwill, are tested annually for impairment unless indications are detected earlier that impairment may have occurred. The amount by which the carrying amount exceeds the recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of the fair value of the asset less the costs of disposal, and the value in use. For the impairment test, assets are combined at the lowest level for which independent cash flows can be identified (cash generating units). For the determination of the value in use, forecast cash flows are discounted at the WACC (weighted average cost of capital) at the balance sheet date. Non-financial assets (apart from goodwill) where the carrying amount has been reduced for impairment are in subsequent years examined for a recovery in value to the recoverable amount, but to no more than the scheduled values, i. e. without

impairment loss. The reversal of impairment losses recognised in previous periods is recognised within income immediately.

#### **d** Non-current investments

Non-current investments comprise investments in associated companies, non-associated companies (investments), other loans originated by the enterprise, and securities. Investments in associated companies are recognised using the equity method. The other non-consolidated investments as well as securities are allocated to the category "Available-for-sale financial assets" and loans originated by the enterprise to the category "Loans and receivables".

#### **e** Inventories

Inventories are measured at the lower of cost or net realisable value. Raw materials and supplies are valued at the average cost. Work in progress, finished goods and merchandise are measured at average values or on the basis of cost, using the FIFO method. The cost of conversion for work in progress and finished goods consists of direct costs of materials, direct labour, other direct costs as well as appropriate shares of production-related indirect materials and indirect labour which have arisen as a result of bringing the inventories to their current location and current state. It is determined on the basis of normal capacity utilisation. Appropriate discounts are performed for sales-related risks. The net realisable value constitutes the estimated selling price in the ordinary course of business less the estimated costs of completion and sale yet to be incurred.

#### **f** Trade receivables

Trade receivables and other non-derivative financial assets are considered to be current assets provided their maturity date is no more than twelve months from the balance sheet date. They are allocated to the category "Loans and receivables" and are recognised at amortised cost. Appropriate impairment has been recognised for identified risks, as indicated by experience.

#### **g** Deferred tax

Deferred tax relates to tax deferrals resulting from temporarily diverging stated amounts between the balance sheet prepared in accordance with IFRS and the tax balance sheets of the individual companies, as well as from consolidation processes. The deferred tax assets also include tax rebate claims resulting from the anticipated use of existing loss carryforwards in subsequent years and which are to be realised with reasonable certainty. Deferred tax is determined on the basis of the tax rates which are likely to apply in the individual countries at the time of reversal of the departures. It is furthermore based on current legislation and

ordinances. Deferred tax assets and liabilities are not discounted. Deferred tax resulting from temporary differences in connection with acquisitions is reported unless differences cannot be reversed within a foreseeable time frame or the timing of the reversal can be controlled by the company. Deferred tax is fundamentally classified as non-current on the balance sheet.

#### **h** Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and deposits with a maturity of up to 3 months. Amounts owed to banks repayable on demand form an integral part of the group's cash management. For the purpose of the cash flow statement, they are therefore included in the financial resources alongside cash and cash equivalents with a maturity of three months. These amounts owed to banks and due at any time are shown in the balance sheet as financial debt.

#### **i** Shareholders' equity

The issued capital (capital stock) comprises all no par value shares issued by CENTROTEC Sustainable AG. These are reported as shareholders' equity. Each individual share represents a pro rata amount of the capital stock of EUR 1.

The change in the additional paid-in capital is attributable to the premiums from the issuance of shares through the stock option scheme. Transaction costs incurred directly in connection with the issuing of new shareholders' equity are recognised as a deduction from equity including all associated income tax benefits. If a group company acquires treasury stock, the costs including ancillary costs and potential income tax effects are deducted from the shareholders' share of equity in the treasury stock reserve until the treasury stock has been withdrawn from circulation, reissued or sold. In the event of the reissue or sale of treasury stock, the purchase prices received, including all associated transaction costs and income tax benefits, are recognised in the shareholders' share of equity.

Other reserves and profit carryforward essentially comprise the profit carryforward as well as the values of changes from currency translation recognised with no income effect, and changes in interest rate hedging instruments and securities.

The non-controlling interests comprise the equity portions allocable to non-controlling interests, including shares of profits and losses, as well as possible amounts allocable to these from currency translation.

## **j\_ Share-based forms of payment**

CENTROTEC uses share-based forms of payment counterbalanced by equity instruments. Stock options are granted to employees, members of the management and Management Board members on the basis of a stock option scheme. Their recognition and measurement are based on the provisions of IFRS 2. Under IFRS 2, share-based forms of payment are to be reported at the fair value of the consideration received. As the fair value of the consideration received cannot be estimated reliably, CENTROTEC calculates the changes to shareholders' equity indirectly, using the fair value of the stock options granted. In the absence of market prices, this fair value is determined with the aid of a binomial model. This model estimates the price that could be achieved between knowledgeable, willing parties in an arm's length transaction for the stock options concerned at the relevant measurement date. All factors and assumptions that market players would take into consideration in determining the price and that are specified by IFRS are observed. Insofar as applicable, it is assumed when determining the factors and assumptions on which the calculation is based that historical values and developments will likewise apply to future developments and can serve as a point of reference or starting point for calculation parameters. The value of an option is determined on a once-only basis at the time it is granted. Subsequent changes to the parameters are disregarded.

The expense from share-based forms of payment is distributed over the vesting period by the straight-line method as a personnel expense and recognised in the additional paid-in capital for stock options until the option is exercised or lapses. Changes after the end of the vesting period have no effect on income and are only recognised within shareholders' equity. If there are tax effects from share-based forms of payment, the tax effects are shown as a proportion of the personnel expense recognised under tax expense. The excess shares are deferred within equity via deferred tax assets as a surplus amount and recognised directly within equity in a separate reserve for deferred tax.

Income accrued by the company at the time of exercise of stock options, less direct expenses, is allocated to the issued capital and the premium to the additional paid-in capital. Option-related reserves created are moreover allocated pro rata to the additional paid-in capital for the consideration received and for their tax effects. Cash flows from tax effects for share-based forms of payment are recorded in the cash flow statement as allocations to the additional paid-in capital as soon as the cash flow from the relevant tax return has been settled with the tax authorities.

## **k\_ Pension provisions**

The pension provisions are created for defined benefit pension obligations to management and other employees, and calculated on the basis of the present value of future commitments pursuant to IAS 19 using the projected unit credit method, taking into account future pay and pension increases and the mortality tables currently available. A variety of pension plans exist within the group. In the case of existing plan assets, the present value determined is reduced by their fair value and adjusted to reflect as yet unrecognised actuarial gains and unrecognised past service cost. Actuarial gains and losses are taken into account where they exceed 10 % of the extent of the liability or value of the asset. These are indicated by experience adjustments and changes to actuarial assumptions. The amount in excess of this corridor is booked to or against income over the period of the average remaining working lives of the active workforce. Past service cost is recognised immediately as an expense unless it is to be distributed on a straight-line basis until a benefit becomes vested.

In many countries in which CENTROTEC employees are engaged, there exists a contribution-based statutory basic pension scheme that pays out a pension on the basis of income and contributions made. In the case of defined contribution plans, fixed amounts are paid to funds outside the group. In paying the contributions to public pension schemes, CENTROTEC has no further benefit obligations. In addition, individual employees in the group have taken out policies with private insurance companies which are subsidised in certain respects on the basis of company agreements. Apart from the personnel expenses for subsidies that are included in employee benefit costs, the group has no further benefit obligations. This applies in particular if a fund outside the group does not maintain sufficient assets to settle the claims made against it from current and previous financial years.

## **l\_ Other provisions**

Other provisions are created for all present obligations at the balance sheet date resulting from previous business transactions or past occurrences, where the amount and due date are uncertain. These accruals and provisions are stated at the present value of the most likely, reliably estimable amount of settlement and are not netted against revenue and gains. The likelihood of the cash outflow must be more than 50 % ("more likely than not" criterion). Provisions are created only where a legal or factual obligation to third parties exists and the level of the provisions could be reliably determined. In the event of a wide range of obligations of a similar nature resulting for instance from statutory warranty obligations,

they shall be determined on the basis of this group of obligations. Provisions may in certain circumstances be recognised as a liability if the likelihood of an isolated obligation materialising within the underlying overall group is slight.

The provision for warranties should likewise be created for reworking free of charge, substitute deliveries, price reductions or compensation payments for nonfulfilment. It may be based on statutory obligations or on an independent warranty commitment. Within the CENTROTEC Group, as well as individual provisions, general provision should be created if a warranty claim must be expected on the basis of past events. The flat rate is to be determined independently by each group company on the basis of past experience.

### **m** Borrowings and trade payables

Borrowings and trade payables are allocated to the category "Financial liabilities measured at amortised cost". Liabilities from loans are classified as current if they are repayable within the next twelve months.

### **n** Leases

Leases where all opportunities and risks are allocable in substance to the group are classified as finance leases. They are measured at the fair value of the asset at the start of the lease term or at the lower cash value of the future leasing instalments. Every lease payment is divided up into a capital and an interest portion. Leases where significant portions of the opportunities and risks rests with the lessor are classified as operating lease obligations. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease.

### **O** Financial instruments

A financial instrument is any contract that gives rise to both a financial asset at one enterprise and a financial liability or equity instrument at another enterprise. The balance sheet includes both primary and derivative financial instruments. The settlement date is decisive for the initial recognition of a financial instrument. Only in the case of derivative financial instruments is the trade date decisive. A financial instrument is derecognised if the rights to payments from the financial instrument have expired or been transferred in full and the group has in essence transferred all risks and rewards associated with its title.

## **Classification of financial assets**

When reported for the first time, a financial asset is fundamentally to be classified in one of the following categories: loans and receivables, held-to-maturity investments, financial assets at fair value through profit or loss, distinguishing between those that are held for trading and those that have been designated as belonging to this category upon initial recognition, available-for-sale financial assets.

The classification depends on the respective purpose for which the financial assets have been acquired. The management determines the classification of financial assets upon recognition for the first time and re-examines the classification at each reporting date.

Loans and receivables include non-derivative financial assets that have determinable cash flows and are not traded on an active market. If there is the intention to hold investments with a maturity date (e. g. bonds) that are traded on an active market until maturity, they can be categorised as held-to-maturity investments. Financial assets held for trading are to be allocated to the category "financial assets at fair value through profit or loss". Financial instruments are allocated to the category "available-for-sale financial assets" if they are designated as such or if allocation to another category is not possible.

Derivates are fundamentally to be classified as financial assets held for trading unless they have been designated as an effective hedging instrument for hedge accounting (hedging derivatives). The latter do not fall into any of the above four categories.

## **Measurement of financial assets**

Loans and receivables as well as held-to-maturity investments are measured at fair value upon initial recognition, taking account of any transaction costs. They are subsequently measured at amortised cost using the effective interest rate method and taking account of any impairment necessary.

Financial assets at fair value through profit or loss and available-for-sale financial assets are generally recognised at fair value both initially and upon subsequent measurement. In the case of available-for-sale financial assets, gains or losses from subsequent measurement (except for impairment losses) are reported income-neutrally in a separate item under equity (revaluation surplus) until the financial asset is derecognised. When the financial

asset is sold, the accumulated measurement result reported in the revaluation surplus is liquidated and recognised in the income statement. In the event of impairment, the revaluation surplus is adjusted by the impairment and the surplus amount reflected in the income statement. Reversals are performed income-neutrally in the case of equity instruments, but otherwise with an effect on income. If the fair value of equity instruments that have been categorised as available-for-sale financial assets cannot be reliably determined, they are measured at cost. No reversals are performed in this instance.

Reductions for impairment are applied if, following recognition of the financial asset upon its receipt, there is objective evidence of impairment that affects the anticipated future cash flows from the financial instrument. The amount of the impairment loss is the difference between the carrying amount and the present value of the anticipated cash flows. In the case of trade receivables, the carrying amount is adjusted by means of an impairment account. In all other cases, the carrying amounts are reduced directly.

The categories loans and receivables and available-for-sale financial assets are of relevance for the CENTROTEC Group. Derivatives are moreover designated as effective hedging instruments for hedge accounting (hedging derivatives).

The loans and receivables category comprises substantially loans, cash and cash equivalents, and trade receivables. The available-for-sale financial assets include investments and securities.

### Accounting of hedging relationships

Derivative financial instruments are fundamentally used within the group for hedging the interest and exchange rate risks resulting from operating activities, financial transactions and investments, and are designated as cash flow hedges. Initial and subsequent measurement are at the fair value. The measurement result is broken down into an effective and an ineffective portion. The effective portion is recognised income-neutrally under a separate item within equity. The ineffective portion of the measurement result, on the other hand, is recognised in the income statement. The accumulated measurement results within equity are liquidated with an income effect if the hedged item starts to affect income.

### Classification of financial liabilities

Financial liabilities are to be classified as belonging to one of the following categories upon initial recognition: financial liabilities at fair value through profit or loss, distinguishing between those that are held for trading and those that have been designated as belonging to this category upon initial recognition, financial liabilities measured at amortised cost.

As with financial assets, the classification here again depends on the respective purpose. If a liability is held for trading, it is to be allocated to the category "Financial liabilities at fair value through profit or loss". All other financial liabilities are to be classified as "Financial liabilities recognised at amortised cost".

Derivates are fundamentally considered as financial liabilities held for trading unless they have been designated as an effective hedging instrument for hedge accounting (hedging derivatives). The latter do not fall into either of the above two categories.

### Measurement of financial liabilities

Financial liabilities at fair value through profit or loss are measured both initially and subsequently at fair value. Financial liabilities measured at amortised cost are measured at fair value, including discounts, upon initial recognition, taking account of any transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Essentially the financial liabilities measured at amortised cost are of relevance for the CENTROTEC Group. Derivatives are designated as effective hedging instruments for hedge accounting (hedging derivatives).

The financial liabilities measured at amortised cost mainly originate from trade payables and from the financing of the group.

### Determination of the fair values of financial instruments

An enterprise is to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in

# F Financial risk management

making the measurements. This hierarchy comprises three levels: a) the prices quoted in active markets for identical assets or liabilities (and adopted unchanged) (Level 1); b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and c) inputs for the asset or liability that are not based on observable market data (non-observable inputs) (Level 3).

The fair values carried in the balance sheet generally correspond to the market prices of the financial assets and liabilities (Level 1). If no market prices are available, they are calculated with the aid of accepted valuation models (Level 2). In the CENTROTEC Group, securities that are measured at market prices come under Level 1. The financial derivatives for which the fair value is determined with the aid of the DCF method come under Level 2. The relevant market prices, interest rates and interest rate volatilities observed at the balance sheet dates and obtained from accepted external sources serve as the input parameters for this method. There are no other financial instruments that are carried at fair value.

## p Revenue recognition

Revenue in particular reflects the fair value of the consideration received or still to be received for deliveries and services in the normal course of business. It is realised if it is probable that the economic benefits associated with the transaction will flow to the group and the amount of the revenue can be measured reliably and has proceeded from its payment. Revenue is recognised net of VAT and discounts, and after elimination of intra-group transactions, when delivery has taken place and transfer of risks and rewards has been completed. Revenue for services is recorded in the period in which the service was rendered.

## q Financing costs

Financing costs such as interest are recognised as income or expense time-proportionally and on an accrual basis that reflects the terms of the asset or liability, using the effective interest rate method. Provided borrowing costs are in connection with the production, construction and acquisition of qualifying assets that necessarily take a substantial period of time to get ready for their intended use or sale, they are capitalised pursuant to IAS 23.

## r Dividends

Dividends such as dividend revenue from investments and shareholders' entitlements to dividend payments are recognised as payments when the right to receive payment arises.

## a Financial risk factors

### Financial risk management objectives and policies

The CENTROTEC Group operates internationally. In view of the variety of its activities, the group is exposed to a large number of financial risks. We take risk to mean unexpected occurrences and possible developments that adversely affect the attainment of set targets and expected progress. Risks that have a material influence on the net worth, financial position and financial performance are of relevance. The group's risk management system analyses various risks and attempts to minimise negative effects on the financial position of the group. Risk management is practised in the finance departments on the basis of existing guidelines. Risk managers identify, measure, assess and support the steering of potential sources of risks.

In measuring and controlling significant individual risks, the group distinguishes between credit, market and liquidity risks.

### Credit risk

We take credit risk to mean the risk of a loss following the defaulting or deterioration in creditworthiness of a business partner. The maximum credit risk corresponds to the aggregate of the carrying amounts of financial assets in the balance sheet which are recognised net of reductions for impairment, plus these same reductions for impairment. Trade receivables exist mainly in respect of customers in Germany and the Netherlands.

Impairment of trade receivables is applied according to uniform rules and cover all discernible creditworthiness risks. Portfolio impairment was created for losses that have materialised but not yet been identified. For further disclosures on impairment and the maturities structure of receivables, we refer to the disclosures on trade receivables.

Credit risks regarding accounts receivable are in essence limited by the application of credit approvals, credit insurance, credit limits and monitoring procedures. The level of a credit limit reflects the creditworthiness of a counterparty and the typical size of the transaction volume with that counterparty. The assessment of creditworthiness is based on the one hand on information from external credit reporting agencies and on the other hand on internally acquired values indicated by experience in dealing with the counterparty in question. With regard to receivables that are neither overdue nor impaired, there is no evidence at the reporting date that the debtors will not meet their commitments from these receivables.

As a result of the large number of customers in various customer groups and their international structure and the application of credit insurance, the credit risk of trade receivables is diversified. CENTROTEC has no significant concentration of credit risk with any single customer. The largest customer in the group accounts for less than 3 % of revenue (previous year 4 %).

## Liquidity risk

We take the liquidity risk in the narrower sense to mean the risk of being unable to meet current or future payment commitments or only being able to meet them on unfavourable terms. The group generates financial resources predominantly through its business operations. The liquidity risk is controlled by maintaining adequate

levels of cash and unutilised credit lines with banks. All contractual loan arrangements are continuously monitored. The following table shows the contractually agreed, undiscounted cash flows from financial instruments. Variable interest payments were stated at the rates determined at the reporting date. Foreign currency amounts were translated using the spot rate at the reporting date.

### Liquidity analysis (including forecast on interest payments)

in EUR '000	Total outstanding amount	Of which maturity less than 1 year	Of which maturity 1 to 2 years	Of which maturity 3 to 5 years	Of which maturity more than 5 years
2009	181,279	81,028	20,503	60,753	18,995
<b>2010</b>	<b>167,538</b>	<b>82,360</b>	<b>20,782</b>	<b>48,791</b>	<b>15,605</b>

There are moreover the following anticipated outflows of liquidity from the derivatives concluded:

### Liquidity analysis for derivatives concluded

in EUR '000	Total outstanding amount	Of which maturity less than 1 year	Of which maturity 1 to 2 years	Of which maturity 3 to 5 years	Of which maturity more than 5 years
2009	5,255	1,593	1,262	2,143	257
<b>2010</b>	<b>3,129</b>	<b>1,279</b>	<b>982</b>	<b>827</b>	<b>41</b>

## Market risk

We take the market risk to mean the risk of a loss that may arise as a result of a change in market parameters that have a bearing on measurement (exchange rate, interest rate, price).

The market risks from currency translation within CENTROTEC are limited, as the transactions take place principally in eurozone countries. However, a growing portion of business activities is taking place in European countries outside the eurozone, particularly Eastern Europe, but the markets outside Europe are

also coming increasingly into focus. This geographical expansion gives rise to limited, manageable exposure to market risks from changes in interest and exchange rates. The group therefore uses instruments for hedging foreign currency risks only selectively.

If the euro had gained 10 % in value against the principal foreign currencies for CENTROTEC at December 31, 2010, earnings would have been lower by EUR 125 thousand (previous year EUR 185 thousand higher). If the euro had lost 10 % in value, earnings would have been higher by EUR 153 thousand (previous year EUR 218 lower).

## Currency sensitivity

in EUR '000 Currency	Rate at reporting date	Rate if EUR gains 10 % in value	Sensitivity if EUR gains 10 % in value	Rate if EUR loses 10 % in value	Sensitivity if EUR loses 10 % in value
CHF	1.2504	1.38	105	1.13	(124)
DKK	7.4535	8.20	142	6.71	(173)
GBP	0.8608	0.95	(148)	0.77	175
PLN	3.9750	4.37	(147)	3.58	181
USD	1.3362	1.47	(74)	1.20	90
SGD	1.7136	1.88	(3)	1.54	4
<b>Total</b>			<b>(125)</b>		<b>153</b>

If the euro had gained 10 % in value at December 31, 2010, shareholders' equity would have been EUR 72 thousand lower (previous year EUR 402 thousand higher) or, if it had lost 10 % in value, EUR 88 thousand higher (previous year EUR 487 thousand lower). The determination of currency sensitivities took account of all significant financial instruments where the currency of the contract is not the same as the functional currency of the CENTROTEC Group. The calculations do not contain currency translation risks, nor deferred and actual taxes.

The market risks from interest rate changes stem predominantly from rate-sensitive financial assets and liabilities where interest rate changes result in changes in the anticipated cash flows. To hedge against adverse interest rate movements, interest rate caps and interest swaps have been concluded in order to hedge against the cash flow risks of loans with variable interest rates; they can be designated cash flow hedges in accordance with IAS 39. For further particulars of the hedging instruments used, please refer to the disclosures on the derivative financial instruments.

If market interest rates had been 100 base points higher or lower at December 31, 2010, earnings would have been EUR 383 thousand (previous year EUR 407 thousand) lower or EUR 381 thousand (previous year EUR 462 thousand) higher. Shareholders' equity would correspondingly have been EUR 1,458 thousand (previous year EUR 1,110 thousand) higher or EUR 747 thousand (previous year EUR 845 thousand) lower at December 31, 2010.

All significant variable-interest receivables and liabilities from primary financial instruments of the CENTROTEC Group as well as cash flows from derivative financial instruments were taken into account in determining the sensitivity of earnings to interest rates. Equity sensitivity was calculated on the basis of hypothetical changes in the market value of the derivatives designated as hedges.

Other risks affecting the prices of financial instruments exist for the CENTROTEC Group above all in the form of market prices. However, at the balance sheet date there were no significant investments in listed companies that were not consolidated or accounted for by the equity method. The near-money market funds reported under securities are not exposed to any significant fluctuations in value.

## Operating risks

Through its operating activities, the group is exposed to market price risks in the form of commodity price risks. These may have a negative effect on the net worth, financial position and financial performance. CENTROTEC assesses these risks on a regular basis by monitoring changes in key indicators as well as market information. These market price risks are controlled predominantly via routine business operations and financing activities.

Credit risks on the procurement side are limited in the case of CENTROTEC. There are a great many suppliers for many raw materials and supplies. In critical areas of procurement, at least two sources of supply exist in virtually every case.

## **b** Capital risk management

The group's aims with regard to capital management are to maintain the company as a going concern, in order to protect the interests and expectations of our shareholders, employees and other stakeholders. Another aim is to maintain an optimum capital structure in order to reduce the capital costs and control the risks, building in a premium for maintaining financial flexibility. To minimise risks, a financing structure is being established in which the financing of the individual parts of the group is

ring-fenced. It is necessary to ensure that both internal and external growth prospects and opportunities can be realised by the company at any time.

Potential measures for influencing the capital structure may concern both equity (e. g. ploughback) and debt (e. g. through the raising/repayment of loans). The target equity ratio should not normally be below 20 %.

<b>Figures in EUR '000</b>	<b>31/12/2010</b>	<b>31/12/2009</b>	<b>31/12/2008</b>	<b>31/12/2007</b>
Shareholders' equity	160,816	132,674	127,804	109,066
Long-term debt	131,178	144,077	155,276	152,350
Short-term debt	107,567	102,895	95,304	100,357
Balance sheet total	399,561	379,646	378,384	361,773
Equity ratio	40.2 %	34.9 %	33.8 %	30.1 %
Debt ratio	59.8 %	65.1 %	66.2 %	69.9 %

# G Critical assumptions and estimates

All assumptions, whether classified as critical or not, may influence the reported net worth or financial performance of the CENTROTEC Group as well as the representation of contingent receivables and liabilities. Assumptions are made continually and are based on past experience and/or other factors. These include expectations regarding the likelihood of events occurring, formed in the prevailing circumstances. Estimates relate to affairs that are highly uncertain at the time of recognition or up until the preparation of the financial statements. They also include alternative assumptions that could have been used in the current period, or the potential changes to assumptions from one period to the next, with a potentially significant impact on the net worth, financial position and financial performance of the CENTROTEC Group. Changes to estimates, i.e. differences between actual values or more recent estimates and past estimates, are taken into account from the time a more accurate insight is gained. The following notes expand on the other presentations in the Consolidated Financial Statements, which refer to assumptions, uncertainties and contingencies.

Significant assumptions and estimates which entail uncertainty and are associated with risks were made in the areas of the consolidated companies, non-current assets, impairment of inventories and trade receivables, contingent purchase price liabilities and provisions.

Non-current assets have either limited or unlimited useful lives. Changes in intended uses, technologies, maintenance intervals and changes in the general economic contexts or sectors in which CENTROTEC is active may result in the recoverable amounts of these assets changing. CENTROTEC therefore examines the useful lives on a regular basis to assimilate the carrying amounts with the realisable benefit by way of reductions for impairment. In spite of every effort to determine appropriate useful lives, certain situations may arise where the value of a non-current asset or group of assets is reduced and thus the economic value is below the carrying amount. As impairment occurs only sporadically, rarely for individual capital goods and not at all for entire classes, it is not possible to estimate these costs precisely as early as the preparation of the financial statements. Such costs are therefore reported only when the corresponding information is known. No general sensitivity analysis for all useful lives is performed.

For acquisitions, assumptions and estimates have an influence on the purchase price allocation process. Assumptions relate in particular to levels of goodwill as well as intangible assets and liabilities, and also in respect of their useful lives with the result that the residual goodwill changes. In the context of business combinations, intangible assets (e. g. patents, customer relationships or supplier agreements) are identified and are subject to estimates in respect of several criteria (quantities, margins, useful lives, discounting rates).

Other estimates that are of significance are in respect of assessing reductions for impairment of goodwill when forecasting the availability of future financial resources and discount rates. Particularly for new business operations, the uncertainty of forecasts is greater than where operations have been in existence for longer.

Goodwill and brands with an uncertain useful life are subjected to an annual impairment test. A sensitivity analysis yielding the following results is moreover performed: if the estimates of the underlying free cash flow had been 10 % lower, there would have been no reduction in goodwill. If the interest rate serving as the basis for discounting of the cash flows had been 100 base points higher, this would have led to a reduction of EUR 80 thousand.

Conditional purchase price components are included in the determination of the purchase price at their fair value at the time of the acquisition independently of their probability of occurrence. The conditional purchase price components may be both equity instruments and financial liabilities. Depending on category, changes in the fair value are taken into account upon subsequent measurement.

CENTROTEC grants various warranties for products. Basic warranties are recognised at the amount of the estimated expenses, taking account of historical data. Furthermore, costs for the repair or replacement of faulty products for an individual customer or for specific customer groups may arise in the course of normal business. In the event of substitution campaigns occurring, even though they are extremely rare, a special provision is formed to cover the anticipated individual costs. As exchange campaigns occur sporadically and rarely, it is not possible to estimate these costs precisely as early as the time of sale. Such expenses are therefore recognised only when the corresponding information is known. In determining provisions for guarantees, various assumptions which affect the level of these provisions are made. Changes in productivity, materials and personnel costs as well as quality improvement programmes have an influence on these estimates. The appropriateness of the provisions recorded is tested on a quarterly basis.

The group is subject to the tax regimes of various countries. Estimates that are of significance are required in the creation of tax provisions and deferred tax items. Transactions and calculations within the normal course of business are subject to various uncertainties with regard to fiscal effects and recognition. The corresponding accounting policies are applied in the creation of provisions for potential liabilities that may arise as a result of future field tax investigations of past transactions. In cases where the final tax calculations deviate from the assumptions originally reported, the effects are taken into account in the income statement.

## H Segment reporting

The operating segments are reported on in a way that corresponds to internal reporting to the principal decision-makers. The principal decision-maker is responsible for decisions regarding the allocation of resources to the operating segments and for examining their profitability. Three Management Board members have been designated the principal decision-makers, with each member exercising control over one of the following three segments:

**1. „Climate Systems“:** in this segment, heating, ventilation and climate control systems together with systems for using renewable energies for detached and semi-detached houses as well as for utility buildings such as public amenities, schools etc. are developed, produced and sold. The main focus of the product range is on a high degree of energy-saving and on interlinking heating, ventilation and climate control systems. In this market segment, CENTROTEC is among the leading companies in Europe.

**2. „Gas Flue Systems“:** here, gas flue systems for diverse applications as well as technical roof products are developed, produced and marketed. The emphasis of these systems is on plastic gas flue systems for condensing boiler systems. In this segment, CENTROTEC is one of the leading companies in Europe. It also produces assemblies made from hot-shaped materials in small production runs.

**3. „Medical Technology & Engineering Plastics“:** this segment develops, manufactures and sells medical technology and diagnostic articles and instruments. This segment also comprises the manufacture and sale of semi-finished plastic products, prefabricated products and assemblies for small series in various sectors, but predominantly in medical technology.

Segment reporting is based on the same accounting policies as for the other sections of the Consolidated Financial Statements. Income and expenditure are directly attributable to the segments on the basis of source or origin. The data is taken from the accounting systems of the companies that are allocated to the respective segments.

## Particulars of the consolidated companies

All direct and indirect subsidiaries of the parent company and group parent are included in the Consolidated Financial Statements of CENTROTEC. The following companies, which simultaneously constitute the CENTROTEC Group, were consolidated within CENTROTEC Sustainable AG at December 31, 2010:

**Company**

	<b>Place and country of incorporation</b>	<b>Share of capital</b>	<b>Subscribed capital</b>	<b>Currency (ISO code)</b>	<b>Founded/acquired</b>
<b>Fully consolidated</b>					
CENTROTEC Sustainable AG	Brilon, DE	-	16,961,961	EUR	*17/07/1998
<b>Segment Climate Systems</b>					
Brink Climate Systems B.V.	Staphorst, NL	100 %	20,004.00	EUR	02/01/2002
Deveko B.V.	Deventer, NL	100 %	18,152.00	EUR	02/01/2002
Golu B.V.	Soest, NL	100 %	18,152.00	EUR	02/01/2002
Kempair B.V.	Eindhoven, NL	100 %	18,152.00	EUR	02/01/2002
Brink Climate Systems Ireland Ltd.	Blessington, IE	100 %	100.00	EUR	10/05/2010
Ned Air Holding B.V.	Ijsselmuiden, NL	100 %	54,454.00	EUR	05/06/2003
Ned Air B.V.	Ijsselmuiden, NL	100 %	54,454.00	EUR	05/06/2003
Ned Air France S.A.S.	Helfrantzkirch, FR	100 %	40,000.00	EUR	12/11/2007
Ned Air UK Ltd.	Manchester, UK	100 %	150.00	GBP	02/10/2006
Ned Air Polska Sp.z.o.o.	Katowice, PL	100 %	50,000.00	PLN	19/03/2008
EnEV-Air GmbH	Ahaus, DE	98.9 %	450,000.00	EUR	29/11/2005
Innosource Holding B.V.	Sassenheim, NL	100 %	38,500.00	EUR	08/09/2005
Innosource B.V.	Sassenheim, NL	100 %	18,000.00	EUR	08/09/2005
Soundscape B.V.	Sassenheim, NL	100 %	18,000.00	EUR	08/09/2005
Centrotec Energy Solutions B.V.	Staphorst, NL	100 %	18,000.00	EUR	08/09/2005
Centrotec Energy Solutions Nederland B.V.	Staphorst, NL	100 %	18,000.00	EUR	19/11/2010
Stiller Wonen B.V.	Amstelveen, NL	100 %	18,151.00	EUR	08/09/2005
Brink-Innosource GmbH	Freudenberg, DE	100 %	25,000.00	EUR	08/09/2005
Wolf Holding GmbH	Mainburg, DE	100 %	25,000.00	EUR	22/09/2006
Wolf GmbH	Mainburg, DE	100 %	20,000,000.00	EUR	05/10/2006
Wolf France S.A.S.	Massy, FR	100 %	40,000.00	EUR	05/10/2006
Wolf Iberica S.A.	Madrid, ES	100 %	781,316.00	EUR	05/10/2006
Wolf Technika Grzewcza Sp.z.o.o.	Warsaw, PL	100 %	2,564,000.00	PLN	05/10/2006
Wolf Heating UK Ltd.	Northwich, UK	100 %	150,000.00	GBP	05/10/2006
Kuntschar & Schlüter GmbH	Wolffhagen, DE	100 %	250,000.00	EUR	01/11/2008
Wolf Klimatechnik B.V.	Kampen, NL	100 %	150,000.00	EUR	05/10/2006
<b>Gas Flue Systems segment</b>					
Ubbink B.V.	Doesburg, NL	100 %	46,286.00	EUR	21/12/1999
Ubbink N.V./S.A.	Gentbrugge, BE	100 %	592,117.48	EUR	21/12/1999
Ubbink UK Ltd.	Brackley, UK	100 %	35,000.00	GBP	21/12/1999
Ubbink France S.A.S.	La Chapelle sur Erdre, FR	100 %	310,000.00	EUR	21/12/1999
Ubbink East Africa Ltd.	Naivasha, Kenya	60 %	100,000.00	KES	17/09/2009
Centrotherm Systemtechnik GmbH	Brilon, DE	100 %	102,258.38	EUR	15/12/1993
Centrotherm Gas Flue Technologies Italy S.R.L.	Verona, IT	100 %	119,000.00	EUR	19/10/2000
Centrotherm Eco Systems, LLC	Albany, USA	65 %	200,000.00	USD	22/04/2009
Centrotec JI Asia Pte. Ltd.	Singapore, SG	57.50 %	170,000.00	SGD	23/04/2003
Centrotec JIT Bintan PT	Bintan, ID	57.50 %	615,484,000.00	IDR	01/01/2004
Centrotec Composites GmbH	Brilon, DE	100 %	27,000.00	EUR	01/08/1990
Centrotec International GmbH	Brilon, DE	100 %	25,000.00	EUR	18/12/2002
Centrotec Energy Solutions GmbH	Brilon, DE	100 %	25,000.00	EUR	23/07/2008

## Company

	Place and country of incorporation	Share of capital	Subscribed capital	Currency (ISO code)	Founded/acquired
<b>Medical Technology &amp; Engineering Plastics segment</b>					
medimondi AG	Fulda, DE	100 %	11,640,000.00	EUR	*16/10/2006
Möller GmbH	Fulda, DE	100 %	60,000.00	EUR	28/08/2003
Möller Medical GmbH	Fulda, DE	100 %	1,400,000.00	EUR	28/08/2003
medimondi AG	Dietikon, CH	100 %	100,000.00	CHF	06/11/2006
bricon ag	Dietikon, CH	100 %	2,000,000.00	CHF	12/09/2007
Centroplast Engineering Plastics GmbH	Marsberg, DE	100 %	250,000.00	EUR	01/08/1990
Rolf Schmidt Industriplast A/S	Kolding, DK	100 %	3,000,000.00	DKK	16/03/2001
Centroplast UK Ltd.	Stafford, UK	100 %	100,000.00	GBP	03/06/2005
Centroplast Solar GmbH	Marsberg, DE	100 %	25,000.00	EUR	14/07/2008

### Companies consolidated using the equity method

Bond Laminates GmbH	Brilon, DE	24.95 %	93,800.00	EUR	21/11/2000
CENTROSOLAR Group AG	Munich, DE	26.16 %	20,333,309.00	EUR	12/08/2005

### Companies recognised as available-for-sale financial assets (non-consolidated companies)\*\*

Wolf Klimatechnik S.a.r.l.	Junglinster, LU	100 %	14,874.00	EUR	05/10/2006
Elco Klöckner Wärme- und Solartechnik GmbH	Leobersdorf, AT	100 %	254,355.00	EUR	05/10/2006
Goodison Thirty Nine Ltd.	Naivasha, Kenya	60 %	100,000.00	KES	17/05/2010
CentroGulf Limited	Abu Dhabi, UAE	20 %	500,000.00	AED	07/07/2010
Hostro GmbH	Wegscheid, DE	4 %	25,000.00	EUR	04/07/2010
Malmö Air AB	Malmö, SE	100 %	100,000.00	SEK	11/02/2010

\* Date of creation by modifying conversion

\*\* Insignificant, therefore not comprehensively consolidated

The sales subsidiary Brink Climate Systems Ireland Ltd., Naas, Ireland, was established in may 2010 and allocated to the Climate Systems segment. The company is fully consolidated.

Compared with the previous year Ubbink East Africa was now operational and is therefore fully consolidated. The company is allocated to the Gas Flue Systems segment. The company furthermore purchased Goodison Thirty Nine Ltd., Nairobi, Kenya. This company is not operational and is consequently not fully consolidated.

The company KORRI\*BAT S.A.R.L. was wound up.

The company Ned Air Austria GmbH was sold for EUR 50 thousand. The sale resulted in losses of EUR 131 thousand that are recognised in the income statement. Controlled bankruptcy proceedings were

opened against the company Ned Air France SAS on October 6, 2010. Because these companies are of no material significance to CENTROTEC, these events had no significant effect on the net worth, financial position and financial performance of the group.

Compared with the position at December 31, 2009, investments and loans originated by the enterprise include the amount of EUR 1 million for Malmö Air AB, Malmö, Sweden, which was purchased in the first quarter of 2010. No IFRS 3 accounting takes place because only intangible assets in the form of patents, and no business operations, were acquired. The company is not operational so for reasons of economy and in view of its lesser significance for the net worth, financial position and financial performance of the CENTROTEC Group it is recognised at cost and reported under investments and loans originated by the enterprise instead of being included in consolidation.

# J Explanatory notes on components of the consolidated financial statements

## 1 Goodwill

The classification and movements of goodwill are shown in the following schedule:

### Goodwill

in EUR '000

2009	
Accumulated cost Jan 1	63,175
Exchange differences	3
Additions	0
Disposals	0
Accumulated cost Dec 31	63,178
<hr/>	
Accumulated impairment Dec 1	(2,264)
Exchange differences	0
Additions	0
Disposals	0
Accumulated impairment Dec 31	(2,264)
<hr/>	
<b>Net carrying amount 31/12/2008</b>	<b>60,911</b>
<b>Net carrying amount 31/12/2009</b>	<b>60,914</b>
<hr/>	
2010	
Accumulated cost Jan 1	63,178
Exchange differences	160
Additions	0
Disposals	0
Accumulated cost Dec 31	63,338
<hr/>	
Accumulated impairment Jan 1	(2,264)
Exchange differences	0
Additions	0
Disposals	0
Accumulated impairment Dec 31	(2,264)
<hr/>	
<b>Net carrying amount 31/12/2009</b>	<b>60,914</b>
<b>Net carrying amount 31/12/2010</b>	<b>61,074</b>

### Allocation of goodwill to segments

in EUR '000	Climate Systems		Gas Flue Systems		Medical Technology & Engineering Plastics		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Euro countries	44,627	44,627	8,142	8,142	2,749	2,749	55,518	55,518
European non-euro countries	-	-	2,968	2,968	2,588	2,428	5,556	5,396
<b>Total</b>	<b>44,627</b>	<b>44,627</b>	<b>11,110</b>	<b>11,110</b>	<b>5,337</b>	<b>5,177</b>	<b>61,074</b>	<b>60,914</b>

The goodwill totalling EUR 60,914 thousand reported at December 31, 2009 rose by an amount of EUR 160 thousand in the 2010 financial year to EUR 61,074 thousand. This was attributable exclusively to income-neutral exchange differences.

There are four distinct cash generating units in the CENTROTEC Group. These four cash generating units constitute the organisational structure of the group (management approach). The impairment test was performed on the basis of value in use. The calculations were based on a cash flow oriented model. The calculations are based on the approved plans for the years 2011 to 2015. A perpetual pension is in addition calculated on the basis of the fifth year of the planning period. The perpetual pension was assumed to have a growth rate of 1.0 % (previous year 1.0 %). The discount rate was formed from the weighted costs of borrowed capital and equity capital, with the equity capital costs derived using CAPM. Depending on the cash generating unit, the discount rate before tax ranges between 7.97 % and 8.77 % (previous year 8.17 % and 8.67 %).

The impairment tests revealed no need for impairment of goodwill in either the 2010 financial year or in the comparative period 2009.

The following table shows the distribution of goodwill between the cash generating units:

Cash generating unit	31/12/2010	31/12/2009
Wolf Group	19,788	19,788
Brink Group	24,839	24,839
Ubbink Group	11,110	11,110
medimondi Group	5,337	5,177
<b>Total</b>	<b>61,074</b>	<b>60,914</b>

The breakdown by operating segment is as follows:

## 2 Intangible assets

The classification and movements of intangible assets are shown in the following schedule:

### Intangible assets

in EUR '000	Industrial rights and similar rights	Software	Capitalised development costs	Assets in course of construction	Total intangible assets
<b>2009</b>					
Accumulated cost Jan 1	17,690	6,942	25,231	0	49,863
Exchange differences	1	10	0	0	11
Additions	80	467	1,635	4,107	6,289
Reclasses	0	(33)	(174)	0	(207)
Disposals	(50)	(896)	0	0	(946)
Accumulated cost Dec 31	17,721	6,490	26,692	4,107	55,010
Accumulated impairment Jan 1	(1,419)	(4,964)	(6,729)	0	(13,112)
Exchange differences	(3)	(9)	(1)	0	(13)
Additions	(363)	(885)	(4,039)	0	(5,287)
Reclasses	0	0	0	0	0
Disposals	50	894	0	0	944
Accumulated impairment Dec 31	(1,735)	(4,964)	(10,769)	0	(17,468)
<b>Net carrying amount 31/12/2008</b>	<b>16,271</b>	<b>1,978</b>	<b>18,502</b>	<b>0</b>	<b>36,751</b>
<b>Net carrying amount 31/12/2009</b>	<b>15,986</b>	<b>1,526</b>	<b>15,923</b>	<b>4,107</b>	<b>37,542</b>
<b>2010</b>					
Accumulated cost Jan 1	17,721	6,490	26,692	4,107	55,010
Exchange differences	4	9	102	0	115
Additions	6	2,446	2,751	2,025	7,228
Reclasses	385	1,733	2,640	(4,270)	488
Disposals	(100)	(98)	(937)	(422)	(1,557)
Accumulated cost Dec 31	18,016	10,580	31,248	1,440	61,284
Accumulated impairment Jan 1	(1,735)	(4,964)	(10,769)	0	(17,468)
Exchange differences	(1)	(6)	(20)	0	(27)
Additions	(450)	(1,364)	(3,698)	0	(5,512)
Reclasses	(272)	272	0	0	0
Disposals	100	91	797	0	988
Accumulated impairment Dec 31	(2,358)	(5,971)	(13,690)	0	(22,019)
<b>Net carrying amount 31/12/2009</b>	<b>15,986</b>	<b>1,526</b>	<b>15,923</b>	<b>4,107</b>	<b>37,542</b>
<b>Net carrying amount 31/12/2010</b>	<b>15,658</b>	<b>4,609</b>	<b>17,558</b>	<b>1,440</b>	<b>39,265</b>

EUR 5,158 thousand of this total (previous year EUR 5,286 thousand) served as security for bank loans at the reporting date.

The industrial rights and similar rights include the “Wolf” brand (EUR 11.5 million). The Wolf brand has no specified useful life because we have secured the exclusive right to use the “Wolf” brand under trademark rights; its useful life is therefore indefinite from a legal perspective. Equally when the economic perspective is taken as the assessment basis, we are unable to make any estimate of how long the company and therefore the “Wolf” brand will exist. As a result, following an analysis of all relevant factors we are unable to state any foreseeable limit to the period over which the asset is expected to generate net cash inflows for the enterprise. No amortisation takes place in view of the indefinite useful life. The Wolf brand is therefore subjected to a yearly impairment test, which has hitherto revealed no need for write-down. The parameters used for this correspond to the parameters for the impairment test of goodwill in Note 1. Capitalised develop-

ment costs also include around EUR 8.5 million in carrying amounts from the acquisition of Wolf that were capitalised during purchase price allocation and relate to technologies and development projects.

Expenses for predominantly internal research and development in the financial year amounted to EUR 7,275 thousand (previous year EUR 7,097 thousand). Development activities focused mainly on heating systems, plastic gas flue components, technical roof products, ventilation, climate control and solar systems, coating techniques and applications, medical technology equipment, and software developments. The results of these efforts can be used for a variety of customers. Development expenditures amounting to EUR 2,751 thousand (previous year EUR 1,635 thousand) were capitalised in the year under review, as future benefit in the form of cash flows and additional profit from new products can be predicted with adequate certainty. These include development projects approaching market readiness.

### 3 Property, plant and equipment

The classification and movements of property, plant and equipment are shown in the following schedule:

#### Property, plant and equipment

in EUR '000	Land and buildings	Technical equipment and machinery	Furniture, fixtures and office equipment	Assets in course of construction	Total property, plant and equipment
<b>2009</b>					
Accumulated cost Jan 1	76,105	68,632	32,620	2,766	180,123
Exchange differences	3	23	20	0	46
Additions	1,807	4,597	2,789	2,393	11,586
Reclasses	4	2,211	459	(2,467)	207
Disposals	(4,923)	(5,423)	(3,653)	(11)	(14,010)
Accumulated cost Dec 31	72,996	70,040	32,235	2,681	177,952
Accumulated impairment Jan 1	(19,866)	(47,083)	(18,472)	0	(85,421)
Exchange differences	(1)	(21)	(22)	0	(44)
Additions	(3,243)	(4,551)	(4,523)	0	(12,317)
Reclasses	(168)	(94)	262	0	0
Disposals	2,398	5,246	3,438	0	11,082
Accumulated impairment Dec 31	(20,880)	(46,503)	(19,317)	0	(86,700)
<b>Net carrying amount 31/12/2008</b>	<b>56,239</b>	<b>21,549</b>	<b>14,148</b>	<b>2,766</b>	<b>94,702</b>
<b>Net carrying amount 31/12/2009</b>	<b>52,116</b>	<b>23,537</b>	<b>12,918</b>	<b>2,681</b>	<b>91,252</b>
<b>2010</b>					
Accumulated cost Jan 1	72,996	70,040	32,235	2,681	177,952
Exchange differences	(1)	95	158	0	252
Additions	1,069	2,782	4,602	5,912	14,365
Reclasses	2,719	792	635	(4,634)	(488)
Disposals	0	(3,593)	(1,535)	0	(5,128)
Accumulated cost Dec 31	76,783	70,116	36,095	3,959	186,953
Accumulated impairment Jan 1	(20,880)	(46,503)	(19,317)	0	(86,700)
Exchange differences	(1)	(54)	(121)	0	(176)
Additions	(3,293)	(5,382)	(4,237)	0	(12,912)
Disposals	0	3,483	1,298	0	4,781
Accumulated impairment Dec 31	(24,174)	(48,456)	(22,377)	0	(95,007)
<b>Net carrying amount 31/12/2009</b>	<b>52,116</b>	<b>23,537</b>	<b>12,918</b>	<b>2,681</b>	<b>91,252</b>
<b>Net carrying amount 31/12/2010</b>	<b>52,609</b>	<b>21,660</b>	<b>13,718</b>	<b>3,959</b>	<b>91,946</b>

Land and buildings comprise mainly the production and office buildings in Brilon (Germany), Mainburg (Germany), Doesburg (Netherlands), Kampen (Netherlands), La Chapelle sur Erdre (France), Fulda (Germany), Marsberg (Germany) and Kolding (Denmark).

Technical equipment and machinery at the production plants was extended and technologically upgraded. Other furniture, fixtures and office equipment consists of various items in production, warehouses and administration. The fixed assets include assets to the value of EUR 325 thousand (previous year EUR 346 thousand) reported in the context of finance leases. The bulk of these comprises technical equipment and machinery amounting to EUR 175 thousand (previous year EUR 233 thousand) and other furniture, fixtures and office equipment amounting to EUR 143 thousand (previous year EUR 97 thousand). Software in addition accounted for EUR 7 thousand (previous year EUR 16 thousand). Interest costs amounting to EUR 73 thousand were capitalised in the financial year. The capitalisation rate was 4.51 %. EUR 63,623 thousand of property, plant and equipment served as security for bank loans at the reporting date (previous year EUR 65,604 thousand).

The assets in course of construction at the reporting date consist mainly of the new office and production buildings of Möller Medical GmbH at Fulda as well as technical plant and machinery supplied to the production plants at the reporting date but not yet technically accepted.

Disposals and reclasses of technical plant and machinery as well as other furniture, fixtures and office equipment are moreover in connection with the commissioning of locations or plants or other organisational measures carried out.

#### Carrying amount of the equity investment

in EUR '000	CENTROSOLAR Group AG (consolidated)		Bond Laminates	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Ownership interest in %	26.16	26.16	24.95	24.95
Fixed assets	97,250	90,715	2,970	2,413
Current assets	87,448	92,642	4,436	3,541
Total liabilities	89,121	104,481	5,075	4,768
Revenue	403,446	308,704	11,053	7,741
Profit/loss for the year	15,760	(29,705)	1,307	610

#### 4 Investments accounted for using the equity method, investments and loans originated by the enterprise

These assets comprise investments accounted for using the equity method, other investments that are not included in consolidation, loans originated by the enterprise, and securities.

The investments at year-end still show the investments reported at cost for the sake of simplicity, for reasons of minority.

#### Investments accounted for using the equity method

in EUR '000	31/12/2010	31/12/2009
At Jan 1	23,699	30,587
Share of losses	0	(9,972)
Share of gains	4,445	152
Share of purchase	0	2,932
<b>Close of Dec 31</b>	<b>28,144</b>	<b>23,699</b>

The fair value of CENTROSOLAR Group AG, which is based on the closing price of EUR 5.07 on December 31, 2010 and the number of shares, is EUR 27.0 million. This is below the reported carrying amount of the equity investment of EUR 26.8 million.

## 5 Other assets

The following table shows a breakdown of other assets. The prepaid expenses largely comprise insurance premiums and service expenses.

### Other assets

in EUR '000	31/12/2010	31/12/2009
Other non-current assets		
Derivative assets	9	44
Miscellaneous non-current	1,462	1,487
<b>Total non-current</b>	<b>1,471</b>	<b>1,531</b>
Other current assets		
Payments on account for inventories	1,117	49
Derivative assets	60	275
Miscellaneous financial assets	4,678	3,817
Receivables from VAT	1,505	2,705
Prepaid expenses	1,805	1,448
<b>Total current</b>	<b>9,165</b>	<b>8,294</b>

### Deferred tax assets on temporary differences and tax loss carryforwards

In EUR '000	31/12/2010	Gross		After netting	
		31/12/2009	31/12/2010	31/12/2009	
Reversal expected within 12 months	4,210	3,826	707	524	
Reversal expected after more than 12 months	2,867	2,897	2,199	3,303	
<b>Total</b>	<b>7,077</b>	<b>6,723</b>	<b>2,906</b>	<b>3,827</b>	

The deferred tax assets from loss carryforwards are comprised as follows:

### Tax loss carryforwards

in EUR '000	31/12/2010	31/12/2009
Loss carryforwards	21,356	20,227
Deferred tax assets from loss carryforwards	5,686	5,843
Reductions for impairment	(3,717)	(3,809)
<b>Deferred tax assets from loss carryforwards (net)</b>	<b>1,969</b>	<b>2,034</b>

### Deferred tax liabilities

in EUR '000	31/12/2010	Gross		After netting	
		31/12/2009	31/12/2010	31/12/2009	
Reversal expected within 12 months	5,506	6,437	2,543	3,798	
Reversal expected after more than 12 months	13,151	13,187	11,942	12,929	
<b>Total</b>	<b>18,657</b>	<b>19,624</b>	<b>14,486</b>	<b>16,727</b>	

The miscellaneous financial assets also include e. g. receivables from insurance and suppliers in respect of bonuses.

## 6 Deferred tax assets and tax liabilities

Pursuant to IAS 12 the deferred tax assets and deferred tax liabilities are calculated on the temporary difference between the stated amounts of assets and liabilities in the IFRS balance sheet and the tax balance sheet, and also from tax loss carryforwards. These differences in the stated amounts result among other things from adjustments to stated amounts in the context of business combinations. The net values shown represent the netted values of deferred tax assets and deferred tax liabilities of a group company in respect of a taxation authority.

The deferred tax assets result principally from loss carryforwards, other provisions and pension provisions, and are comprised as follows:

Of the deferred tax assets on loss carryforwards, EUR 2,421 thousand (previous year: EUR 5,159 thousand) relate to companies which also posted a loss in the current year. The deferred tax assets in question were examined on the basis of earnings forecasts and by means of longer-range plans in the event of the loss-making situation continuing.

Except for an amount of EUR 4,121 thousand, the loss carryforwards can be carried forward indefinitely. Of the losses for which carryforward is restricted, EUR 2,052 expire in over five years, EUR 392 thousand within five years, EUR 1,545 within four years and EUR 132 thousand in up to three years.

The composition of deferred tax liabilities is as follows:

The composition of deferred tax assets and deferred tax liabilities by balance sheet item is as follows:

### Deferred tax

in EUR '000	2010	2009
<b>Deferred tax assets (gross)</b>		
Intangible assets	416	20
Property, plant and equipment	194	364
Inventories	520	426
Pension provisions	1,683	1,712
Other provisions	1,130	1,062
Other liabilities	123	161
Miscellaneous	1,042	944
Tax loss carryforwards	1,969	2,034
	<b>7,077</b>	<b>6,723</b>

### Deferred tax liabilities (gross)

Intangible assets	8,971	9,238
Property, plant and equipment	8,317	8,624
Inventories	452	431
Other provisions	99	0
Other liabilities	315	1,086
Miscellaneous	503	245
	<b>18,657</b>	<b>19,624</b>

Of the deferred tax assets and deferred tax liabilities, EUR (123) thousand (previous year EUR 453 thousand) were netted directly with equity. Exchange differences represent EUR (71) thousand of this amount (previous year EUR (44) thousand), and interest rate derivatives EUR (52) thousand (previous year EUR (497) thousand).

### Deferred tax balance sheet items

in EUR '000	31/12/2010	31/12/2009
Deferred tax assets	2,906	3,827
Deferred tax liabilities	(14,486)	(16,727)
<b>Balance</b>	<b>(11,580)</b>	<b>(12,900)</b>
of which: from netting against shareholders' equity	(540)	(663)

### Development in deferred tax

in EUR '000	31/12/2010	31/12/2009
Recognition of deferred tax (balance)	(11,580)	(12,900)
Difference year on year	1,320	2,341

of which:

Recognised in income statement	1,443	1,888
Netted against shareholders' equity (incl. exchange differences)	(123)	453

No deferred tax liabilities were recognised on temporary differences resulting from shares in subsidiaries (outside basis differences) amounting to EUR 4,676 thousand, because these differences will probably not be reversed in the foreseeable future.

## 7 Inventories

The first of the following tables provides a breakdown of the entire carrying amount of inventories. Where the cost price of inventories is higher than their market or fair value, the table shows the carrying amount of these inventories after reductions for impairment. The second table shows inventories according to category.

### Inventories

In EUR '000	31/12/2010	31/12/2009
Inventories at historical cost	23,805	18,186
Inventories at net realisable value:		
Original value at historical cost	45,710	44,537
Provision for obsolescence	(4,994)	(5,699)
Carrying amount after depreciation	40,716	38,838
<b>Total</b>	<b>64,521</b>	<b>57,024</b>

### Inventories by category

In EUR '000	31/12/2010	31/12/2009
Raw materials and supplies	25,983	21,879
Work in progress	9,220	7,906
Finished goods and merchandise	29,318	27,239
<b>Total</b>	<b>64,521</b>	<b>57,024</b>
Of which serving as security for loans/credit lines	41,068	36,632

The reductions for impairment and reversal of reductions for impairment due to restricted realisability produce a net income of EUR 705 thousand (previous year expense of EUR 854 thousand) in the income statement.

## 8 Trade receivables

### Trade receivables

in EUR '000	31/12/2010	31/12/2009
Receivables (0<90 days)	56,215	56,510
Receivables overdue >90<180 days	1,654	1,683
Receivables overdue >180<360 days	1,337	941
Receivables overdue >360 days	1,522	1,072
Receivables from equity investments	395	1,237
<b>Trade receivables prior to impairment</b>	<b>61,123</b>	<b>61,443</b>
Reductions for impairment	(3,494)	(2,720)
<b>Trade receivables after impairment</b>	<b>57,629</b>	<b>58,723</b>
Of which billed in		
EUR	55,375	56,476
USD	963	1,025
GBP	1,868	1,276
DEK	928	627
CHF	50	116
PLN	1,817	1,820
Other currencies	122	103
<b>Total</b>	<b>61,123</b>	<b>61,443</b>
Of which serving as security for loans/credit lines	27,777	25,774

Adequate impairment for losses on receivables has been applied on a case by case basis to cover identified risks. Where there was no objective evidence of impairment in individual cases, specific allowances for collectively assessed financial assets were formed. The table shows the changes in impairment:

### Changes in impairment

in EUR '000	31/12/2010	31/12/2009
Impairment at the start of the financial year	2,720	2,605
Income-effective changes in impairment during the period under review	1,231	1,023
Derecognition of receivables	(380)	(525)
Payments received and recovery in value of receivables originally written off	(114)	(395)
Currency translation effects	37	12
<b>Impairment at end of financial year</b>	<b>3,494</b>	<b>2,720</b>

### Supplementary information on impairment

in EUR '000	Trade receivables prior to impairment	Reductions for impairment	Trade receivables after impairment
Receivables (0<90 days)	56,215	(1,503)	54,712
Receivables overdue >90<180 days	1,654	(714)	940
Receivables overdue >180<360 days	1,337	(233)	1,104
Receivables overdue >360 days	1,522	(1,044)	478
Receivables from equity investments	395	0	395
<b>Total</b>	<b>61,123</b>	<b>(3,494)</b>	<b>57,629</b>

The credit quality of financial assets that are neither overdue nor impaired is determined on the basis of past experience of default rates among our business partners. The credit quality is therefore classified as good.

## 9 Cash and cash equivalents

### Cash and cash equivalents

in EUR '000	31/12/2010	31/12/2009
Cash in hand	28	25
Cash in banks	41,095	35,331
<b>Total</b>	<b>41,123</b>	<b>35,356</b>

## 10 Shareholders' equity

### General

The issued capital of the company amounted to EUR 16,961,961 at December 31, 2010 (at December 31, 2009: EUR 16,716,262). It is divided into 16,961,961 no par value shares with a notional value of EUR 1.00 per share. The capital stock is fully paid in. With additional paid-in capital of EUR 27,014 thousand, other retained earnings of EUR 91,632 thousand and net income of EUR 25,748 thousand, the group had shareholders' equity allocable to the shareholders of CENTROTEC Sustainable AG of EUR 161,244 thousand (previous year EUR 132,883 thousand) at December 31,

2010. Shareholders' equity rose as a result of the consolidated net income and the capital increases from payments received from the exercising of stock options in 2010, resulting in an increase in the issued capital and the additional paid-in capital from the premiums paid in.

#### Development in number of shares

in thousands	2010	2009
Total, January 1	16,716	16,582
Addition through the exercising of options	246	134
<b>Total, December 31</b>	<b>16,962</b>	<b>16,716</b>

#### Proposal for the distribution of accumulated profit

According to German commercial and stock corporation requirements, the annual financial statements of the group parent CENTROTEC Sustainable AG constitute the basis for the appropriation of profit for the 2010 financial year. A distributable dividend therefore depends, among other things, on the retained earnings reported by that company in the separate financial statements at December 31, 2010. The net income for the year reported there is EUR 570 thousand and the reported retained earnings EUR 22,349 thousand. In a departure from previous years, the Supervisory Board and Management Board of CENTROTEC Sustainable AG will for the first time propose to the Shareholders' Meeting that a dividend of EUR 0.10 per dividend-bearing no par value share be distributed for the 2010 financial year.

#### Treasury stock

A total of 12,080 treasury shares were held at 31.12.10. These shares represent less than 0.1 % of capital stock. These shares were held at the parent as treasury shares as at the reporting date for the annual financial statements. No treasury stock was acquired or sold during the financial year.

Pursuant to the resolution of the Shareholders' Meeting of May 20, 2010 the company is authorised until May 19, 2015 to acquire treasury stock which, together with existing treasury stock, represents up to 10 percent of the capital stock at the time of the authorisation taking effect. The price for the acquisition of these shares may not be more than 10 % higher or more than 10 % lower than the closing price in Xetra trading on the Frankfurt Stock Exchange (or in an equivalent successor system) for shares of the same class and features on the ten trading days preceding the acquisition. The Management Board is authorised to offer all or some of the shares thus acquired to third parties in (part) payment of the acquisition of companies or investments in companies, excluding the shareholders' right of subscription. The Management Board is furthermore authorised to retire the company's treasury stock without the need for a further resolution to be adopted by the Shareholders' Meeting. Retirement may be restricted to part of the purchased shares.

#### Approved capital

Pursuant to the resolution of the Shareholders' Meeting on May 24, 2007 the Management Board is, with the approval of the Supervisory Board, authorised to increase the capital stock on one or more occasions by up to EUR 8,212,082 (in words: eight million two hundred and twelve thousand and eighty two euros) by May 23, 2012 in return for cash and/or contributions in kind through the issuance of new no par value bearer shares (Approved Capital). The Management Board is, with the approval of the Supervisory Board, authorised to exclude the shareholders' statutory subscription right in the following instances:

- ❖ For residual amounts,
  - ❖ If the capital increase is for cash and the issuing price of the new shares does not significantly undercut the market price of the shares of the same class and features already listed at the time when the issuing price is finally fixed by the Management Board, in keeping with Sections 203 (1) and (2), and 186 (3), fourth sentence of German Stock Corporation Law; this authorisation is given with the proviso that neither at the time of this authorisation becoming effective nor at the time of exercising of this authorisation may the total of ten percent of the capital stock be exceeded by the total (i) of the shares which are issued on the basis of the aforesaid authorisation, excluding the subscription right, and of the shares which are issued after this authorisation takes effect on the basis of another authorisation, valid at the time of this authorisation becoming effective, or a substitute authorisation of the former, to utilise an amount of approved capital pursuant to Section 186 (3) fourth sentence of German Stock Corporation Law, excluding subscription rights; (ii) of those shares which may be subscribed to on the basis of the convertible or warrant-linked bonds and which are issued after this authorisation becomes effective, utilising an authorisation resolved at the time of this authorisation becoming effective, or a substitute authorisation of the former, pursuant to Section 186 (3) fourth sentence of German Stock Corporation Law, excluding subscription rights; and (iii) of the treasury stock sold, insofar as that sale after this authorisation becomes effective, on the basis of an authorisation valid at the time of this authorisation becoming effective, or a substitute authorisation of the former, is for cash by a means other than via the stock exchange or through an offer to all shareholders,
  - ❖ For capital increases for contributions in kind for the granting of shares for the purpose of acquiring (including indirectly) companies, parts of companies or investments in companies or assets of other companies,
  - ❖ For issuing to employees of the company.
- The Management Board is furthermore authorised, with the approval of the Supervisory Board, to specify the further details of the effecting of capital increases from approved capital.

## Conditional capital and share-based payments

### **Conditional Capital I**

By resolution of the Shareholders' Meeting of May 28, 2002 the capital stock is conditionally increased (Conditional Capital I). The Management Board was authorised to issue warrants for subscription to new bearer shares in the company until December 31, 2004, on one or more occasions. Employees, managing directors and Management Board members of the company and of its affiliated companies pursuant to Section 17 of German Stock Corporation Law are entitled to subscribe. New shares are created where the options are exercised. These pay dividends from the beginning of the financial year in which the options are exercised. As a result of the exercising of option rights, Conditional Capital II at December 31, 2010 fell to EUR 21,984, divided into 21,984 no par value shares (previous year EUR 175,292, divided into 175,292 no par value shares). In view of the conditions of exercise specified in the shareholders' resolution, stock options from Conditional Capital I may no longer be exercised after the end of the 2010 financial year.

### **Conditional Capital II**

By resolution of the Shareholders' Meeting of June 1, 2005 the capital stock is conditionally increased further (Conditional Capital II). The Management Board is authorised to issue warrants for subscription to new bearer shares in the company until December 31, 2011, on one or more occasions. Employees, managing directors and Management Board members of the company and of its affiliated companies pursuant to Section 17 of German Stock Corporation Law are entitled to subscribe. New shares are created where the options are exercised. These pay dividends from the beginning of the financial year in which the options are exercised. Conditional Capital II at December 31, 2010 amounted to EUR 461,742, divided into 461,742 no par value shares (previous year 526,804 EUR, divided into 526,804 no par value shares).

### **Conditional Capital III**

By resolution of the Shareholders' Meeting on May 29, 2008 the capital stock is conditionally increased by a further EUR 756,000, divided into 756,000 no par value shares (Conditional Capital III). The Management Board is authorised to issue warrants for subscription to new bearer shares in the company on one or more occasions, until December 31, 2014. Employees of CENTROTEC Sustainable AG as well as employees of affiliated companies as defined by Section 17 of German Stock Corporation Law are entitled to subscribe. The managing directors/Management Board members of the above companies are furthermore entitled to subscribe. New shares are created where the options are exercised. These pay dividends from the beginning of the financial year in which the options are exercised. Conditional Capital III at December 31, 2010 amounted to EUR 728,671, divided into 728,671 no par value shares (previous year 756,000 EUR, divided into 756,000 no par value shares).

### **Share-based payment**

CENTROTEC uses share-based payment transactions counter-balanced by equity instruments. The share-based payment agree-

ments are based on corresponding resolutions by Shareholders' Meetings. There accordingly exist conditional capital totalling EUR 1,190,413 at the reporting date of December 31, 2010 (previous year EUR 1,458,096), divided into a total of 1,190,413 (previous year 1,458,096) no par value shares. The Management Board is authorised to issue stock options for subscription to new bearer shares in the company until December 31, 2014 (on one or more occasions); the Supervisory Board decides on their granting to Management Board members. Employees, managing directors and Management Board members of the company and of its affiliated companies pursuant to Section 17 of German Stock Corporation Law are entitled to subscribe, on the basis of individual stock option agreements.

Granting of the stock options is linked to the fulfilment of individual performance targets. Employees, managing directors and Management Board members must achieve individually agreed targets. Attainment of targets leads to the granting of the stock options. The vesting period until the earliest possible time the options may be exercised is two years from the date of issue of the option. This simultaneously necessitates a two-year period of service, so that the option does not lapse. The maximum term of the options is seven years from the time of their granting.

Exercise of options is moreover tied to the fulfilment of market conditions. They may accordingly only be exercised if the market price on the day on which the options may first be exercised or at a later time during the term of the options has risen by 30 % on the exercise price. Exercise is moreover permitted only during certain periods of the year. These exercise periods run from the third to the eighth stock market trading day following the day on which annual and quarterly results are announced, and following the day on which it is announced that annual press conferences have been held. New shares are created at the time an option is exercised. The new shares pay dividends from the beginning of the financial year in which the options are exercised. The exercise price per share (subscription price) to be paid upon exercising of the options is currently 90 % of the average closing price in Xetra trading on the Frankfurt Stock Exchange (or in an equivalent successor system), calculated from the prices on the 30 trading days – for Conditional Capital I – or on the 10 trading days – for Conditional Capital II and Conditional Capital III – preceding the day of issue of the option, but at least one euro.

The weighted average fair value of the options issued in 2010 is EUR 3.21 (previous year EUR 3.39). The options were measured with the aid of a binomial model. The model took the parameters described below as the basis:

The issue date of the 2010 tranche is January 11, 2010 (2009 tranche: February 5, 2009) and the exercise price is EUR 8.50 (previous year EUR 8.30). As in the previous year, no dividend is expected. The risk-free interest rate is 3.08 % (previous year 3.15 %) and is based on risk-free investment alternatives in Germany of a comparable term. The normalised volatility of CENTROTEC shares, based on the historical daily volatility of CENTROTEC shares, was assumed to be 33.95 % p. a. for 2010 (previous year 33.75 %). Volatility describes the intensity of fluctuation in the share price around its mean value over a fixed period.

Levels of target attainment and fluctuation rates among option holders were moreover taken into account when determining the underlying option totals. As soon as the exact number of vested options in a tranche is determined, the anticipated option figures are adjusted to bring them in line with options that have become vested. As the consideration received is in essence not considered for purposes of recognition as assets, it is recognised overall as an expense. A personnel expense amounting to EUR 721 thousand arose in the 2010 financial year from the stock options schemes

described here (previous year: EUR 687 thousand). A further personnel expense of EUR 306 thousand is expected in 2011 from the stock options schemes outstanding at December 31, 2010. The weighted average share price of the stock options exercised in the financial year is EUR 15.36 (previous year EUR 7.88).

The following table shows the stock option tranches with the number of options that may still be exercised:

### Stock option

	Date of issue	Exercise price	Date of expiry	Options at end 2010	Options at end 2009	Changes
Granted 2003	15/04/2003	2.00	14/04/2010	0	16,218	(16,218)
Granted 2004	13/01/2004	4.35	12/01/2011	0	137,090	(137,090)
Granted 2005	01/06/2005	9.85	31/05/2012	117,414	133,150	(15,736)
Granted 2006	13/09/2006	10.60	12/09/2013	104,946	126,040	(21,094)
Granted 2007	08/01/2007	11.10	07/01/2014	191,377	222,173	(30,796)
Granted 2008	23/06/2008	11.70	22/06/2015	150,377	181,326	(30,949)
Granted 2009	05/02/2009	8.30	04/02/2016	158,994	209,000	(50,006)
Granted 2010	11/01/2010	8.50	10/01/2017	215,000*	0	215,000
<b>Total</b>				<b>938,108</b>	<b>1,024,997</b>	<b>(86,889)</b>

\* attainment of targets not yet established

The following table indicates additions and disposals of options outstanding, together with the average exercise prices of movements and reporting-date totals:

### Total options

Units/price in EUR	Options	2010 Avg. exercise price	Options	2009 Avg. exercise price
<b>Start of year</b>	<b>1,024,997</b>	<b>9,13</b>	<b>996,819</b>	<b>8,50</b>
Granted	215,000	8,50	209,000	8,30
Exercised	(245,699)	6,68	(134,146)	2,28
Expired or forfeited	(56,190)	8,64	(46,676)	11,70
<b>End of year</b>	<b>938,108</b>	<b>9,55</b>	<b>1,024,997</b>	<b>9,13</b>
of which exercisable	564,114	10,91	634,671	9,05

### Non-controlling interests (minority interests)

This item includes the shareholders' equity attributable to the minority interests of EUR (428) thousand (previous year EUR (209) thousand).

### 11 Pension provisions

Employees' entitlements to defined benefit plans are based on statutory or contractual arrangements and direct commitments. The pension liabilities in Germany stem to a substantial degree from benefit obligations based on contractual arrangements. These constitute defined benefit commitments by German companies, based substantially on benefit arrangements of the Essen Federation and on guidelines on the granting of company pensions and a defined benefit scheme. The obligations comprise

the payment of retirement benefits, payable upon reaching pensionable age. The level of the payments depends in essence on the number of years' service completed and the pensionable salary prior to the start of benefit payments. The benefit obligations based on these contractual arrangements relate principally to the existing obligations of one domestic company. The plans based on statutory arrangements largely consist of benefit obligations for a limited number of management employees in the Netherlands, who will receive life-long retirement benefit payments from the time their employed relationship ceases as a result of reaching pensionable age. In other countries, there exist commitments to a minor extent.

Retirement benefits in Germany are financed exclusively by means of pension provisions. The benefit obligations in the Netherlands are financed mainly by means of external pension funds.

The accrual for pension plans recognised in the balance sheet corresponds to the present value of the share of retirement benefits earned at the balance sheet date, taking account of future increases (defined benefit obligation, DBO) less the fair value at the balance sheet date of the external plan assets, after adjustment for accumulated, unrecognised actuarial gains and losses and unrecognised past service cost.

The pension provisions were calculated using the projected unit credit method pursuant to IAS 19, which also takes account of anticipated pay and retirement benefit increases. The extent of the provisions has been calculated using actuarial methods and the latest mortality tables (Germany: G. Heubeck 2005; Switzerland: BVG 2005; Netherlands: "Collectief 1993").

### Key actuarial assumptions

in %	2010			2009		
	Germany	Switzerland	Netherlands	Germany	Switzerland	Netherlands
Pensionable age (years)	63	65	65	63	65	65
Discounting rate	5.10	2.75	5.10	5.30	3.25	5.40
Assumed salary increases	2.50	2.00	2.00	2.50	2.00	2.00
Assumed pension increase	1.00	0.75	3.00	1.00	0.70	3.00
Employee turnover	2.00	0.00	2.97	2.00	2.00	2.97
Expected return on plan assets	2.75	2.75	5.10	2.75	3.40	5.40

Discounting has been based on an interest rate in line with a matching average interest rate for high quality corporate bonds. Values for statutorily due termination payments upon taking retirement are also included.

### Retirement benefit payments

in EUR '000	31/12/2010	31/12/2009
Fund-financed obligations	4,069	3,221
Fair value of plan assets	(3,994)	(3,012)
Subtotal	75	209
Present value of non-fund-financed obligations	20,985	19,617
Unrecognised actuarial gains	1,804	2,427
<b>Pension provisions reported</b>	<b>22,864</b>	<b>22,253</b>

### Development in external plan assets

in EUR '000	2010	2009
Plan assets at January 1	3,012	2,519
Expected return on plan assets	145	132
Actuarial gains and losses	622	185
Exchange differences	161	2
Contributions by employer	240	169
Contributions by plan participants	68	102
Payments made	(254)	(97)
<b>Plan assets at December 31</b>	<b>3,994</b>	<b>3,012</b>

The "expected return on plan assets" is based on an assumed long-term return of between 2.75 % and 5.1 %. This takes account of the asset structure, maturities and reinvestment opportunities at the balance sheet date.

### Composition of plan assets

in EUR '000 at December 31	2010	2009
Equity instruments	44	62
Debt instruments	826	710
Land and buildings	110	89
Other plan assets	3,014	2,151
<b>Total plan assets</b>	<b>3,994</b>	<b>3,012</b>

The total plan assets include own financial instruments amounting to EUR 268 thousand (previous year EUR 247 thousand).

The pension commitments developed as follows:

### Development in present value of defined benefit obligation

in EUR '000	2010	2009
At start of financial year	22,838	19,106
Current service cost	544	519
Interest expense	1,183	1,155
Contributions by plan participants	99	102
Exchange differences	179	1
Actuarial gains and losses	1,027	2,560
Payments made	(816)	(605)
<b>At end of the financial year</b>	<b>25,054</b>	<b>22,838</b>

### Development in defined benefit obligations and plan assets

December 31 in EUR '000	2010	2009	2008	2007	2006	2005
Present value of the defined benefit obligation	25,054	22,838	19,106	19,898	22,273	3,108
Fair value of external plan assets	3,994	3,012	2,519	2,251	1,558	1,575
<b>Financing status</b>	<b>21,060</b>	<b>19,826</b>	<b>16,587</b>	<b>17,647</b>	<b>20,715</b>	<b>1,533</b>

### Pension cost

in EUR '000	2010	2009
Current service cost	544	519
Interest expense	1,183	1,155
Expected return on plan assets	(145)	(132)
Actuarial gains recognised in the current year	(12)	(226)
<b>Total</b>	<b>1,570</b>	<b>1,316</b>

The current service cost and the actuarial gains are shown under pension cost, whereas the interest expense and the expected return on plan assets are reported within net interest. The actual return on plan assets amounted to EUR 32 thousand. For the 2010 financial year, payments into the plan of EUR 196 thousand and from the plan of EUR 721 thousand are expected.

In recent years the financing status, comprising the present value of all retirement benefits and the fair value of the plan assets, has changed as follows:

### Sensitivity analysis on pension provisions

The calculations of pension provisions can be influenced substantially by the discount rate applied. We have therefore in addition calculated the pension provisions with a 0.5 % lower discounting rate. This would therefore increase the carrying amount of the defined benefit obligations by EUR 2,015 thousand.

## 12 Provisions

The following table shows the movements in provisions in the year under review:

### Provisions

in EUR '000	Warranty obligations	Claims and legal proceedings	Other personnel-related costs	Miscellaneous provisions	Total
<b>01/01/2010</b>	<b>8,639</b>	<b>1,447</b>	<b>1,480</b>	<b>1,538</b>	<b>13,104</b>
Added	5,686	236	1,233	1,301	8,456
Used	(5,250)	(110)	(409)	(900)	(6,669)
Reversed	(297)	(433)	(214)	(64)	(1,008)
Exchange differences	0	2	0	57	59
Compounding	197	0	0	0	197
<b>31/12/2010</b>	<b>8,975</b>	<b>1,142</b>	<b>2,090</b>	<b>1,932</b>	<b>14,139</b>
Of which use expected <1 year	542	115	0	1,455	2,112

A distinction between short-term and long-term provisions was made on the balance sheet, based on the estimated timing of their use. The provisions for warranty obligations are calculated for each type of revenue according to values indicated by experience, as well as for specific individual cases. The warranty obligations were created for general and individual warranty risks on the basis of various warranty factors. The warranty periods generally last between 2 and 6 years, possibly varying upwards for goodwill reasons. The outflow of resources for claims and court processes is expected within the next 1 to 3 years. The personnel-related provisions largely relate to adjustment measures agreed and were calculated on the basis of court settlement proposals or settlement formulas agreed with individuals or works councils.

The personnel-related provisions moreover include provisions for long-service payments made after employment by the company for a specified number of years. Provisions e. g. for impending losses and agency commission outstanding that will largely be used next year are recognised as a liability in the other accruals and provisions.

## 13 Borrowings

The following table shows bank liabilities and other loans, broken down according to real estate loans, general credit facilities and other loans.

### Liabilities maturities schedule

in EUR '000 31/12/2009	Total outstanding amount	Of which maturity less than 1 year	Of which maturity 1 to 5 years	Of which maturity more than 5 years	Interest rate spread
<b>31.12.2009</b>					
Real estate loans	7,239	1,025	3,669	2,545	3.4 - 6.3 %
Other loans	98,640	14,938	68,928	14,774	2.0 - 6.8 %
General credit facilities	15,640	15,640	0	0	1.6 - 8.5 %
<b>Borrowings excluding leases</b>	<b>121,519</b>	<b>31,603</b>	<b>72,597</b>	<b>17,319</b>	
Finance leases	288	124	164	0	
<b>Total</b>	<b>121,807</b>	<b>31,727</b>	<b>72,761</b>	<b>17,319</b>	
<b>31/12/2010</b>					
Real estate loans	9,696	1,025	3,528	5,143	1.81 - 6.1 %
Other loans	85,735	15,824	61,131	8,780	1.71 - 6.0 %
General credit facilities	16,512	16,512	0	0	1.73 - 8.5 %
<b>Borrowings excluding leases</b>	<b>111,943</b>	<b>33,361</b>	<b>64,659</b>	<b>13,923</b>	
Finance leases	303	165	138	0	
<b>Total</b>	<b>112,246</b>	<b>33,526</b>	<b>64,797</b>	<b>13,923</b>	

*Carrying amounts of liabilities denominated in the following currencies*

in EUR '000	31/12/2010	31/12/2009
EUR	108,145	118,109
DKK	2,414	2,387
CHF	1,563	1,311
USD	112	0
SGD	12	0
<b>Total</b>	<b>112,246</b>	<b>121,807</b>

In the case of the real estate loans, the fixed interest rates in the individual loan agreements expire at various times between 2011 and 2021, with the result that the risk is adequately diversified. The same applies to the other loans, where the fixed interest rates expire between 2011 and 2020. The fair value of the financial debt that was determined by discounting future cash flows is approx. EUR 3.1 million (previous year approx. EUR 4.1 million) above the carrying amounts.

The following tables indicate the level of securities furnished:

*Securities for liabilities to credit institutions*

in EUR '000	31/12/2010	31/12/2009
Property, plant and equipment	63,623	65,604
Intangible assets	5,158	5,286
Inventories	41,068	36,632
Receivables	27,777	25,774
Other assets/cash and cash equivalents	25,583	21,816
<b>Total</b>	<b>163,209</b>	<b>155,112</b>

*Finance leases*

in EUR '000	Total	Of which maturity less than 1 year	Of which maturity 1 to 5 years	Of which maturity over 5 years
<b>31/12/2009</b>				
Minimum lease payments	322	140	182	0
Of which interest portion	34	16	18	0
<b>Present values</b>	<b>288</b>	<b>124</b>	<b>164</b>	<b>0</b>
<b>31/12/2010</b>				
Minimum lease payments	322	171	151	0
Of which interest portion	19	6	13	0
<b>Present values</b>	<b>303</b>	<b>165</b>	<b>138</b>	<b>0</b>

*Securities for liabilities to credit institutions in 2010*

	Pledged interest in companies Ownership interest
Möller GmbH	100 %
Möller Medical GmbH	100 %
Brink Climate Systems B.V.	100 %
Ned Air Holding B.V.	100 %
Ubbink UK Ltd.	100 %
Ubbink France S.A.S.	100 %
Ubbink N.V./S.A.	100 %
Innosource Holding B.V.	100 %
Centrotherm Systemtechnik GmbH	90 %

Security was furnished on the customary commercial terms for lending.

**Finance leases**

Leasing arrangements are entered into only to a limited extent. The decision on whether to finance an investment measure by bank loan or by lease agreement is reached on a case-by-case basis and depends primarily on the prevailing terms available at the time of deciding. The majority of finance lease agreements pursuant to IAS 17 (Finance Leases) incorporate a purchase option at a price of either EUR nil or well below the anticipated market value. It is therefore to be expected that the assets in question will pass into the ownership of the CENTROTEC Group at the end of the lease's term. The following table shows the capital lease obligations with corresponding discounted and nominal leasing instalments including the interest component, broken down according to term.

## 14 Other liabilities

The following summary shows the movement in other liabilities, which rose by EUR 182 thousand from EUR 32,016 thousand to EUR 32,198 thousand in the 2010 financial year. The following table shows the breakdown line by line:

### Other liabilities

in EUR '000	31/12/2010	31/12/2009
<b>Other non-current liabilities</b>		
Financial derivatives	2,495	2,899
Miscellaneous non-current financial liabilities	217	232
Miscellaneous non-current non-financial liabilities	369	490
<b>Total non-current</b>	<b>3,081</b>	<b>3,621</b>
<b>Other current liabilities</b>		
Taxation and social premiums	3,297	3,053
Vacation and overtime	4,592	3,910
VAT	628	2,389
Advances received	944	255
Partial retirement	1,449	2,329
Employee remuneration	7,526	7,215
<b>Non-financial commitments</b>	<b>18,436</b>	<b>19,151</b>
Interest deferrals	588	573
Outstanding invoices	3,000	3,912
Bonus payments to customers	4,059	4,003
Credits outstanding	759	773
Miscellaneous liabilities	5,356	3,604
<b>Miscellaneous financial liabilities</b>	<b>13,762</b>	<b>12,865</b>
<b>Total current</b>	<b>32,198</b>	<b>32,016</b>

The actuarially determined obligations for partial retirement were discounted at 3.75 % and recognised as a liability at their present value. The liabilities, which relate to current partial retirement obligations, were netted against assets from securities amounting to EUR 1,549 thousand (previous year EUR 1,782 thousand). The securities were acquired via a trusteeship in order to fulfil statutory requirements in respect of statutory insolvency insurance for partial retirement obligations entered into. The miscellaneous current liabilities include liabilities for pledges and audit costs, among other things, as well as a current derivative of EUR 14 thousand.

## 15 Supplementary disclosures on financial instruments

The following tables show the carrying amounts of financial assets and liabilities according to measurement category, as well as their fair values:

### Financial assets and liabilities

in TEUR	At amortised cost		At acquisition cost	At fair value		Stated amount acc. to IAS 17	Total	
	Liabilities recognised at amortised cost	Loans and receivables	Available-for-sale financial instruments	Available-for-sale financial instruments	Derivative financial instruments used for hedging purposes		Carrying amount	Carrying amount
<b>Balance sheet item at December 31, 2009</b>	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Carrying amount	Fair value
Loans originated by the enterprise		80					80	80
Investments			0				0	0
Securities				635			635	635
Cash and cash equivalents		35,356					35,356	35,356
Trade receivables		58,723					58,723	58,723
Derivative financial instruments					319		319	319
Miscellaneous financial assets		3,817					3,817	3,817
<b>Total financial assets, December 31, 2009</b>	<b>0</b>	<b>97,976</b>	<b>0</b>	<b>635</b>	<b>319</b>	<b>0</b>	<b>98,930</b>	<b>98,930</b>
Borrowings excluding finance leases	121,519						121,519	125,638
Finance leases						288	288	288
Trade payables	31,402						31,402	31,402
Derivative financial instruments					2,899		2,899	2,899
Miscellaneous financial liabilities	13,097						13,097	13,097
<b>Total financial liabilities, December 31, 2009</b>	<b>166,018</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,899</b>	<b>288</b>	<b>169,205</b>	<b>173,324</b>
<b>Balance sheet item at December 31, 2010</b>								
Loans originated by the enterprise		79					79	79
Investments			1,075				1,075	1,075
Securities				865			865	865
Cash and cash equivalents		41,123					41,123	41,123
Trade receivables		57,629					57,629	57,629
Derivative financial instruments					69		69	69
Miscellaneous financial assets		4,678					4,678	4,678
<b>Total financial assets, December 31, 2010</b>		<b>103,509</b>	<b>1,075</b>	<b>865</b>	<b>69</b>		<b>105,518</b>	<b>105,518</b>
Borrowings excluding finance leases	111,943						111,943	115,091
Finance leases						303	303	303
Trade payables	32,467						32,467	32,467
Derivative financial instruments					2,509		2,509	2,509
Miscellaneous financial liabilities	13,979						13,979	13,979
<b>Total financial liabilities, December 31, 2010</b>	<b>158,389</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,509</b>	<b>303</b>	<b>161,201</b>	<b>164,349</b>

The category of loans originated by the enterprise includes long-term loans that are measured at amortised cost. The fair value of the loans corresponds approximately to the carrying amount.

Interests in companies not included in consolidation and not accounted for by the equity method are summarised in the investments category. These are exclusively non-listed corporate enterprises. The investments are measured at acquisition cost as no publicly listed market prices exist and the fair value cannot be reliably determined due to the uncertainty of future cash flows. The fair value could only be reliably determined through specific sales negotiations.

The carrying amounts of the assets in the securities category correspond to the respective market prices.

The assets in the categories cash and cash equivalents, trade receivables and miscellaneous assets have predominantly short maturity dates, with the result that their carrying amounts at the balance sheet date correspond to the fair values.

The categories derivative assets and liabilities in hedge accounting include exclusively hedging instruments designated as cash flow hedges, which are recognised at their fair value.

The categories trade payables and miscellaneous financial liabilities fundamentally contain liabilities with regularly short maturities. The carrying amounts therefore correspond to the fair values.

The categories borrowings excluding finance leases and finance lease liabilities contain liabilities predominantly with maturities of more than one year. The fair values are determined by discounting the cash flows associated with the liabilities, taking account of the current interest rate parameters. The individual creditworthiness ratings within the group are taken into account in the form of market creditworthiness and liquidity spreads when determining the present value.

#### Net gains or losses from financial instruments by measurement category

The following table shows the net gains or losses on financial instruments taken into account in the income statement, by measurement category. Interest, currency translation, impairment, reversals and results from disposals were taken into account in determining the net results.

#### Net gains or losses on financial instruments

in EUR '000	Loans and receivables	Liabilities not recognised at fair value	Available-for-sale financial instruments	Total
2009	175	(8,161)	0	(7,986)
2010	593	(8,123)	0	(7,530)

#### Derivative financial instruments

The group uses derivative financial instruments such as interest rate swaps and caps for hedging interest rate risks. Forward

contracts to hedge against exchange rate fluctuation were also concluded in the period under review. They comprise cash flow hedges. The following table shows the contracts concluded.

#### Derivative financial instruments

Financial derivatives	Contract volume	2010		2009	
		Total assets	Total liabilities	Total assets	Total liabilities
Interest rate swaps	54,573	0	2,426	0	2,763
Caps	16,750	9	0	44	0
Floors	3,000	0	14	0	66
Collars	1,800	0	69	0	70
Forward contracts	800	60	0	275	0
<b>Total</b>		<b>69</b>	<b>2,509</b>	<b>319</b>	<b>2,899</b>
of which short-term		60	14	275	0

The full fair value of a derivative hedging instrument is classified as a non-current asset/liability provided the maturity of the hedged instrument exceeds 12 months; it is otherwise classified as a current asset/liability.

The ineffective portion of cash flow hedges recognised in the income statement amounts to EUR 88 thousand (previous year EUR 0 thousand). During 2010, net unrealised losses from the measurement of derivatives amounting to EUR 171 thousand (previous year EUR 1,925 thousand) were measured income-neutrally within equity. The future cash flows hedged by means of cash flow hedges will probably fall due in the next five to six years.

#### Interest rate hedging instruments

At December 31, 2010 the fixed interest rates for interest rate swaps varied between 1.86 and 4.40 % (previous year 2.59 and 4.40 %), for caps between 4.25 and 5.00 % (previous year 4.25 and 5.00 %), the interest rate floor is 2.75 % (previous year 2.75 %) and the interest rate collar is 3.25 % (previous year 3.25 %). The gains and losses from interest rate hedging instruments recognised within equity (reserve for cash flow hedges) are continually recognised through profit and loss until the bank loans have been repaid.

#### Forward contracts

Hedged foreign-currency transactions with a high probability of occurrence are expected to occur at various points within the next twelve months. Gains and losses on future contracts in foreign currency at December 31, 2010 that are recognised in the hedging reserve within equity are recognised in the income statement in the period in which the hedged, planned transaction has an effect on the income statement. This normally occurs in the twelve months following the balance sheet date.

### 16 Other income

The breakdown of other income is as follows:

#### Other income

in EUR '000	2010	2009
Costs passed on/costs refunded	1,099	1,327
Government grants	1,012	1,115
Foreign exchange gains	716	195
Reversal of provisions	629	1,437
Insurance and other compensation	256	288
Liquidation/reversal of reductions for impairment on receivables	220	395
Sales proceeds from the disposal of fixed assets	118	277
Income from tenancy agreements	94	657
Other	3,456	3,103
<b>Total</b>	<b>7,600</b>	<b>8,794</b>

The compensation comprises payments from insurers and other compensation received or claimed.

#### Government grants

in EUR '000	2010	2009
Personnel-related	820	914
Miscellaneous	192	201
<b>Total</b>	<b>1,012</b>	<b>1,115</b>

The government grants consist mainly of reimbursements from the Federal Employment Agency for employees in partial retirement. Conditions that were attached to these payments have been fulfilled as at the balance sheet date.

### 17 Cost of purchased materials and services as well as change in inventories

#### Cost of purchased materials

in EUR '000	2010	2009
Cost of purchased materials	227,696	217,587
Cost of purchased services	8,838	8,748
Supplier discounts	(867)	(760)
<b>Total</b>	<b>235,667</b>	<b>225,575</b>

Change in inventories of finished goods and work in progress	(4,674)	3,400
Adjusted cost of purchased materials	230,993	228,975

As well as the cost of materials, the change in inventories includes personnel expense and other expense components. However, the cost of materials component is generally the largest single item.

### 18 Personnel expenses and total employees

#### Personnel expenses

in EUR '000	2010	2009
Wages and salaries	107,798	104,840
Social insurance	11,969	13,841
Expenses for defined benefit plans	532	293
Expenses for defined contribution plans	9,809	7,481
Share-based payment	721	687
<b>Total</b>	<b>130,829</b>	<b>127,142</b>
of which		
Personnel expenses ratio	27.3 %	27.4 %

## Total employees

	Average	2010 At reporting date	Average	2009 At reporting date
FTE (taking account of short-time)	2,662	2,663	2,574	2,589
Individuals	2,781	2,781	2,696	2,744

## 19 Other expenses

Other expenses fell by EUR 2.4 million in the 2010 financial year, from EUR 76.3 million to EUR 73.9 million.

Other expenses are broken down as follows:

### Other expenses

in EUR '000	2010	2009
Outward freight	14,621	13,402
Travel expenses and fleet	9,949	9,093
Promotional costs	8,351	7,944
Guarantee expenses	4,383	6,166
Energy	4,107	4,053
Maintenance costs	3,933	3,208
Rent for buildings	2,892	2,826
Sales commissions	2,702	3,554
Legal and consultancy costs	2,550	2,547
IT expenses	2,146	1,828
Other personnel expenses	2,111	1,882
General running costs	1,738	1,629
Communication	1,460	1,343
Insurance	1,416	1,756
Bad debt losses and impairment	1,150	1,023
Other administrative costs	1,065	995
Other taxes	743	748
Leasing/other rent	624	490
Research and development expenditure	353	687
Patent protection	328	426
Waste disposal	318	358
Membership fees (e. g. Chamber of Commerce)	309	268
Building services	304	264
Investor relations	246	185
Packaging	237	989
Losses from the disposal of assets	231	93
Exchange rate losses	86	106
Miscellaneous	5,543	8,452
<b>Total</b>	<b>73,896</b>	<b>76,315</b>

## 20 Interest income and expense

Interest income and expense is broken down as follows:

### Net interest

in EUR '000	2010	2009
Interest income	276	735
Interest expense on loans	(4,673)	(5,687)
Other interest expense	(1,508)	(1,538)
<b>Total</b>	<b>(5,905)</b>	<b>(6,490)</b>
of which		
Retirement benefit obligations	1,038	1,023

The total interest income and total interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss amount to EUR (4,464) thousand (previous year EUR (5,179) thousand).

## 21 Income tax

Income tax is composed as follows:

### Income tax expense

in EUR '000	2010	2009
Actual income tax expense for the current financial year	10,254	9,666
Actual income tax expense for previous financial years	158	(267)
Deferred tax liabilities	(1,443)	(1,888)
<b>Total</b>	<b>8,969</b>	<b>7,511</b>

Deferred tax income developed as follows:

in EUR '000	2010	2009
From temporary differences	(1,378)	(1,179)
From loss carryforwards	(65)	(709)
<b>Deferred tax income</b>	<b>(1,443)</b>	<b>(1,888)</b>

The relationship between actual tax expense and anticipated tax expense is as follows:

### Reconciliation of actual expense with anticipated tax expense

in EUR '000	2010	2009
Result before income taxes (EBT)	34,541	12,727
Less result from investments recognised using the equity method	(4,445)	9,820
Adjusted result before income taxes	30,096	22,547
<b>Anticipated tax expense</b> (on basis of respective company tax rates)	<b>(8,725)</b>	<b>(6,372)</b>
Anticipated tax rate: 29.0 % (previous year: 28.3 %)		
<b>Adjustments to anticipated tax expense</b>		
Effect of non-deductible expenses and tax-exempt income	(528)	(435)
Tax effects from loss carryforwards	(199)	(544)
Effect from changes in tax rates	(112)	(44)
Adjustments for earlier financial years (actual income tax expense and deferred tax)	595	(116)
<b>Tax expense according to income statement</b>	<b>(8,969)</b>	<b>(7,511)</b>
Effective tax rate (in %)	29.8	33.3

## 22 Profit attributable to non-controlling interests (minority interests)

The other shareholders of CENTROTEC are entitled to a share of gains and losses, as stated separately under non-controlling interests. The net loss shares amount to EUR 176 thousand at the reporting date (previous year net loss share EUR 184 thousand). These comprise profit shares amounting to EUR 1 thousand (previous year EUR 0 thousand) and loss shares amounting to EUR 177 thousand (previous year EUR 184 thousand).

## 23 Earnings per share

The earnings per share (basic) and the diluted earnings per share are illustrated in the following table. The basic earnings per share are calculated on the basis of the profit or loss for the period attributable to the shareholders of CENTROTEC Sustainable AG in relation to the weighted number of shares issued throughout the year, less treasury stock (12,080 shares).

### Basic earnings per share

	31/12/2010	31/12/2009
Consolidated net income of shareholders in EUR '000	25,748	5,400
Weighted average ordinary shares issued, '000	16,750	16,610
<b>Basic earnings per share in EUR</b>	<b>1.54</b>	<b>0.33</b>

The diluted figure includes potential shares from stock options in the number of shares to be taken into account, over and above the number of shares in the basic figure. The diluted earnings per share are based on the assumption that all stock options granted through stock option schemes that could be exercised if the balance sheet date were the end of the contingency period had actually been exercised. Due to the fact that the exercising of stock options is tied to the fulfilment of individual and corporate targets, it is expected that only a smaller number of options than the maximum number granted will be exercised. The dilutive effect is calculated on the assumption that the issue of shares on the basis of potential exercise of options is made at fair value, being the average quoted price of the shares during the financial year in question. The number of dilutive options thus determined is treated as an issue of ordinary shares for no consideration. Such ordinary shares generate no proceeds and have no effect on the net profit attributable to ordinary shares outstanding. Such shares are dilutive and are consequently added to the number of ordinary shares outstanding in the computation of diluted earnings per share.

### Diluted earnings per share

	31/12/2010	31/12/2009
Consolidated net income of shareholders in EUR '000	25,748	5,400
Weighted average ordinary shares issued, '000	16,750	16,610
Assumed exercise of stock options granted (weighted average), '000	236	92
Weighted average diluted ordinary shares issued, '000	16,986	16,702
<b>Diluted earnings per share in EUR</b>	<b>1.52</b>	<b>0.32</b>

## 24 Segment report and revenues

The CENTROTEC Group has identified three reportable segments, which are organised and run largely independently in accordance with the type of products and services they offer: Climate Systems, Gas Flue Systems, and Medical Technology & Engineering Plastics. The three segments are distinguished essentially by their product ranges. The Climate Systems segment encompasses extensive products portfolios of equipment for heating, ventilation and cooling in order to maintain a healthy home climate in every interior. One particular focal area is integrated systems incorporating solutions that use renewable energies. The Gas Flue Systems segment manufactures and sells plastic and metal gas flue systems. The product range is rounded off by almost 1,000 components for gas flue systems engineering and innovative roof products. Finally, the smallest segment Medical Technology & Engineering Plastics develops and sells its own and OEM products from the sphere of medical technology systems and comprehensive solutions, spinal implants and semi-finished products, pre-fabricated parts and assemblies made from engineering plastics for medical technology and plant engineering, all from a single source. One Management Board member is responsible for each segment. Mr Gaffal is responsible for Climate Systems, Mr van der Stege for Gas Flue Systems and Dr Traxler for Medical Technology & Engineering Plastics. The subsidiaries are allocated to one of the three segments in line with their product range and the management responsible for them, and consolidated accordingly. Details of which fully consolidated companies in the Consolidated Financial Statements are allocated to which individual segments are indicated in the presentation of the consolidated companies.

The revenues relate principally to deliveries of goods. They are reported net of VAT, returns, discounts and price reductions. The "Gas Flue Systems" segment also includes the figures for CENTROTEC Sustainable AG and CENTROSOLAR (equity investment). Inter-segmental business is priced according to the

arm's length principle. Pricing is comparable to third party transactions less cost items (in particular distribution costs), which do not occur in inter-segmental transactions. Income and expenditure are allocated directly to the individual companies within the individual segments. The segment expenses and income also include allocations of expenses for the holding company.

Inter-segmental relationships, i.e. relationships and transactions between the individual segments, are eliminated from the consolidation column. This simultaneously reconciles the figures with those in the Consolidated Financial Statements.

The depreciation and amortisation for the segments represent the loss of value by the segments' long-term assets, the investments, and the respective additions to the fixed assets and intangible assets for the segments.

The segment assets include the fixed assets and current assets for each segment. Entitlements to income tax rebates and deferred tax assets capitalised are not included.

### Reconciliation of assets

in EUR '000	2010	2009
Total assets	366,194	350,636
Financial investments accounted for using the equity method	28,144	23,699
Loans and available-for-sale financial assets	2,019	715
Entitlements to income tax rebates	3,204	4,596
<b>Total (ASSETS):</b>	<b>399,561</b>	<b>379,646</b>

The segment liabilities include the operating liabilities and provisions for each segment. Income tax liabilities, deferred tax liabilities and financial debt are not included.

### Reconciliation of liabilities

in EUR '000	2010	2009
Total liabilities	104,749	102,396
Borrowings	112,246	121,807
Income taxes payable	21,750	22,769
Shareholders' equity	160,816	132,674
<b>Total (EQUITY AND LIABILITIES):</b>	<b>399,561</b>	<b>379,646</b>

## 25 Cash flow statement

The Consolidated Cash Flow Statement shows how the group's cash and cash equivalents changed in the course of the financial year under review as a result of cash inflows and outflows. A distinction is made between cash flows from operating activities on the one hand and cash flows from investing and financing activities on the other. The cash flows from operating activities are determined according to the indirect method, by adjusting the earnings before interest and taxes for non-cash items, changes in working capital (receivables and other assets, inventories and liabilities) and all changes that are allocable to investing and financing activities to produce the cash flow from operating activities. By contrast, the interest result and the income taxes paid are based on actual cash flows. The financial resources consist almost exclusively of demand deposits and the availment of current accounts with commercial banks. The financial resources are composed as follows:

### Breakdown of financial resources

in EUR '000	31/12/2010	31/12/2009
Cash in hand	28	25
Cash in banks	41,095	35,331
Bank overdrafts	(16,512)	(15,640)
(included in "Short-term borrowings" item)		
<b>Total</b>	<b>24,611</b>	<b>19,716</b>

The cash flow from operating activities showed a year-on-year fall of EUR 9,185 thousand in 2010, reaching EUR 35.8 million (previous year EUR 45.0 million). This was mainly due to the increased working capital. The cash flow from investing activities amounted to EUR -22.1 million in 2010, compared with EUR -18.0 million in the previous year. The cash flow from financing activities amounted to EUR -8.7 million as a result of the further increase in net repayments (previous year EUR -11.7 million). In total, financial resources in 2010 thus amounted to EUR 24.6 million at the end of the period (previous year EUR 19.7 million).

### Financing streams

in EUR '000	2010	2009
Financial resources raised	4,772	6,410
Financial resources repaid	(15,067)	(18,454)
<b>Change in borrowings</b>	<b>(10,295)</b>	<b>(12,044)</b>

### Cash inflow from asset disposals

in EUR '000	2010	2009
Net residual carrying amounts	902	2,920
Gain/loss on asset disposals	(113)	184
<b>Proceeds from asset disposals</b>	<b>789</b>	<b>3,104</b>

Short-term credit facilities to secure constant liquidity have been arranged with several credit institutions that are independent of each other. At the balance sheet date, the available borrowing facilities from current account, guarantee/surety or discount lines and from a free credit facility included amounts to EUR 28.3 million (previous year EUR 27.3 million).

Substantial non-cash transactions result from the change in deferred taxes and the issuance of stock options.

# K Other particulars

## 1\_ Contingent liabilities and miscellaneous particulars

The customary warranty obligations are assumed, for which provisions have been formed where claims are probable. In the context of its ordinary business activities, the company moreover regularly enters into contingent liabilities from guarantees, cheques and bills of exchange, among other things. Furthermore, contingent liabilities may arise from areas of the group in which there exist statutory arrangements on partial retirement but for which no provisions have been recognised, as it is unlikely that employees in those areas will call upon the existing statutory arrangements.

Provisions were formed for areas in which the probability of use is greater than 50 %.

Overall, it is assumed that over and above the situations described here, no substantial liabilities arose as a result of the contingent liabilities during the audit period, or only to the extent evident in these Notes.

The following table shows the non-capitalised operational leasing obligations at the balance sheet date, with the corresponding lease instalments broken down by maturity or minimum remaining term.

### Operational leasing

in EUR '000	Total	Of which maturity less than 1 year	Of which maturity 1 to 5 years	Of which maturity over 5 years
<b>31/12/2009</b>				
Minimum lease payments	8,997	2,503	5,699	795
Of which interest portion	1,049	104	465	480
<b>Present values</b>	<b>7,948</b>	<b>2,399</b>	<b>5,234</b>	<b>315</b>
<b>31/12/2010</b>				
Minimum lease payments	7,930	2,237	4,946	747
Of which interest portion	909	104	388	417
<b>Present values</b>	<b>7,021</b>	<b>2,133</b>	<b>4,558</b>	<b>330</b>

The operating leases result mainly from lease arrangements with a term of between 1 and 5 years for passenger cars that are used principally by our field service employees. We in addition have tenancy agreements for buildings in Mainburg and Staphorst. No purchase option exists.

of IFRS 3 had not yet been completed at the time the deal was approved or because data is not yet available, no further disclosures pursuant to IFRS 3B66 can be made at this stage.

No further significant events have occurred at and after the balance sheet date, or only to the extent that they are already represented as such or evident from the remarks in the group management report.

## 2\_ Significant events occurring after the balance sheet date

Along with the entry on the Commercial Register on March 1, 2011, Ubbink B.V. acquired a 60 % shareholding in Solar 23 GmbH, Reutlingen by way of a capital stock increase of EUR 150 thousand. The total purchase price was EUR 0.9 million. The business purpose of the company is the planning, sale and erecting of turnkey systems running on renewable energies such as photovoltaics and solar thermal. The company feeds renewable energies into existing grids and is a systems supplier for rural electrification. In acquiring an interest in this company, CENTROTEC would like to facilitate its entry into the African market. Because the compiling of the data for the application

## 3\_ Related party disclosures

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party's financial and operating decisions. Pursuant to IAS 24, the members of the Management Board and Supervisory Board, close members of their families as well as subsidiaries that are not fully consolidated and equity investments can fundamentally be considered to be related parties in the case of the CENTROTEC Group. Related parties were not involved in any large, atypical or unusual transactions of the CENTROTEC Group.

**Legal transactions with Management Board members and Supervisory Board members**

In the event of work remunerated separately, the Supervisory Board regularly checks that services rendered on an ad hoc basis by Supervisory Board members involve substantially more than that which can normally be expected from a Supervisory Board member within the context of their Supervisory Board duties.

The Chairman of the Supervisory Board (Guido A. Krass) holds a participating interest in Pari Holding GmbH, Munich ("PH"). PH might therefore be classified as a "related party", even though the Management Board does not believe that control actually exists between the parties. Other companies of the Pari Group could likewise be classified as "related parties", for example Pari Capital AG. Costs of EUR 31 thousand (previous year EUR 0 thousand) for consultancy services were incurred in the financial year. Mr Krass received remuneration of EUR 25 thousand (previous year EUR 0 thousand) as a member of the Supervisory Board of CENTROSOLAR Group AG.

Dr Heiss is also a member of the Supervisory Board of CENTROSOLAR Group AG and has concluded a consultancy agreement with it. The framework consultancy agreement envisages ad hoc consultancy by Dr Heiss on legal questions arising in the course of business operations, as well as on special questions. An appropriate remuneration per hour of his services, plus statutory VAT, is to be paid as consideration. As in the previous year, Dr Heiss did not charge any fees for legal consultancy in the financial year. As a member of the Supervisory Board of CENTROSOLAR Group AG, Dr Heiss received remuneration of EUR 24 thousand (previous year EUR 15 thousand).

**Legal transactions with the CENTROSOLAR Group**

CENTROTEC Sustainable AG passes on management charges to the CENTROSOLAR Group in essence for operational management services performed by employees and the management of CENTROTEC Sustainable AG. These charges are fundamentally passed on to all subsidiaries of CENTROTEC Sustainable AG and, in the case of the company, relate to such services as consultancy on accounting matters, strategy, legal question, projects, communication and IT. A total amount of EUR 120 thousand (previous year 138 thousand) was charged for these by CENTROTEC Sustainable AG in the 2010 financial year.

In August 2005 Ubbink B.V., CENTROTEC and Renusol GmbH concluded a production agreement. In it, Renusol GmbH commissions Ubbink B.V. exclusively with the production of the module mounting systems "ConSole" and "InterSole". Ubbink B.V. has acquired the expertise and the corresponding patents for the module mounting systems "ConSole" and "InterSole" in the context of the shareholder agreement with Econcern B.V., Ecoventures B.V. and Ecostream B.V. The goods supplied by Ubbink B.V. to Renusol are billed as arm's length transactions.

Cost accounting factors that are comparable to those applied in third party transactions are used. Cost savings to reflect the more straightforward communication and processing are generally built into the pricing structure. The production agreement was terminated in October 2009. Notwithstanding this, supplies of goods amounting to EUR 4,096 thousand (previous year EUR 9,884 thousand) were again made in the 2010 financial year.

CENTROSOLAR in addition supplied Ubbink B.V. and its subsidiaries with solar modules to the value of EUR 857 thousand in arm's length transactions in the 2010 financial year.

Centrosolar Glas GmbH & Co. KG sold goods to the value of EUR 1,413 thousand (previous year EUR 1,254 thousand) to Wolf GmbH in arm's length transactions during the 2010 financial year.

The group's total receivables from CENTROTEC Group AG amounted to EUR 395 thousand (previous year EUR 1,237 thousand) at December 31, 2010. This compared with liabilities of EUR 31 thousand (previous year EUR 1,253 thousand) at the balance sheet date.

**Other legal transactions with persons who could potentially be regarded as related parties**

The private companies Immobilien GbR Wülbeck and Solar GbR Wülbeck could possibly be quantified as a related party, as Dr Huisman (Chairman of the Management Board of CENTROTEC Sustainable AG), Dr Kirsch (Chairman of the Management Board of CENTROTEC Sustainable AG) and Mr Wülbeck (Managing Director of Centrotherm Systemtechnik GmbH and of Centrotec Composites GmbH) hold an interest in it. GbR Wülbeck erected an industrial building which is used by Bond Laminates GmbH for appropriate consideration. CENTROTEC holds a 24.95 % interest in Bond Laminates GmbH. Solar GbR Wülbeck operates photovoltaic systems on the roofs of Centrotherm Systemtechnik GmbH and Bond Laminates GmbH.

Sauerland Solar Fund GmbH & Co. KG (SSF) could in addition be classified as a related party. The company is a closed-end fund of which only senior employees and Management Board members of the CENTROTEC Group are members. CENTROTEC Sustainable AG has concluded a service contract with SSF KG.

**Relations between the parent company and the subsidiaries**

The activities of CENTROTEC Sustainable AG focus essentially on performing strategic and financial holding functions for the operative affiliated companies, on advising and supporting them for individual projects, and on providing services on behalf of group companies in the areas of accounts, taxes, payroll accounting and data processing. CENTROTEC in addition steers the group finances, coordinates investor relations and provides support for projects at the subsidiaries, including particularly mergers and acquisitions activities.

### **Total remuneration of the Management Board**

The total remuneration of the Management Board members (including retired members), including the value-assessed options issued in 2010, was EUR 2,006 thousand (previous year EUR 1,752 thousand). The total remuneration comprises non-performance-related and performance-related components and also includes social contributions and fringe benefits such as company cars and pension commitments. The total amount also

includes the expense incurred in 2010 for options granted, which have a theoretical value of EUR 448 thousand (previous year EUR 428 thousand). The remuneration of the Management Board is shown according to member in a separate remuneration report, in keeping with the criteria of the Corporate Governance Code. The remuneration of each individual Management Board member is shown in the following table:

<b>Management Board members</b>	<b>Non-performance-dependent component<sup>1,4</sup></b>	<b>Performance related component<sup>4</sup></b>	<b>Components with a long-term incentivising effect<sup>2</sup></b>	<b>Other remuneration<sup>3,4</sup></b>	<b>Total remuneration 2010</b>	<b>Total remuneration 2009</b>
Dr. Gert-Jan Huisman	360	0	180	44	584	573
Anton Hans	127	1	78	41	247	239
Alfred Gaffal	288	160	98	7	553	533
Jacko van der Stege	150	0	17	43	210	0
Dr. Christoph Traxler	290	0	72	4	366	372
Retired members	0	0	3	43	46	35
<b>Total</b>	<b>1,215</b>	<b>161</b>	<b>448</b>	<b>182</b>	<b>2,006</b>	<b>1,752</b>

1 Incl. employer's social contributions,

2 Valued options,

3 Expense for pensions, company cars and other,

4 Current component

Jacko van der Stege was appointed to the Group Management Board by the Supervisory Board on September 20, 2010. The remuneration totals for the year are shown here.

other expenses amounting to EUR 2 thousand (previous year EUR 2 thousand). Mr Krass received EUR 48 thousand, Mr C C Pochtler EUR 24 thousand and Dr Heiss EUR 38 thousand.

### **Remuneration of the Supervisory Board**

The remuneration of the Supervisory Board amounts to EUR 108 thousand (previous year EUR 54 thousand). There were in addition

### **Directors' holdings**

The following table shows directors' holdings at the balance sheet date

<b>Management Board</b>	<b>Shares (total)</b>	<b>31/12/2010 Options (total)</b>	<b>Shares (total)</b>	<b>31/12/2009 Options (total)</b>
Dr. Gert-Jan Huisman	65,704	226,234	78,704	225,023
Anton Hans	0	67,405	0	53,593
Alfred Gaffal	7,000	142,931	7,000	117,931
Jacko van der Stege	0	14,287	0	0
Dr. Christoph Traxler	0	129,262	5,140	159,456
<b>Supervisory Board</b>				
Guido A. Krass	2,400,000	0	2,400,000	0
Dr. Bernhard Heiss	45,550	0	45,550	0
Christian C. Pochtler	0	0	0	0
<b>CENTROTEC</b>				
Ordinary shares	16,961,961	0	16,716,262	0
Treasury stock	12,080	0	12,080	0

The stock options have been issued on the same terms and conditions as to the other employees.

#### **Management Board and Supervisory Board**

Members of the Management Board:

**Dr. Gert-Jan Huisman,**

Nijkerk, Netherlands, merchant (Chairman)

**Anton Hans,**

Apeldoorn, Netherlands, merchant

**Alfred Gaffal,**

Mainburg, Germany, merchant

**Jacko van der Stege,**

Voorthuizen, Netherlands, graduate engineer

**Dr. Christoph Traxler,**

Fulda, Germany, physicist

#### **Members of the Supervisory Board:**

**Guido A. Krass,**

Oberwil-Lieli, Switzerland, entrepreneur (Chairman)

**Dr. Bernhard Heiss,**

Munich, Germany, entrepreneur

**Christian C. Pochtl, MA,**

Vienna, Austria, entrepreneur

The following members of the Management and Supervisory Boards also hold other non-executive directorships as defined in Section 125 (1), third sentence of German Stock Corporation Law:

**Guido A. Krass** PACT Technologies AG, Munich, Germany  
Wolf GmbH, Mainburg, Germany  
medimondi AG, Fulda, Germany (Chairman)  
CENTROSOLAR Group AG, Munich, Germany (Chairman)

**Dr. Bernhard Heiss** Altium Capital AG, Munich, Germany  
Channel 21 Holding AG, Munich, Germany (Chairman)  
CENTROSOLAR Group AG, Munich, Germany  
Langenscheidt KG, Munich, Germany (Deputy Chairman of Advisory Board)

**Christian C. Pochtl, MA** Denzel AG, Vienna, Austria  
PP Capital AG, Vienna, Austria (Chairman)

**Anton Hans** medimondi AG, Fulda, Germany

**Alfred Gaffal** Wolf Iberica S.A., Madrid, Spain (President of Board of Directors)  
Wolf France S.A.S., Massy, France (Member of Board of Directors)

**Dr. Christoph Traxler** Rolf Schmidt Industriplast A/S, Kolding, Denmark (Chairman)  
bricon ag, Dietikon, Switzerland (President of Board of Directors)

## **4\_ Corporate Governance Code**

Pursuant to Section 161 of German Stock Corporation Law, the Management Board and Supervisory Board of a company listed on the stock exchange are obliged to declare once a year whether and to what extent the code has been and is complied with.

The Management Board and Supervisory Board of CENTROTEC Sustainable AG have declared the extent to which the recommendations of the Government Commission on the German Corporate Governance Code are complied with by the respective companies. The regularly submitted declarations and explanations are permanently available on the website of CENTROTEC Sustainable AG at [www.centrotec.com](http://www.centrotec.com).

## **5\_ Independent auditors' fees**

The auditors of CENTROTEC are PricewaterhouseCoopers AG. The amounts shown below do not contain the fees for other auditors of group subsidiaries.

<b>in EUR '000</b>	<b>2010</b>	<b>2009</b>
Auditing services for the financial statements	303	248
Other certification services	0	0
Tax consultancy services	5	0
Other services	20	0
<b>Total expenses</b>	<b>328</b>	<b>248</b>

## **6\_ Date and approval of the financial statements**

The financial statements were approved by the Management Board and authorised as a whole for issue on March 22, 2011.

Once approved and ratified by the corporate bodies and following their publication, these financial statements may only be amended to the extent that is permissible by law.

Brilon, March 22, 2011

Dr. Gert-Jan Huisman, Chairman

Anton Hans

Alfred Gaffal

Jacko van der Stege

Dr. Christoph Traxler

## Independent Auditors' Report

We have audited the consolidated financial statements prepared by Centrotec Sustainable AG, Brilon – comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of movements in equity, the cash flow statement and the notes – for the financial year from January 1 to December 31, 2010. The preparation of the consolidated financial statements and group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of German Commercial Code, is the responsibility of the company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of German Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and financial performance in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are

examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with the IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of German Commercial Code, and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

Essen, March 22, 2011

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Ben Buitung  
(German Public Auditor)

ppa. Matthias Schwarze-Gerland  
(German Public Auditor)