Annual report and financial statements 2009

Germany1 Acquisition Limited

AEG Power Solutions

Introduction

AEG Power Solutions acquired by Germany1 Acquisition Limited

AEG Power Solutions was acquired on September 10, 2009 by Germany1 Acquisition Limited, which is listed on Euronext, Amsterdam under the ticker symbol "GAL1 S".

This transaction marked the beginning of a transformation of AEG Power Solutions from private ownership to a publicly traded company and included AEG Power Solutions' management being retained as the executive team of Germany1.

AEG Power Solutions is the only operating business of Germany1 Acquisition Limited. This is the 2009 Annual Report and consolidated financial statements of Germany1 Acquisition Limited, incorporating the results of AEG Power Solutions for the period from September 10, 2009 to December 31, 2009. The Annual Report also contains a proforma, unaudited combined income statement of Germany1 incorporating the results of AEG Power Solutions for the years ended December 31, 2008 and 2009.

On January 25, 2010, the board of directors authorized the company to submit to the shareholders a plan to migrate the country of residence of Germany1 from the Isle of Guernsey to Luxembourg.

The Board has also requested to change the name of AEG Power Solutions' holding company, Germany1 Acquisition Limited, back to its pre-sale name of 3W Power. This change does not affect the brand name of AEG Power Solutions, used in the market place. The change would anticipate the use of "3WP" as the holding company's ticker symbol on Euronext, Amsterdam for the shares, and "3WPW" for warrants.
At the time of publication of this annual report, the migration is still in progress.

Content

Key facts and figures[1]

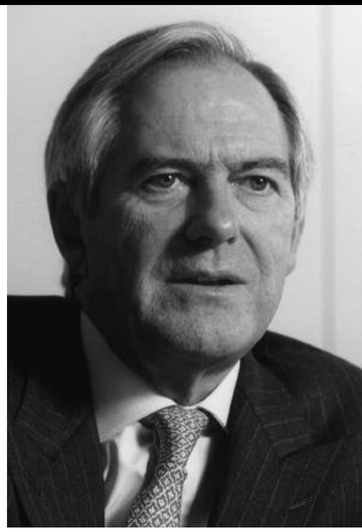
- Business transformation positioning for growth in renewable energies and enabling total systems solutions for distributed power generation and the Smart Grid
- Launch of Protect PV 250, high power 250 KVA solar inverter targeting industrial scale applications
- Launch of solar power solutions for Base Transceiver Station (BTS) application
- Launch of Protect 8, designed for a broad range of UPS (Uninterruptible Power Supply) using modular "Building Blocks"
- Strengthened position as market leader with power solutions for the CVD (Chemical Vapor Deposition) reactor for the polysilicon Industry
- Launch of G5, high density and high efficiency power solutions for wireless and wireline telecommunication networks
- Sale of the AEG Power Solutions Group to Germany1 Acquisition Limited

Key figure	Value	Change	Unit
Sales	399.4	+17%	In €million
Operating profit	80.0	+45%	In €million
Adjusted earnings per share[1]	1.11	+33%	In €per share
EBITDA	85.0	+42%	In €million
Operating cash flow	36.5	-44%	In €million
Net cash[2]	47.2	-83%	In €million

[1] The financial data presented are on a proforma combined basis and include the results of AEG Power Solutions for the whole of the years ended December 31, 2008 and 2009 instead of from the date of acquisition on September 10, 2009. The figures presented relate only to continuing operations and exclude the effects of fair-value adjustments and goodwill arising on the acquisition of AEG Power Solutions. The calculation of adjusted earnings per share also excludes (charges) / income from changes in the fair value of warrants. In 2009 this was a charge of €15.19 million (2008: income of €15.19 million).

[2] Net cash in 2009 is stated after the cash paid for the acquisition of AEG Power Solutions.

Chairman's letter



Roland Berger
Chairman

Dear shareholders

Welcome to our first annual report.

For you, our valued investors, I hope this is an encouraging update on the performance of AEG Power Solutions following its acquisition by Germany1 in September 2009. For new observers of the company, I hope this will serve as an interesting introduction to our business and the transformation it is undergoing to capitalize on the remarkable and fundamental shifts occurring in power generation throughout the world.

AEG Power Solutions delivered a record year of financial and operational performance. Our year-on-year revenues increased by 17%[1], whilst operational efficiencies and product mix delivered improved margins – resulting in a 2009 operating profit of over €80 million[1].

More than ever, our customers relied on our dual promise of delivering value by protecting revenues and enabling new commercial opportunities. We maintained our investments in marketing and innovation, and allocated resources to emerging markets and high-margin, sustainable growth initiatives. AEG Power Solutions continued to execute its strategy of focusing on the high-growth, global industrial infrastructure markets of today, whilst also preparing to meet tomorrow's energy challenges.

These are exciting times for the Power Electronics industry. We are at the center of the transition from today's central power generation to what will continue to become an increasingly distributed energy network. I believe that AEG Power Solutions is uniquely positioned to enable the new energy future.

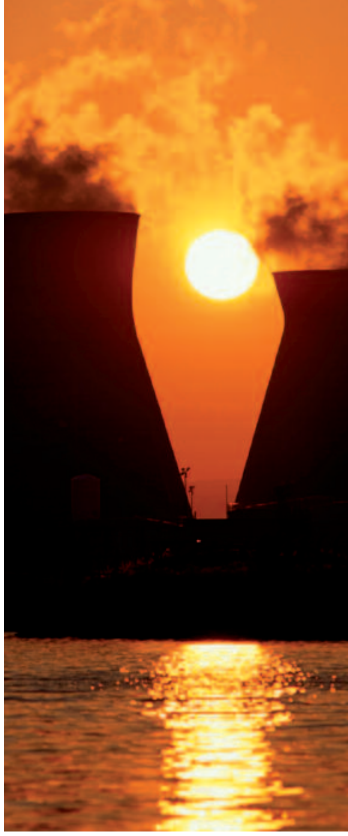
On behalf of the board, I would like to thank Bruce Brock, his management team, and all AEG Power Solutions staff, for their achievements and dedication during 2009.

The AEG name is a quality standard that our people are proud of, and which they will drive to new territories.

Roland Berger
Chairman

[1] Based on a whole year's contribution from AEG in both 2009 and 2008 and excludes purchase accounting adjustments.

About us



AEG Power Solutions - power electronics from the industrial revolution to the energy revolution

As electrical energy dependencies have grown and evolved, AEG Power Solutions has built an enviable reputation for providing reliable and high quality AC and DC power, protection and control systems.

We deliver value to our customers by protecting mission-critical assets, ensuring business continuity and protecting people's safety. Our commitment to continuous innovation allows us to enable new technologies, new applications, and therefore, new commercial opportunities for our customers.

Today, as the worldwide power network moves towards a distributed, greener smarter grid implementation, AEG Power Solutions combines forward thinking, experience and innovation to meet global challenges for dependable, efficient and renewable energy supplies which will enable future economic development and growth.

AEG Power Solutions offers the world's most comprehensive portfolio of premium power supply products, systems, solutions and services. Solutions and controllers from AEG Power Solutions are designed specifically to interface with utility electrical grids, providing high efficiency, customized energy solutions for industrial applications requiring complex, intelligent power supply control.

A long history of developing next generation power electronics systems solutions

We have an unrivalled experience of meeting new power electronic application challenges. Throughout our history, we have established a continuous track record for serving customers with systems and solutions to met evolving energy needs.

From the introduction of the world's first single-phase and three-phase thyristor AC converters during the 1960s, through the launch of the revolutionary Protect family of modular, redundant and scalable rectifier systems for industrial applications in 2008, AEG Power Solutions has demonstrated its ability to establish the industry benchmark for power solutions engineering.

A global footprint for 24/7 customer service

Our global reach means we can support our customers anywhere, and at any time.

In-house experience and engineering expertise enable us to provide consultation, system design, applications and support services at all stages of a project, wherever needed. Our own Field Service Engineers are strategically located across the globe, in 20 service centers, to provide installation, commissioning and maintenance services, ensuring lifetime support of the entire system solution for the customer – directly from the manufacturer.

From our traditional bases in Germany, France and throughout Europe, the company employs 1,535 people in 14 countries, including more than 160 service and installation engineers, to provide comprehensive customer support and service.

About us
continued

A complete range of innovative products and solutions

AEG Power Solutions helps customers worldwide meet their power challenges with innovative, world-class power solutions ranging from power conversion modules and high reliability UPS systems to industrial chargers and DC systems.

Renowned for engineering excellence, AEG Power Solutions holds more than 70 active patents in power conversion.

- SOLAR INVERTERS
  For both grid-connected and off-grid systems as well as turnkey, total solution project management expertise
- POWER CONTROLLERS
  The solution of choice anywhere energy needs to be switched or regulated for sophisticated industrial applications
- UPS
  A complete portfolio offering industry-leading reliability and a "Building Block" design approach which provides customer specific solutions with the highest level of availability
- INDUSTRIAL CHARGERS & DC SYSTEMS
  Robust DC power solutions for the oil & gas industry, utilities and transport infrastructures
- DC TELECOM SYSTEMS UNDER THE HARMER & SIMMONS BRAND
  Integrating ECO^{px} technology: embedded advance energy-saving and power management features which help customers to optimize their power energy needs

Solutions designed to meet the most demanding customer needs

Helping our customers secure their power supply needs and control it in all aspects is our core competence. We offer the kind of cooperation which is best suited for any complex and environmentally demanding customer application. AEG Power Solutions provides consulting services with world-class expertise: from requirement analysis to site surveys, from prototypes to acceptance testing and training.

The company provides full turn-key project capability: our engineering teams can manage all aspects of a power supply and control project as well as its installation, be it for a new site or for an upgrade.

A comprehensive range of expert service is available for AEG Power Solutions customers all over the world.

Our core expertise focuses on new energy solutions for the future, renewable energies, industrial and infrastructure markets, and telecommunications and data.

A commitment to quality

AEG Power Solutions is dedicated to achieving the highest standards in quality, supported by our "World Class" program and Quality Assurance specialists.

The company is a fully ISO 9001 accredited organization. Our reputation has been built on this commitment for over 50 years. Our continuous quality improvement plan, using methods such as six sigma processes and a DMAIC (Define, Measure, Analyze, Improve Control) approach, are implemented by all of our staff. From the front end processes all the way to back end processes including research and development, application engineering, purchasing and production personnel, the entire AEG Power Solutions team shares the same goal – to satisfy our customers, and to deliver quality service and reliable products, which are on time, every time, everywhere.

Operating review

Chief Executive Officer's review

Bruce A. Brock
Chief Executive Officer

2009 was a record year for the financial performance of AEG Power Solutions. It was also the beginning of a remarkable transformation. The worst global recession in decades did not deter us from defining and beginning a transition that will put us at the heart of one of the biggest shifts of industrial development in modern times. In the midst of these developments we managed the purchase and subsequent public listing of AEG Power Solutions by Germany1 Acquisition Limited. These achievements are owed in no small part to a dedicated group of employees and partners who are laying the foundation for a tremendous and prosperous future.

Key financials

It was a record year for sales and profitability following the strong order intake of 2008, particularly for power controllers. Our total sales increased from 2008 levels by 17% to €399.4 million.[1] Operating profit increased 45% to €80.0 million[1] thanks in part of effective cost control and adjusted earnings per share increased 26% to 1.05[1].

The power electronics industry was impacted by the unprecedented market conditions experienced throughout the world in the past year. The rapid slowdown in industrial output of late 2008 and 2009 resulted in order intake dropping by 69% to €186.2 million. We have a solid cash position and continue to optimize our working capital to ensure we can adequately fund and execute our long term growth strategies. We achieved a good reduction in both CAPEX and working capital in 2009.

We have experienced a record amount of quote activity for the past several quarters, including recent quotes for large projects across all business lines. Key behind this quote activity is the need for global infrastructure and available electrical energy to power it. Although quote to revenue can take as long as 18 months, experience shows that quote volumes will translate into revenue in time. Although it is unlikely that 2010 performance will match that of this year, we believe the current momentum will continue to build and will result in steadily improving results, through the second half of 2010 and beyond.

Strong operational performance

In the past year we took several steps to improve operating efficiency and to pare our costs. We focused on enhancing customer service through selective geographic expansion and through careful investment in key future growth areas such as solar energy and applications that enable distributed power generation.

Our new "Markets Driven Steering Committee" (MDSC) is already delivering greater efficiency of our sales efforts and, in parallel, we are serving our customers more effectively at local levels through the "Customer Management Offices" (CMO) established in 2009. We developed an innovative, modular approach to assembling many of our product lines. This new modularity is proving key in our ability to offer customers fully flexible and scalable solutions, whilst also managing the cost of our sales.

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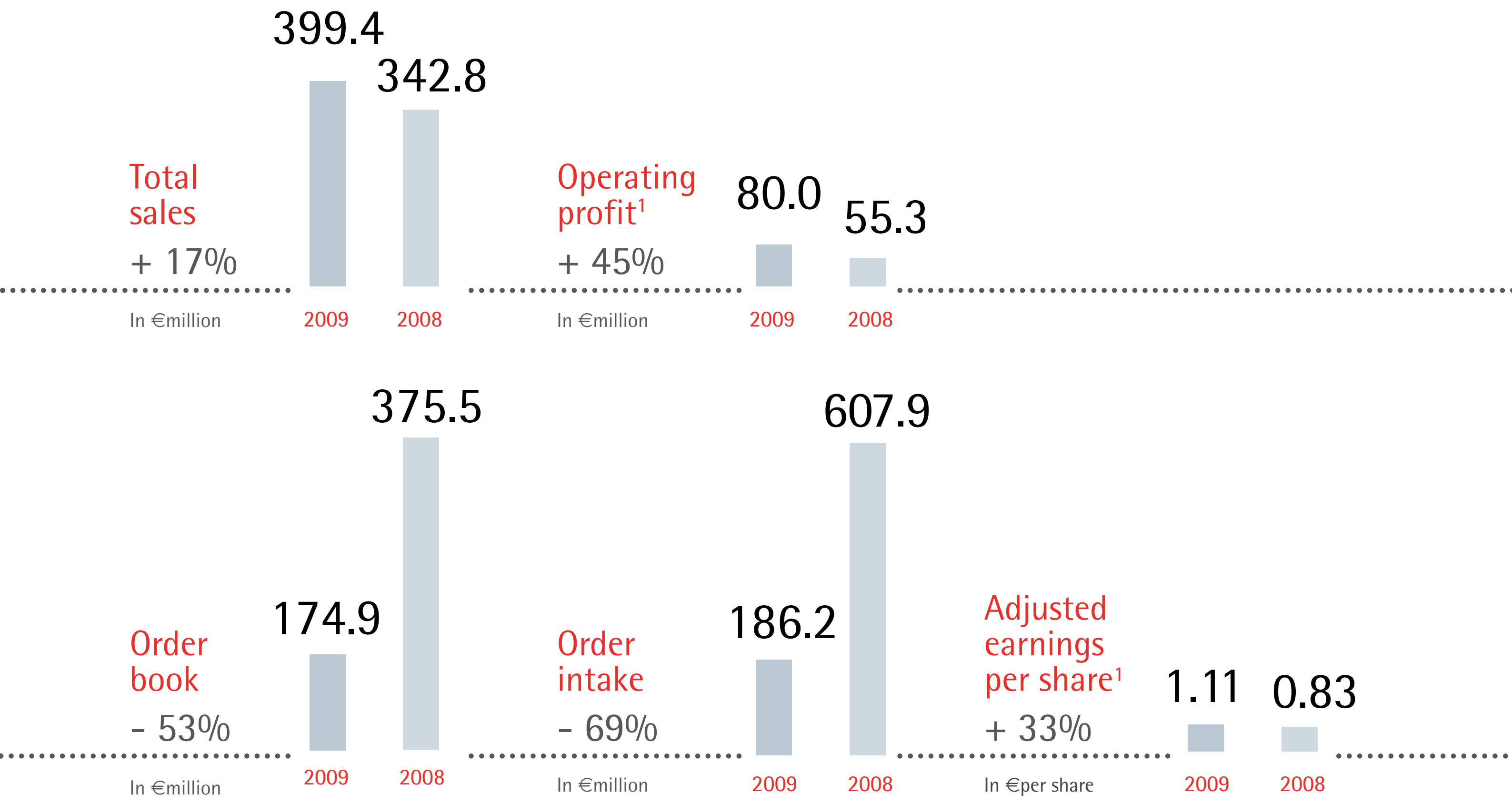

In 2009, we demonstrated the operational capability to address year-on-year growth. We maintained the level of customer service that has become synonymous with the AEG brand. Our ability to support our customers with any problem, anywhere, at any time, remains a key point of differentiation for our company.

Positioning ourselves for the future

In some ways 2009 was an unsettling year in that we had huge order backlog but virtually no visibility on future order intake. As we enter 2010, the situation is much clearer. We have visibility now in our order development and we know that our future revenue will return to previous levels. It may require some patience, but the medium to longer term fundamentals for the power electronics industry remain strong and the demand for renewable energy and basic infrastructure, with its related services such as reliable power, communications bandwidth and energy efficiency, required by the major change toward distributed power generation will propel us to sustained and highly profitable growth.

AEG Power Solutions will continue to invest in and develop the total system solutions necessary to not only meet demand but be a leader in setting the standards for a new generation of power electronics. Within our core capabilities, from power controls to solar inverters and from DC UPS to systems monitoring and controls, we have the building blocks to drive improved energy efficiency and address key issues such as energy demand management. This is truly a remarkable time to be in power electronics and AEG Power Solutions intends to play a leading role in the emergence of distributed power generation.

Bruce A. Brock
Chief Executive Officer

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Chief Strategic Officer's message

AEG Power Solutions is uniquely positioned to enable the new energy future

Robert J. Huljak
Chief Strategic Officer

A need for change

The architecture of the world's current energy grid is now over 100 years old. In terms of modern needs, it is becoming ineffective. The current energy grid is less than 50% efficient. Its reliability is being challenged by increasing demand and the demographics of population density changes. Also, the security of the system is at risk with fault conditions that cause widespread outages.

Today's energy grids essentially support a unidirectional flow of energy based on the central generation of power. As significant, earth friendly renewable sources are added to meet the world's critical energy supply challenge, the grid's stability is in question.

There is clearly a need for a transformation of the grid. The challenge is not determining that transformation will occur, but how it will occur. AEG Power Solutions is being positioned at the forefront in facing that challenge and preparing to provide effective system solutions.

From central generation to distributed and networked generation

Today's energy grid begins with central energy generation sources but the future will see a distributed power network that delivers new, green renewable energy with at least 50% more efficiency.

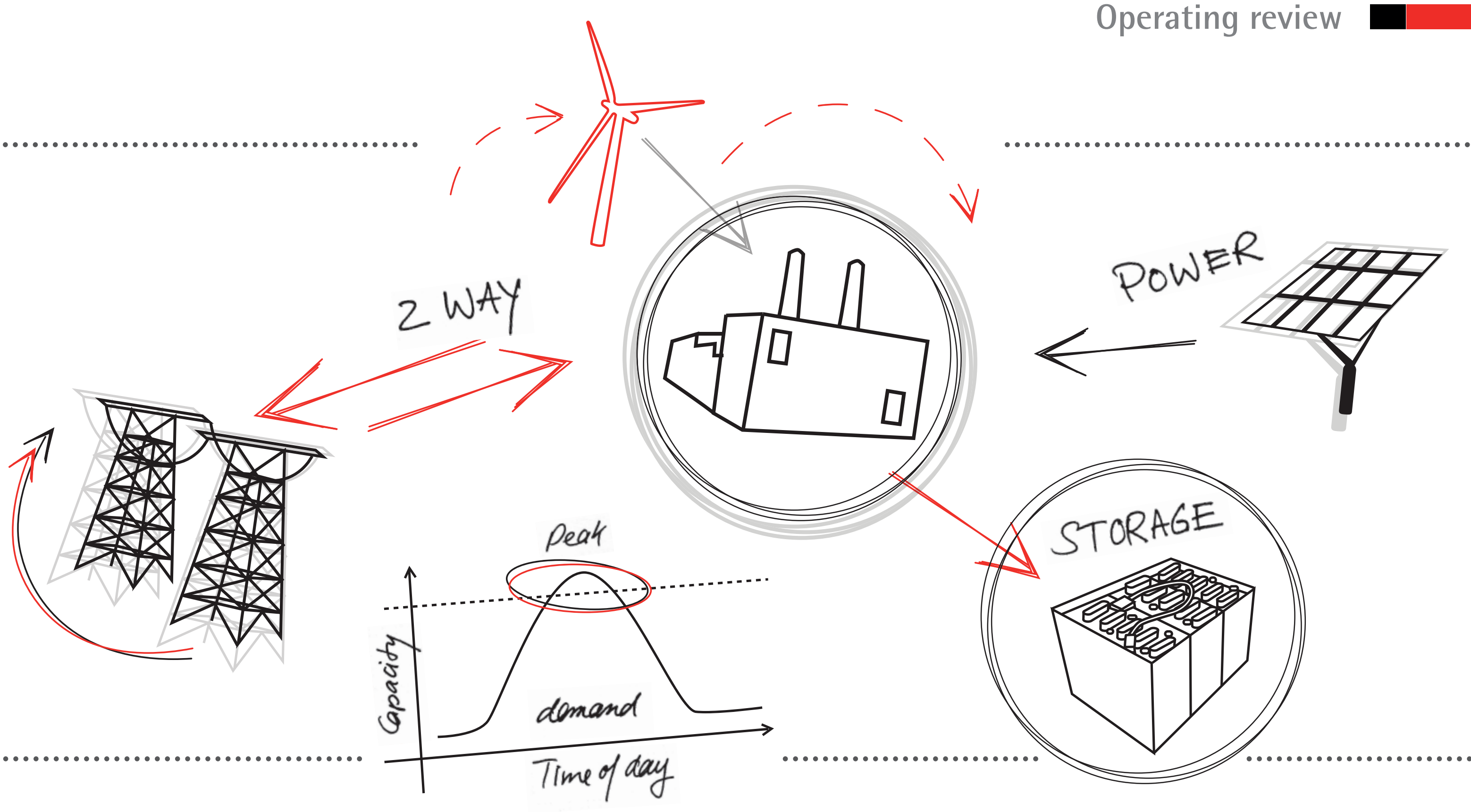
As with the world of computing and communications, a distributed architecture for energy supply will evolve and complement centralized power generation. The majority of investment will be in smaller, more efficient green distributed sources.

This type of central-to-distributed transformation is not unique in that there are numerous examples of this happening over history. One simple analogy is the architectural transformation that occurred for computing:

COMPUTING INDUSTRY	ENERGY GENERATION
MAINFRAMES	Central energy generation
MINI-COMPUTERS	Green renewables sources and micro-grids
COMMUNICATION NETWORKS FOR DATA	Smart Grid two-way energy flow
PROLIFERATION OF PC'S/LAPTOPS	Proliferated for individual customer applications
THE INTERNET	Networked generation of sources and loads

For the world of IT, this transformation has provided the freedom to do anything, anywhere, anytime, and at an acceptable cost. An equivalent transformation in energy supply will deliver secured, cost effective, efficient, 100% power availability, on a 24/7 basis. This has to be the ultimate vision and implementation of the Smart Grid.

The Smart Grid will be invested in and implemented worldwide, and now is the time to begin this transformation.



Power electronics – the enabling technology for the Smart Grid

The Smart Grid should be implemented by 'smart' power electronics:

- Operating System of EnerNet with controls, monitoring and reporting systems for managing the energy demand
- Sophisticated, complex, control and regulation of high-power applications and functions for greater efficiency and performance
- Micro-grids for more localized application of energy savings and energy generation

AEG Power Solutions is a key participant in this new power network architecture. Today, we possess the required Energy Management Integration skills and engineering expertise to support our renewable energy customers. Our growing power electronics portfolio and modular building blocks will be integral to this new power network, and help transform our customers' power network to contain:

- Distributed power assets with power networking capabilities
- Sophisticated energy demand management and communication
- Comprehensive intelligent control
- Improved power quality for our customers' digital operations
- Rugged, reliable power electronics
- Resilient features against attacks and disasters

These are exciting times for the Power Electronics industry. Who we are and our history in the industry, mean AEG Power Solutions is uniquely positioned to enable the new energy future and, in doing so, we will be able to take advantage of the significant opportunities being defined by this transformation in the medium and long term.

A first step – our evolution towards new energies solutions

Our current investment and activity in today's solar market represents an important step towards this transformation. We envision renewable energies, and solar in particular, as the entrée to the Smart Grid.

Solar and other renewable energy sources will become the micro-grids' distributed generation sources for commercial and industrial facilities, institutions, military applications, and communities. These, in turn, will become the fundamental application building blocks of the Smart Grid, and ultimately, realize the growth of distributed energy generation.

Robert J. Huljak
Chief Strategic Officer

Markets

Control & protect power: towards new energies markets

OIL & GAS \ HEAVY INDUSTRY \ UTILITIES \ MASS TRANSIT & INFRASTRUCTURE \ GENERAL INDUSTRY \ ON-BOARD AND TRACK-SIDE RAILWAY \ HIGH-TECH INDUSTRY \ SOLAR \ WIND \ ELECTRIC VEHICLES

Our offering

AEG Power Solutions specializes in power electronics applications in all environments where power interruptions cause dangerous process instability, damage critical processing equipment and result in significant loss of production and time. Serving industrial and infrastructure customers over many years underpins AEG Power Solutions ability to identify the needs of tomorrow's distributed power generation and gives us the ability to create the power electronics solutions that will transform our future.

Beginning in the 1980's, AEG Power Solutions is one of the first to have developed particular expertise in optimized AC power control systems for the production of polysilicon, where precise power control, power efficiency and energy conversion is mission critical. In a given hour, more energy from sunlight strikes the earth than the entire planet consumes in a year, but solar cells currently contribute less than 0.1 percent of electricity supply. There is huge growth potential in the new energy market for the power electronics industry and AEG Power Solutions is at the forefront of enabling these new technologies. Polycrystalline silicon is the most widely used base material for generating power from solar energy. Combined with our experience in inverters and engineering global solutions for complex power generation facilities, our company has progressively built a complete offering for the entire photovoltaic chain, and for alternative energy generation and use. AEG Power Solutions designs and manufactures energy efficient and reliable power solutions for polysilicon deposition, silicon melting, silicon crystal growing, wafer coating, PV glass line and PV inverters.

AEG Power Solutions has delivered, installed and commissioned solar inverters and supervision & monitoring systems for over 30MWp of solar farms and roofs.

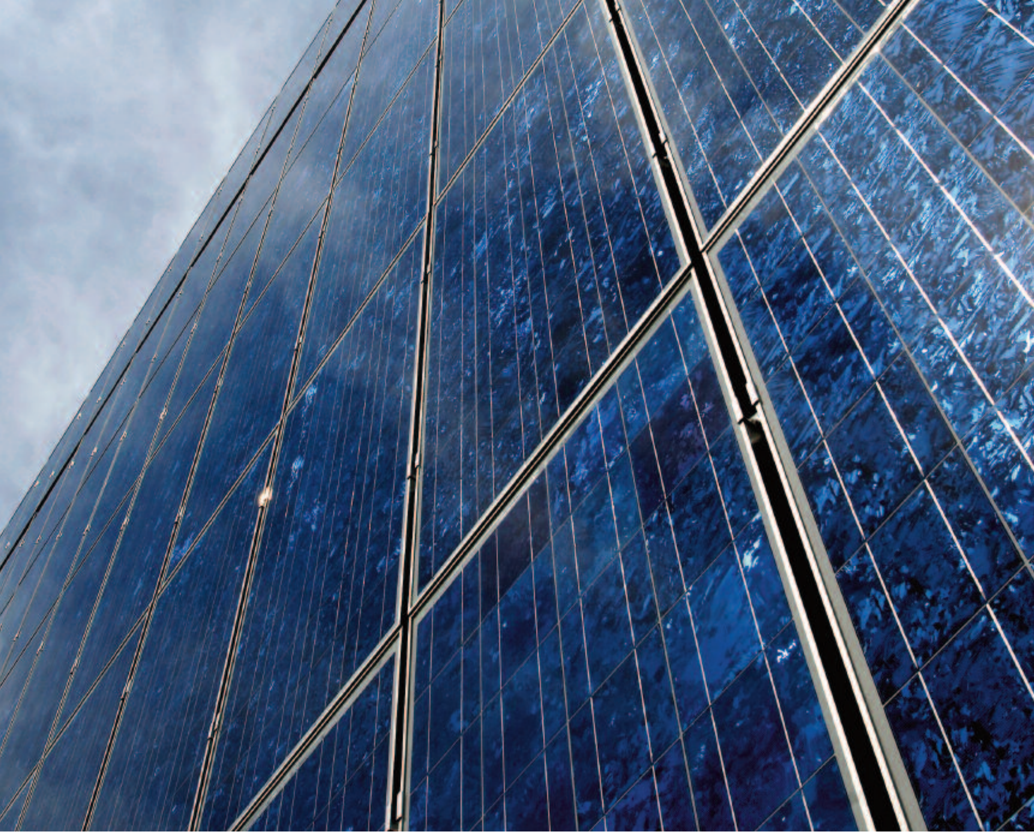
- 10 MW Solar farm in Cadiz (Spain)
- 8 MW Solar farm in Teruel (Spain)
- 1,5 MW Solar farm in Badajoz (Spain)
- 10 smaller Solar farms and roofs in Spain, Italy and 5 MW in Germany

Since 2004, more than 570 MWp of monitoring solutions for PV Power Plants have been sold to industry leading customers, like Solon, Q-cells, Phönix and Juwi. In total, AEG Power Solutions is responsible for more than 600MWp of solar power installed in the field.

In our industrial portfolio, our AC UPS and DC systems provide reliable power electronics solutions to backup the utility power of strategic industrial applications, at near-100% availability, for over 60 years.

- **SOLAR POWER GENERATION**
  SOLAR FARMS, COMPLETE BUILDING INTEGRATED PV SOLUTIONS, STAND-ALONE OR GRID CONNECTED SUPPLY

- **POLYSILICON INDUSTRIAL PROCESSES**
  POLYSILICON DEPOSITION, SILICON MELTING, SILICON CRYSTAL GROWING, AND WAFER COATING



- **POWER GENERATION AND TRANSMISSION & DISTRIBUTION**
  NUCLEAR POWER PLANTS, FOSSIL POWER PLANTS, HYDROELECTRIC PLANTS, TRANSMISSION & DISTRIBUTION STATIONS
- **OIL & GAS & PETROCHEMICAL**
  EXPLORATION, PLATFORMS, MARINE TRANSPORTATION, PIPELINES, PROCESSING AND STORAGE FACILITIES, GAS-TO-LIQUID ("GTL") FACILITIES, REFINERIES, CHEMICAL PLANTS
- **INDUSTRIES**
  MELTING, HEATING, ELECTROLYSIS, ARC FURNACES, HIGH PRECISION & HIGH ENERGY EFFICIENCY REQUIREMENTS FOR GLASS INDUSTRIAL PROCESSES, CHEMICAL PLANTS, PURE GASES MANUFACTURING AND AUTOMOTIVE INDUSTRY
- **LIGHTING**
  CONTROLS AND LED SYSTEMS
- **TRANSPORTATION**
  RAIL (SIGNALLING, SAFETY, COMMUNICATION), HIGHWAYS (REDUCTION OF ACCIDENTS, OPTIMUM EFFICIENCY, SAFETY), AIRPORTS (SAFETY, COMMUNICATION)
- **UTILITIES**
  DESALINATION PLANTS, CHEMICAL PROCESSES, WATER DISTRIBUTION AND WATER PURIFICATION
- **DATA & IT**
  DATA CENTERS

Our power electronics solutions include:

- Solar inverters and systems
- Inverters for wind turbines and smart power supplies
- Conversion solutions
- Highly reliable power controller modules and systems
- Power control for LED lighting
- Rugged and highly reliable AC power systems and solutions
- Robust customized stand alone and modular industrial DC systems and solutions
- AC power control customized systems

We are at the forefront of developing power electronics solutions that will enable the next generation of distributed power generation

Markets
continued

Control & protect power: towards new energies markets
continued

OIL & GAS \ HEAVY INDUSTRY \ UTILITIES \ MASS TRANSIT & INFRASTRUCTURE \ GENERAL INDUSTRY \ ON-BOARD AND TRACK-SIDE RAILWAY \ HIGH-TECH INDUSTRY \ SOLAR \ WIND \ ELECTRIC VEHICLES

Review of 2009

AEG Power Solutions' key focus is to provide power supply and control solutions in burgeoning clean, renewable and sustainable energy applications.

The challenging economic environment of 2009 caused an interruption in this growth trend. However, government-sponsored programs around the world, which create significant opportunities through future infrastructure build and investments in alternative, renewable energies continue a pace. We stepped up our operational and execution capabilities in order to successfully compete in these areas going forward. We expect to see a return to growth in 2010 and 2011 of approximately 50%, with the North American and Asian markets in particular showing increased demand. In the latter months of 2009, we experienced a significant increase in the quote rate for new projects, a positive leading indicator of future results. In September 2009, we launched our high power solar inverter, the Protect PV.250. Specifically designed for utility-scale grid connection, the Protect PV.250 is rated to handle power input ranging from 250 kW to 1MW. The Protect PV.250 can be customized to each specific application due to a range of available options and its unique container design. The inverter was developed at the AEG Power Solutions R&D Center in Warstein-Belecke, Germany. The introduction of the Protect PV.250 enlarges the range of the AEG Power Solutions portfolio into the megawatt range. The company is commited to providing a complete range of end-to-end solutions to new energy markets.

Continuous improvement

For decades we have provided our customers with cost-effective, sustainable solutions for their utility, oil & gas, transportation and petrochemical installations. AEG Power Solutions is now utilizing that engineering expertise and development skills to create the applications that will drive the future of power generation.

We continued to make a number of operational improvements in 2009 that deliver better customer service, improved margins, and position AEG Power Solutions for profitable growth. We introduced a new "Markets Driven Steering Committee" (MDSC) to establish a more strategic, centralized and efficient sales approach. Already, this new initiative has delivered a ten point improvement in the percentage of sales wins. In parallel, and to serve our customers more effectively at local levels, we have launched a series of "Customer Management Offices" (CMO), which provide our teams with more insight into customer support needs and a basis for expanding relationships. These new programs have contributed to an increase in service revenue as a proportion of overall revenue. Improvements have also been made to our product portfolio, where our AC and DC product lines are now built using a modular, building block architecture. The launch of the new Protect 8 UPS products occurred in the second half of 2009 as a result of this 'easy to customize' concept. The Protect 8 generation is built on the know-how and technology developed for the Protect 5 product family. Protect 8 UPS products are designed for virtually all industrial sectors requiring maximum reliability, such as onshore

and offshore oil & gas installations, energy & electricity generation and distribution, water treatment and instrumentation, process control and all crucial infrastructure markets. This P8 product line supports the customer's need for increased modularity of solutions which, in turn, offers greater flexibility, scalability, and improved response times for AEG Power Solutions customers. At the same time, the building block architecture allows us to harmonize our protect power solutions offering across the globe; thereby lowering our cost base through economies of scale and lower maintenance costs.

There is huge growth potential in the new energy market for the power electronics industry and AEG Power Solutions

Industrial customized UPS

Power controllers modules and systems

Solar inverters and systems

Markets
continued

Control & protect power: towards new energies markets
continued

Customer case study

Abakus Solar AG

Strong support from a leading brand

Abakus Solar AG is a pioneer in the German photovoltaics industry and delivers a wide spectrum of installations for industrial and residential customers. Over the last fifteen years, Abakus Solar has built a reputation for managing complex PV-projects and high-end standard-systems. One of the core competences of Abakus Solar is its specialization in Building Integrated Photovoltaics, a sector which is growing rapidly.

The business need

Abakus Solar requires reliable and efficient electricity inverters, for each of its three solar business sectors, to ensure the maximum amount of power is transferred back to the electrical grid in the conversion of DC to AC voltage. It is important that Abakus Solar is confident the inverters it is supplying to its customers meet its own high standards of reliability and efficiency.

"AEG Power Solutions is an established company with a recognized brand. It is renowned for reliability, good quality, technical expertise and delivering great value"

Abakus Solar AG working with AEG Power Solutions

Abakus Solar recognizes AEG Power Solutions as a trusted partner that can deliver high quality inverters and services, and as a company which is able to support its drive for growth in new markets and deliver against the high expectations of its customers.

Abakus Solar was quickly convinced by AEG Power Solutions' knowledge and expertise as well as its production of a prototype inverter to serve the needs of solar park installations. It was equally important for the AEG Power Solutions inverters to remain reliable for the required lifespan of twenty years, thereby protecting Abakus Solar's long term investment.

With a potential for power to be wasted in transferring energy back to the grid, it is essential to understand how the equipment is performing. Abakus Solar is impressed with AEG Power Solutions monitoring system. As one of the first systems in the field, it provides detailed data on the inverter's performance and has the ability to monitor remotely via the internet. This capability strengthened Abakus Solar's confidence in AEG Power Solutions and its ability to deliver added value to its customers.

In providing solutions to its customers, it is essential to Abakus Solar to have an international partner capable of maintaining its clients' inverters and resolving local challenges regardless of the location. AEG Power Solutions' expertise in managing a diverse range of applications means it is able to support 20 different turnkey solutions and switches, that connect inverters to local grids. The strength of the AEG Power Solutions brand, and its Europe-wide presence, continues to be very important to Abakus Solar.

Abakus Solar was quick to recognize the significance of the AEG brand within its wholesale business as local tradesmen identify strongly with the quality and reputation of the AEG Power Solutions for reliability, efficiency, excellent service support and delivering high return on investment. As Abakus Solar seeks to expand its business, having a partner with a strong brand reputation that can support the decision making process for new sales, is a critical element in its plans for growth.

"We are impressed by AEG Power Solutions' support for our customers across Europe"

Markets
continued

Control & protect power: towards new energies markets
continued

Customer case study

Royal Dutch Shell

Providing our customers with global service excellence

Royal Dutch Shell is a global group of energy and petrochemical companies. As part of its operations, Shell's upstream business searches for and recovers oil and natural gas around the world.

The business need

Oil & gas production requires a constant and consistent supply of power. An interruption or loss of power during production can result in significant risks to facilities and personnel.

With safety an overriding priority for Shell, its production facilities require highly reliable, uninterrupted power supply units (UPS) to ensure the safe shutdown and containment of facilities. The impact of UPS units not reacting in the event of an interruption to power could result in considerable financial and reputational costs for Shell. The likely interruption in oil & gas production could also disrupt the supply chain, and cause potential environmental damage due to leaks of oil and/or gas. Furthermore, with a worldwide presence, Shell needed a partner with a global footprint to consistently deliver high quality equipment and service, enabling the company to focus on it's core business.

"AEG Power Solutions is able to deliver technical solutions for functional requirements"

Shell working with AEG Power Solutions

With stringent requirements beyond the normal international standards, AEG Power Solutions, as a leading international UPS unit supplier, meets Shell's meticulous requirements and, through service excellence, has delivered considerable value for Shell.

Utilizing its global footprint, AEG Power Solutions is able to supply high quality, reliable and efficient medium and large capacity UPS units across Shell's global oil & gas production facilities. With industry leading technology ensuring consistent and efficient operation, AEG Power Solutions UPS units require minimal maintenance and intervention, thereby maximizing Shell's return on investment.

AEG Power Solutions has simplified service support for Shell across its European operations, and with plans to expand its service capability to Shell's production facilities in Asia and Africa, AEG Power Solutions will continue to deliver significant value to Shell. Across Shell's facilities in The Netherlands, Norway and the United Kingdom, AEG Power Solutions' skilled teams of engineers are able to support, maintain and service not only AEG Power Solutions' products, but also those of other companies. This industry leading partnership has simplified Shell's upstream operations with the need to only work with one service provider across all of its facilities, including its off-shore operations.

"We have full confidence in the equipment and trust that the AEG Power Solutions UPS units will respond immediately in the event of an interruption to power supply"

Markets
continued

Control & protect power: towards new energies markets
continued

Customer case study

ALD Vacuum Technologies GmbH

Meeting the unique challenges of our customers

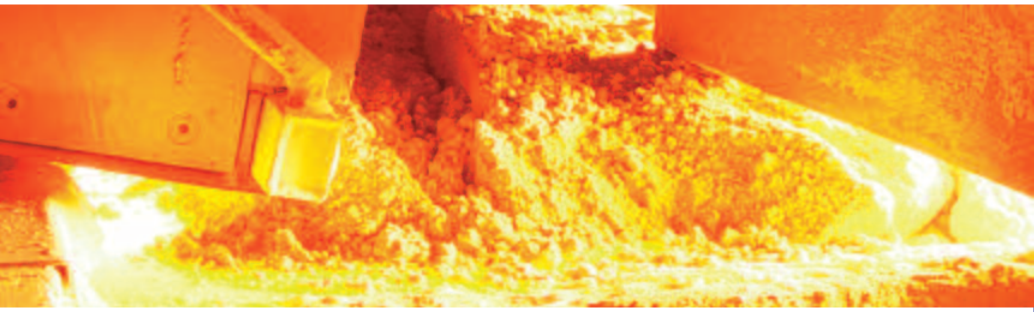
ALD Vacuum Technologies is the leading global supplier of services in the field of vacuum process technology. Core specialties of ALD are process development and plant design. It designs and builds customized production facilities for customers around the world, including Rolls Royce and General Motors, and in particular for multicrystaliser furnaces in the solar industry.

The business need

ALD's technological specialties are vacuum metallurgy and vacuum heat treatment. These highly sophisticated processes require advanced technology to support them and equipment capable of handling temperatures approaching 2,000 degrees.

Therefore it is vital that the power supply is precise and reliable. Variation in heat from the furnaces due to an interruption in power supply is not acceptable as production downtime is estimated to cost customers hundreds of thousands of Euros. ALD required a partner to supply efficient and reliable power controllers and expert technical support to meet the individual challenges of its customers.

"AEG Power Solutions has been in this market for many years and the company's experience gives us peace of mind. We are confident in fitting our machines with AEG Power Solutions power controllers"



Cooperation between ALD and AEG Power Solutions

AEG Power Solutions has exceeded ALD's requirements and, through close cooperation, has built a strong partnership to the benefit of ALD's customers.

In the development of its machinery, ALD must meet the special requirements of its customers. This presents new and demanding challenges. Recognised for technical expertise, ALD has eagerly used AEG Power Solutions' global support and service to provide consultancy in solving the individual challenges of its customers. AEG Power Solutions continues to deliver reliable, high quality and industry-leading power controllers, in addition to extensive technical support and expertise to ALD and its customers globally.

"We are impressed by AEG Power Solutions' support for our customers across Europe"

Markets
continued

Efficient power solutions: enabling the communications infrastructure

DATA CENTERS \ E-TRADING CENTERS \ IP BACKBONE \ ISP \ CO-LOCATION CENTERS

Our offering

Part of AEG Power Solutions' heritage in developing power electronics solutions for large infrastructure customers lies in its expertise in DC power solutions and services supporting communications infrastructures. These solutions are presently made available to the market through our Hammer & Simmons brand.

Our power electronics solutions for the telecommunications market include mini and compact systems, high power systems and power supply modules. Above all, we provide custom engineering and complete service support for applications throughout the telecom network: central office (fixed lines), access and mobile.

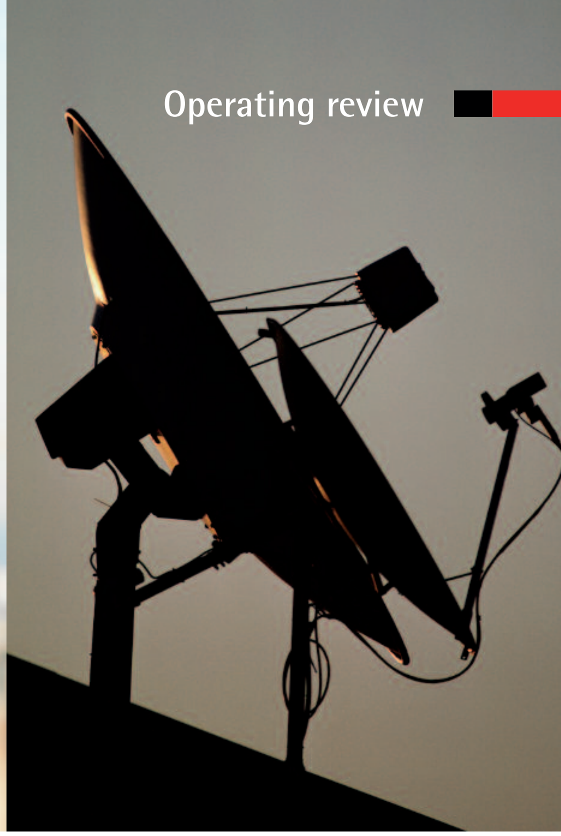
In line with our customers' need for solutions and support across global infrastructures, AEG Power Solutions has a large installed base of over 50,000 sites across Europe and Africa, and is rapidly expanding its market presence in Asia and other emerging geographic areas.

Review of 2009

The year was marked by our business initiative to provide green, high efficient solutions. ECO^{px} represents our commitment to assist telecom service providers and OEMs in meeting their sustainability challenges while reducing total cost of ownership.

ECO^{px} products allow telecom providers to reduce their electricity consumption by implementing a range of leading-edge techniques and technologies, such as world class power density rectifiers, delivering excellent reliability due to fewer components, near-flat efficiency curves and low-power sleep modes. Product features such as higher temperature ratings for equipment help eliminate or reduce the need for cooling, which can account for as much as 25% of network power consumption. A broad range of solutions is now available. Elements of these hybrid power solutions include: solar, wind and/or gensets. 2010 will continue to see the implementation of these environmentally friendly solutions.

With large network roll-outs being put on hold during the first three quarters of 2009, AEG Power Solutions experienced some global softening of the market. In particular, our business in South Asia was significantly impacted by the economic downturn, contraction in consumer spending, and increased levels of competition. Throughout 2009 our share of the Asian market remained soft while our customers in Europe and Africa finished strongly with positive indications of a sustained recovery.



Our strategy to diversify the telecom customer base to include mid-size providers, in addition to the traditional OEM's, yielded improved results. With increasing sales through short-term projects, new partnerships with OEM's, and expansion of our hybrid power (solar+wind+genset) business by securing wireless rural opportunities in emerging countries, there is confidence of sustainable growth for 2010 and beyond.

Significant for 2009 was the expansion of our global footprint with increasing opportunities in South East Asia, Southern Europe, Africa and the Middle East. Due to our focus on global solutions for our customers, a significant 50% increase in service revenues was realized.

A key focus for 2009 has been the expansion of our global footprint

Mini systems

Markets
continued

Efficient power solutions: enabling the communications infrastructure
continued

Customer case study

Huawei, India

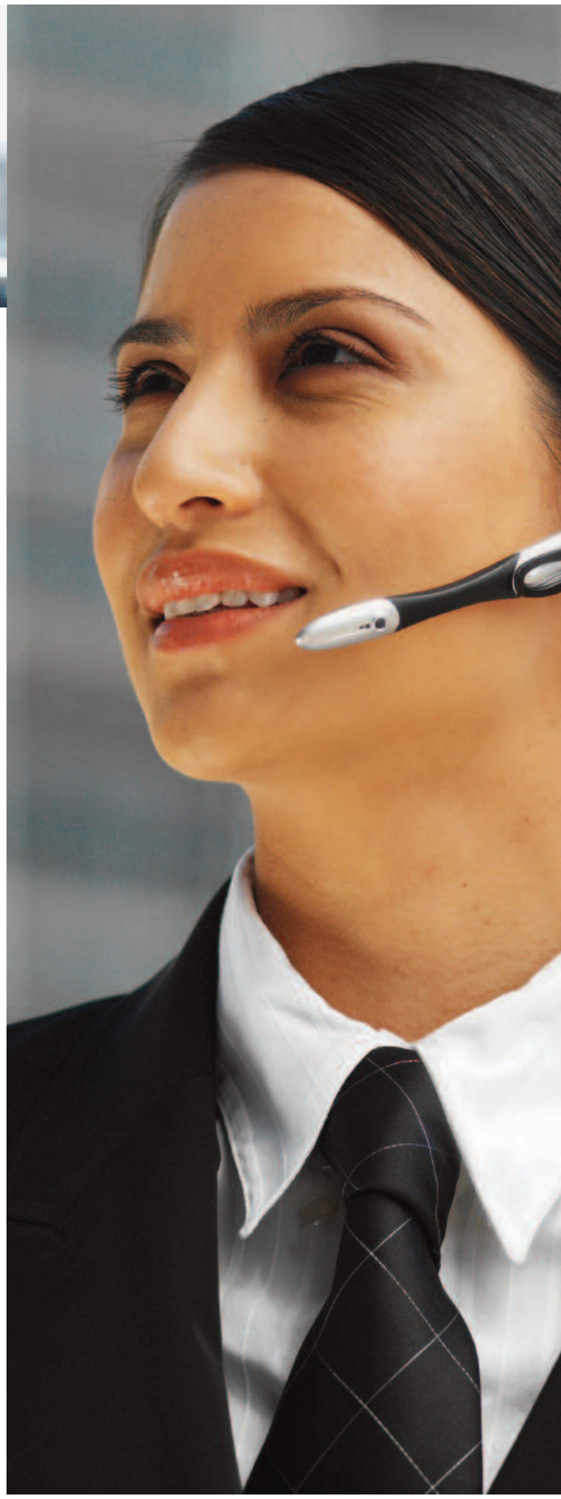
Matching the aspirations of our customers

Huawei is a leading telecommunications company, providing end-to-end solutions in network infrastructure, applications and software, devices and professional services. Huawei manufactures telecommunications equipment for deployment of GSM and CTM networks.

The business need

With great ambitions to grow its business in the Indian market, Huawei required a power electronic partner that could supply skilled manpower, resources and excellent service delivery to support its planned production of a telecommunications infrastructure across India.

"AEG Power Solutions has the capability to grow with us, it has the resources, manpower and technical capabilities to meet our needs"

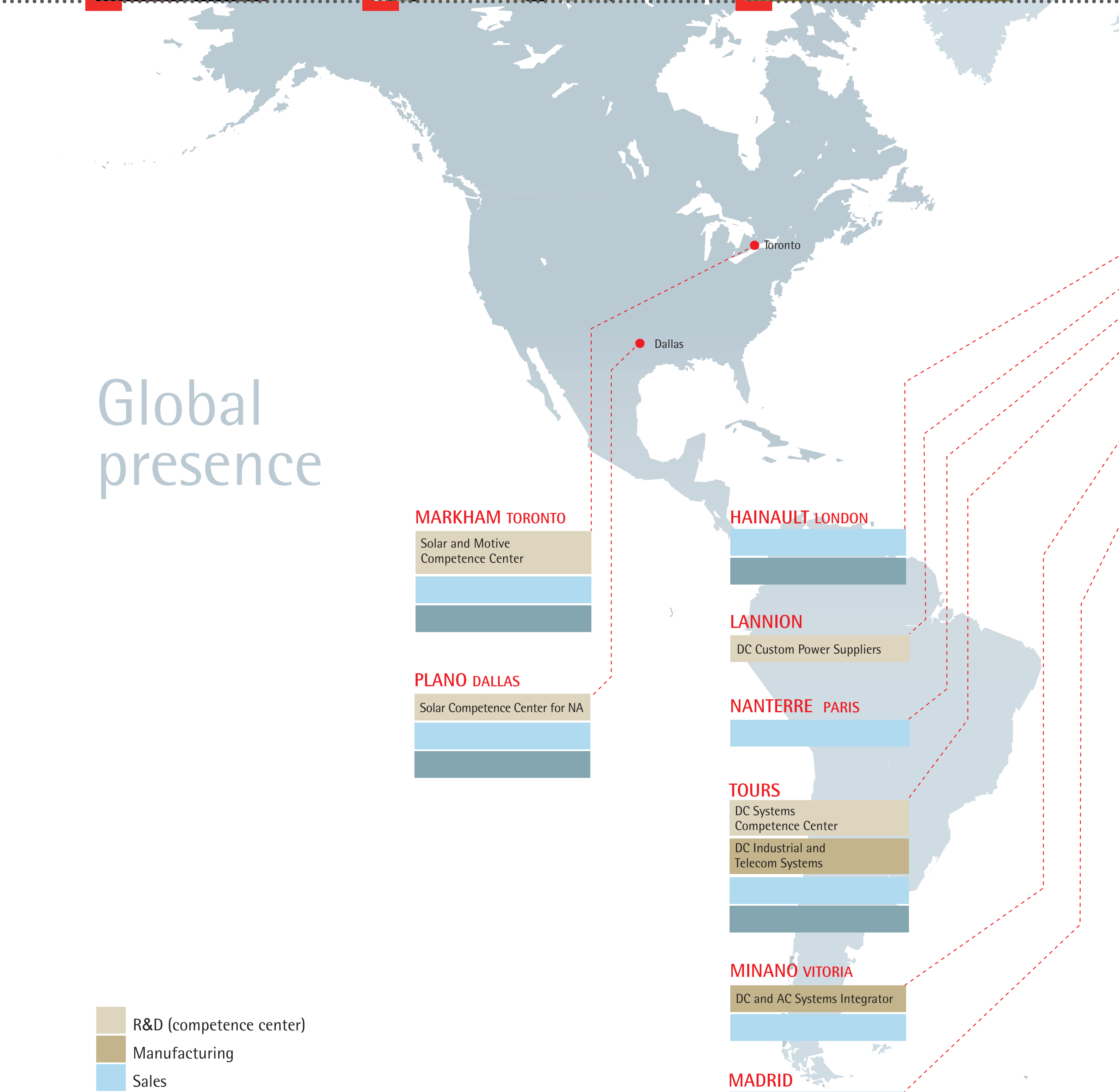


Huawei working with AEG Power Solutions

Although having worked with AEG Power Solutions for less than a year, Huawei has quickly gained an appreciation for the value, service and commitment that AEG Power Solutions brings to its operations in India.

AEG Power Solutions and Huawei are delivering Civil, Mechanical and Electrical (CME) services in the deployment of the telecommunications infrastructure. With a highly competent team in electrical services, the AEG Power Solutions project team is enabling Huawei to deliver India's telecommunications infrastructure rapidly and efficiently.

"The great project management skills of the AEG Power Solutions team are a real asset"



Global presence

MARKHAM TORONTO

Solar and Motive Competence Center

PLANO DALLAS

Solar Competence Center for NA

HAINAULT LONDON

LANNION

DC Custom Power Suppliers

NANTERRE PARIS

TOURS

DC Systems Competence Center

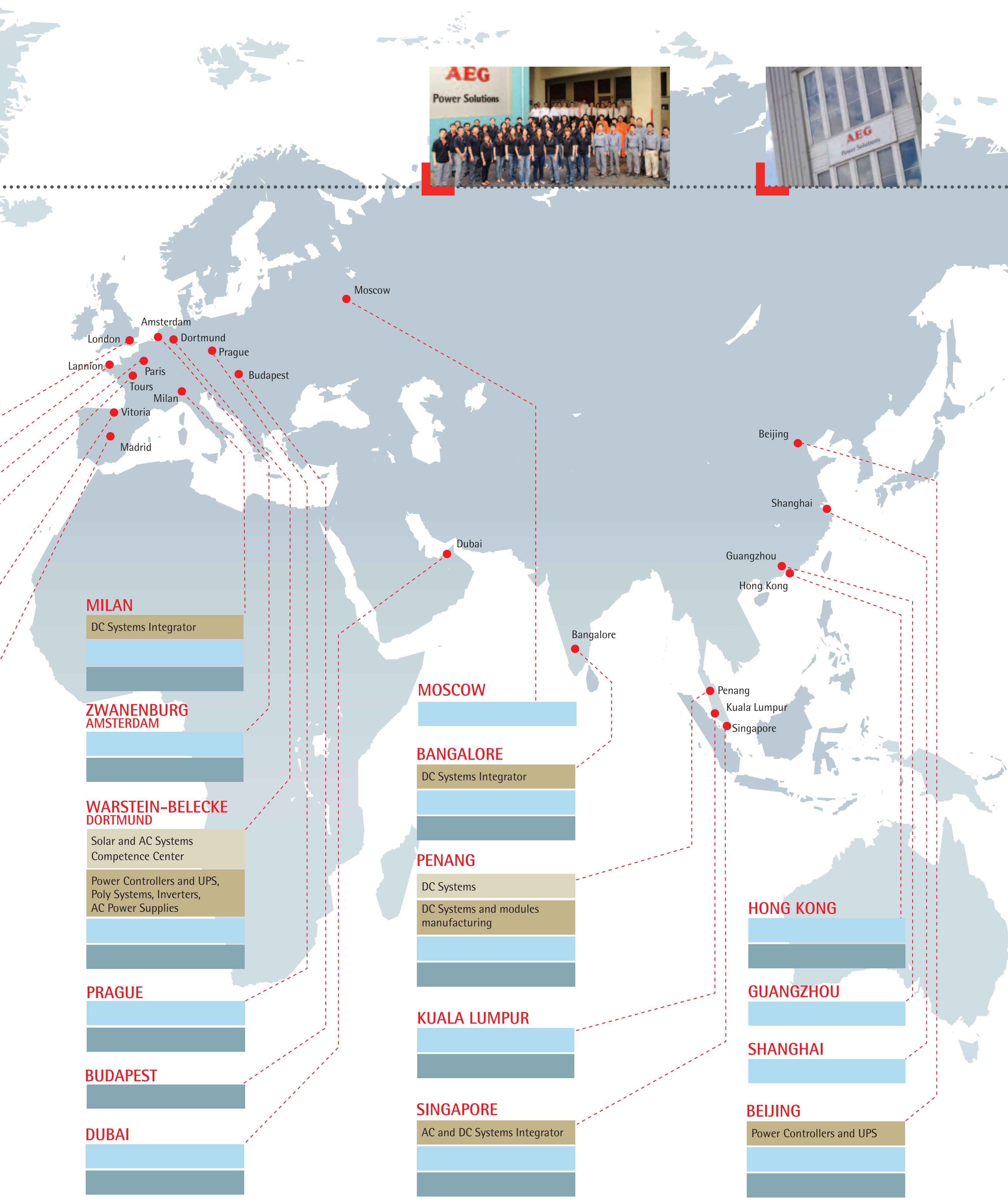
DC Industrial and Telecom Systems

MINANO VITORIA

DC and AC Systems Integrator

MADRID

R&D (competence center)
Manufacturing
Sales
Service


AEG
Power Solutions
AEG
Moscow
Amsterdam
London
Dortmund
Prague
Lannion
Paris
Budapest
Tours
Milan
Vitoria
Madrid
Beijing
Shanghai
Dubai
Guangzhou
Hong Kong
Bangalore
Penang
Kuala Lumpur
Singapore
MILAN
DC Systems Integrator
ZWANENBURG
AMSTERDAM
WARSTEIN-BELECKE
DORTMUND
Solar and AC Systems Competence Center
Power Controllers and UPS, Poly Systems, Inverters, AC Power Supplies
PRAGUE
BUDAPEST
DUBAI
MOSCOW
BANGALORE
DC Systems Integrator
PENANG
DC Systems
DC Systems and modules manufacturing
KUALA LUMPUR
SINGAPORE
AC and DC Systems Integrator
HONG KONG
GUANGZHOU
SHANGHAI
BEIJING
Power Controllers and UPS

Environmental commitment

Environmental concerns are at the core of AEG Power Solutions' activities, products and services

As clear demonstration of AEG Power Solutions' commitment to technology and environmental stewardship, we have developed a facility plan that is consistent with our smart micro and nano-grid strategy

A series of investments in a number of our key facilities are planned to enable localized power generation. Our intention is to meet the internal plant energy needs whilst also supporting sales and marketing activities by allowing for customer demonstrations.

These investments, acting as demonstration and validation programs, will also support the testing, monitoring, and optimization of the company's new products and technologies. Ultimately, the vision is to maintain all carbon neutral facilities.

Facility-by-facility implementation:

- DALLAS, TEXAS, USA
  Solar roof system, planned to be a nano-grid, installed and functioning
- WARSTEIN-BELECKE, GERMANY
  Being planned as a micro-grid, with delivery by mid 2010
- ZWANENBURG, THE NETHERLANDS
  Solar roof system installed and functioning with nano-grid expansion in the future
- TOURS, FRANCE
  BIPV (Building Integrated Photovoltaic) system in place for three years, with planned nano-grid expansion
- VITORIA, SPAIN
  Planning for industrial park micro-grid with special focus on energy storage
- TORONTO, CANADA
  Planning for FIT energy provider program with 'rented roof' by year end of 2010.

AEG Power Solutions' policy is to meet the highest international standards in terms of environmental protection.

ISO 14001: ENVIRONMENTAL MANAGEMENT SYSTEM

AEG Power Solutions' first ISO registration was awarded in 2004. Four of our main production facilities are now certified, with plans to register our remaining sites by 2012.

ROHS: RESTRICTION OF HAZARDOUS SUBSTANCES

Since 2005, AEG Power Solutions has a policy to meet the strict requirements of the RoHS European Directive for managing the use of hazardous substances. We have exceeded our commitments in this area and have extended the policy to include our industrial equipment.

WEEE: WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT

Amongst our customers and partners in Europe, we have put in place a take-back and recycle scheme for end-of-life batteries and systems. In 2009, this program has already seen the collection of 120 tons of batteries and 35 tons of systems for recycling. AEG Power Solutions will continue to invest in its recycling program and in 2010 we expect to realize a sizeable improvement in the program.

REACH: REGISTRATION, EVALUATION AND AUTHORIZATION OF CHEMICAL SUBSTANCES

The UPS, inverters and telecom systems provided by AEG Power Solutions to customers are in line with the REACH European regulations.

Human Resources

AEG Power Solutions is a preferred employer for professionals in the power electronics industry. We provide for challenging job opportunities that offer both professional and personal development

In late 2006, we introduced our proprietary project management methodology (PRINCE2™). Since then, over 150 of our staff have been trained in this core company competence with the last two of our series of workshops held in 2009.

Most of these trained staff members have proceeded to pass the foundation exam. Our project management method is now being applied in R&D and commercial management projects. During 2009, we also completed a series of go-to-market sales workshops to support the implementation of our new commercial management model.

In April 2009, we implemented our Global HRM Information System which has enabled us to standardize many of our human resources systems and processes, allowing for more efficient management of our global workforce and more streamlined roll-out of global programs.

With over 1,500 staff supporting customers across 14 countries, we are a truly global player that celebrates the cultural diversity of our most important asset – our people.

Governance

Board of Directors

The AEG Power Solutions board has successfully steered the company's transition to a publicly listed company

Roland Berger
Chairman

Chairman of Roland Berger Strategy Consultants and Chairman of the Board of Trustees of the Roland Berger Foundation; member of supervisory and advisory boards of national and international companies including: Fiat Group; Telecom Italia; Deutsche Bank AG, MillerBuckfire; Sony Corporation; The Blackstone Group, Prime Office AG (Chairman); and Fresenius SE (Chairman of Audit Committee).

Bruce A. Brock
Chief Executive Officer

Chief Executive Officer for AEG Power Solutions since January 2005. Founder of the Brock Group, has served as Chairman of the International Consortium of Advanced Manufacturing; an Advisory Board Member for Intelligent Manufacturing for the United States Department of Commerce; a Board of Trustees member for the Dallas Science Place. Served as Chief Operating Officer of the Lucent Power Systems (LPS) between 1997 and 2000.

Robert J. Huljak
Chief Strategic Officer

Chief Strategic Officer since January 2005. Has served on the Board of Directors for PSMA; and the University of Texas-Arlington Advisory Board for Engineering. Founding partner of the Brock Group; served as Vice President of Development and Chief Technical Officer for Lucent Power Systems (LPS). Served as Director of Development at MagneTek's Lighting Group.

Timothy C. Collins
Non executive Director

Chief Executive Officer and Senior Managing Director of Ripplewood Holdings. Serves as a Director of Citigroup Inc. and as Chairman of the Investment and Strategy Committee of the Board of Directors of RHJ International SA. Serves on the Board of the Hotel Carlyle Owners Corporation and Weather Investments S.p.A.

Keith Corbin
Non executive Director

Group Executive Chairman of Nerine International Holdings Limited and serves as an independent Director on the board of various regulated financial services businesses. An Associate of the Chartered Institute of Bankers (A.C.I.B.); and a Member of the Society of Trust and Estate Practitioners (T.E.P.).

Leonhard Fischer
Non executive Director

Appointed Chief Executive Officer of RHJ International in January 2009 and has served on its Board of Directors since September 2007. A member of the Julius Baer Group Ltd Board of Directors; and the Board of AXA Konzern AG.

Thomas Middelhoff
Non executive Director

Chairman and founding partner of BLM partners, former Chairman & CEO Arcandor AG, Head of Europe Investcorp Int. Ltd., former CEO Bertelsmann AG, Board member The New York Times Company et. al.

Prof Mark Wössner
Non executive Director

Chairman of the Supervisory Board of Heidelberger Druckmaschinen AG. Member of the Douglas AG Supervisory Board; and the Supervisory Board of Loewe AG.

The board of Directors of Germany1 was modified in the year 2009 as follows:

Dr. Arnold Bahlmann, appointed June 24, 2008, resigned August 12, 2009

Roland Berger, Chairman, appointed June 24, 2008

Bruce Brock, appointed August 12, 2009

Horst Brockmueller, appointed June 24, 2008, resigned August 12, 2009

Timothy C. Collins, appointed August 12, 2009

Keith Corbin, appointed June 24, 2008

Leonhard Fischer, appointed August 12, 2009

Robert J. Huljak, appointed August 12, 2009

Florian Lahnstein, appointed May 21, 2008, resigned August 12, 2009

Thomas Middelhoff, appointed June 24, 2008, resigned August 12, 2009 (reappointed on January 25, 2010)

Gero Wendenburg, appointed 21 May 2008, resigned August 12, 2009

Mark Wössner, appointed August 12, 2009.

Directors' report

The Directors present their report and consolidated financial statements of Germany1 Acquisition Limited (the "Company").

The Company and its consolidated subsidiaries are collectively referred to as the Group.

Germany1 Acquisition Limited was incorporated on May 21, 2008 in Guernsey. The Company raised €250 million though its initial public offering ("IPO") on NYSE Euronext , Amsterdam on July 21, 2008. During the period May 21, 2008 to September 10, 2009 the principal activity of the Company was that of a special acquisition vehicle with the purpose of acquiring one or more operating businesses through a merger, share purchase, asset acquisition, reorganisation, capital stock exchange or similar transaction (a "Business Combination").

Principal activity and business review

The significant event of the year was the acquisition of AEG Power Solutions on September 10, 2009. This marked the fulfilment of the purpose of the Company and its transition from an acquisition vehicle to the holding company of a leading power electronics group. The principal activity of AEG Power Solutions is the design, development, manufacture, and sale of custom AC and DC power solutions for a variety of industrial and communication applications.

The purchase price of AEG Power Solutions was €409.8 million (excluding expenses). The price was paid for in a mixture of cash and shares. Goodwill arising on the acquisition amounted to €102.5 million after identifying €295.7 million of net intangible assets. Further information on the acquisition of AEG Power Solutions is set out in the section below and in note 8 of the financial statements.

The results of AEG Power Solutions were consolidated with those of the Company for the period from September 11, 2009 to December 31, 2009. Excluding purchase accounting effects (such as amortisation of intangibles identified on acquisition), the revenue and operating profit contributed by AEG Power Solutions in the period since acquisition were €103.8 million and €9.0 million respectively. For the whole of 2009, AEG Power Solutions had revenues of €399.4 million (2008 €342.8 million) and operating profit of €80 million (2008 €55.3 million). Appendix 1 sets out pro-forma unaudited consolidated statements of income of the Company with AEG Power Solutions for the years 2008 and 2009 excluding the effects of purchase accounting. Note 8 of the financial statements shows the unaudited pro-forma condensed statement of income had the acquisition happened at the beginning of 2009 including the effect of amortisation of intangibles for the whole year.

The reported loss before tax was €28.8 million. This is stated after a charge of €24.7 million of purchase accounting adjustments and a €15.2 million financial charge as a result of the change in the market value of warrants. Neither of these charges have any effect on cash flow. Excluding these non cash charges, the Group would have reported a profit before taxes of €11.1 million. The charge relating to the warrants arose as a result of a change in accounting policy details of which are set out later in this report and in note 2.

The tax benefit on continuing operations was €2.8 million. This was influenced by adjustments arising from purchase accounting. Details of the factors affecting taxes are shown in note 13. Purchase accounting adjustments and their tax effects have no impact on cash flows.

Expenditure on tangible assets in the post acquisition period amounted to €0.8 million while for the whole 2009 AEG Power Solutions spent €3.5 million (2008 €6.5 million).In the period since acquisition, AEG Power Solutions spent a total of €3.6 million on research and development (R&D) including capitalised development costs. Total R&D spending by AEG Power Solutions for the whole of 2009 was €12.2 million (2008 €9.9 million).

The Group's indebtedness in the continuing operations is limited to €10.1 million on a trade receivable facility and €0.6 million bank overdraft.

Acquisition of AEG Power Solutions ("AEG")

On July 23, 2009 the Company reached agreement to acquire AEG Power Solutions B.V. ("AEG") and all its subsidiaries. The acquisition of AEG was approved by the Company's shareholders on August 12, 2009 and was completed on September 10, 2009 (the "Closing"). Subject to certain conditions, shareholders voting against the acquisition were entitled to have their shares redeemed. Details of redemptions are shown in note 21.

The transaction was structured so that the AEG shareholders contributed their shares and options in AEG to Power Solutions Holdings BV ("PSHBV"). The Company purchased PSHBV thereby acquiring all shares of AEG. At the same time all outstanding options in AEG were deemed exercised and cancelled. PSHBV subsequently merged with and was absorbed into Germany1 Acquisition BV ("G1BV") a wholly owned subsidiary of the Company. The majority owners of AEG prior to the acquisition were Ripplewood Power Systems I L.L.C. and Ripplewood Power Systems II L.L.C. (collectively "Ripplewood") with members of the management team and certain other shareholders holding a minority stake. As part of the agreement for the sale of AEG, Ripplewood was appointed as representative of all AEG shareholders.

The purchase price for the acquisition was a mixture of cash and new shares issued for the purpose as follows:

- Cash - €200 million subject to net cash and working capital adjustments
- Shares – 9,604,465 Class A and 9,604,466 Class B shares, a total of 19,208,931 new shares

Class A shares are restricted for a period of up to 6 months from Closing during which time they cannot be traded. Class B shares are similarly restricted for a period of up to 12 months from Closing. After the respective restricted periods both classes of shares will become normal ordinary shares and will be listed on the Euronext. In all other respects the A and B shares are identical to ordinary shares having the same voting rights and ranking pari passu in respect of dividends and on liquidation.

Taking into account the net cash and working capital adjustment, as well as amounts to be returned to the company from cash held in escrow, the total cash portion of the purchase price was €222.5 million

Of the 19,208,931 new shares issued for the acquisition, 500,000 were held in escrow at December 31, 2009 until such time as a tax audit of AEG Power Solutions GmbH, AEG's subsidiary in Germany, has been finally determined.

A further 2,500,000 shares were also issued and were held in escrow at December 31, 2009. These relate to an earn-out arrangement under which the former AEG shareholders are entitled to additional payments (the "earn-out") of up to €25 million in cash and 2.5 million in shares ("earn-out shares"), payable on the achievement of certain adjusted EBITDA targets in respect of fiscal years 2009, 2010 and 2011. The earn-out shares are fully issued and will be held in escrow until such time as the earn-outs have been finally determined. Based on actual results for fiscal 2009 and projections for 2010 and 2011, the Board of Directors believe that the earn-out is unlikely to be achieved in for any of the years in question. Accordingly, both the cash and share elements of the earn-out have been excluded from the determination of the purchase price for the acquisition of AEG (note 8).

Under the terms of the earn-out, the Company or any of its subsidiaries may not undergo a change of control during the earn-out period without, either (a) prior written consent from Ripplewood or (b) the Company first paying all outstanding amounts of the earn-out that could become due and payable.

Following the acquisition the executive team of AEG assumed management control of the Company:

Results and dividends

The results for the year and the financial position at December 31, 2009 are shown in the consolidated income statement and the consolidated statement of financial position.
No dividend is proposed for the year.

Principal risks

The principal risks that could have a material impact on the Group are set out in note 5 of the financial statements.

a) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Directors' report continued

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors its cash status and projected sources and needs throughout the year as part of the process in place to ensure the company maintains adequate liquidity.

At December 31, 2009 the Group had the following lines of credit and receivable financing facilities:

- €2.5 million overdraft facilities held by certain of the Group's subsidiaries. The facilities are unsecured (except for an amount of €0.8 million which is secured against trade receivables in one of the subsidiaries).
- €31.8 million receivable financing facility (of which €15 million relates to the discontinued activity).

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to customer credit risk is influenced mainly by the individual characteristics of each customer. Management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. The Group's Italian and Canadian subsidiaries each derive more than 50% of their revenue from a single customer. The subsidiaries concerned have long-standing and close associations with these customers and this concentration does not constitute a significant risk for the Group as a whole.

New customers are analysed individually for creditworthiness before orders are accepted. Payment and other terms are set commensurate with the level of risk perceived by the Group and this may include sales made on a prepayment basis. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and these limits are reviewed regularly.

More than 50% percent of the Group's customers have been transacting with the Group for over four years, and losses have occurred infrequently.

More than 50% percent of the Group's customers have been transacting with the Group for over four years, and losses have occurred infrequently.

c) Interest rate and currency risk

The company has no significant indebtedness (other than through its receivable financing facilities) and does not enter into interest rate derivatives. Therefore the Group's exposure to interest rate risk is limited.

Details of the Group's exposure to currency risk are shown in note 31, from which it can be seen that the main exposure is to the euro, the Group's functional currency. Exposure to other currencies is limited and the group had no foreign currency instruments in place at the year end.

Share Capital

Details of the share capital and share premium (including new shares issued on the acquisition of AEG, redemption of shares and exercise of warrants) are shown in note 21.

Directors' interests

The interests of Directors and related parties in the share capital of the Company are shown in note 32 of the financial statements.

Migration to Luxembourg and change of name

The Board has approved the migration of the Company's place of registration from Guernsey to Luxembourg. The migration is subject to shareholder approval and arrangements for the shareholder vote are in progress.

The Board has also approved the change of name of the Company from Germany1 Acquisition Limited to 3W Power Holdings. The Directors believe the new name is better suited to the Company's function as parent of AEG, a leading power electronics group. This change does not affect the use of the brand name AEG. The Directors anticipate that the Company's ticker symbol on Euronext, Amsterdam will be changed to "3WP" for the shares, and "3WPW" for warrants. The change of name will be put forward for approval by the shareholders.

Disclosure of information to auditor

The Directors who held office at the date of approval of the Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware and each Director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditors

The Annual General Meeting held on August 12, 2009 approved the appointment of KPMG Channel Islands Limited as auditors of the company for the year ended December 31, 2009.

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

Bruce A. Brock

April 7, 2010

Governance

Germany1 Acquisition Ltd. is a limited company organized under the laws of Guernsey. The company has an unlimited authorized share capital and an issued capital of 50,080,024 shares with no par value. As of the end of the 2009 financial year, the share capital was divided into three types of shares:

- Ordinary shares (listed on Euronext Amsterdam)
- Class A restricted shares (not listed)
- Class B restricted shares (not listed)

The Class A and B shares were issued as part of the Business Combination with AEG Power Solutions. These shares carry the same rights as ordinary shares with regard to voting and dividends but are subject to transfer restrictions beginning on September 10, 2009 for a period of 6 months for the Class A shares and 12 months for the Class B shares. At the end of each respective restriction period, the shares subject to the restriction will become common shares and will be listed on the Euronext Amsterdam Exchange.

The Company is committed to maintaining the highest standards of governance and responsibility towards its shareholders, employees and all other outside parties in the jurisdictions within which it operates. Following the completion of the Business Combination on September 10, 2010, the AEG Power Solutions management, which was placed in charge of the Company, has undertaken the task of reinforcing its existing standards and practices to adapt to its new status as a listed company. These efforts will be ongoing throughout the 2010 financial year.

Shareholders

Each of the shares of the Company is entitled to one vote (except for treasury shares). Shareholders are called to an Annual General Meeting each year by the Board of Directors. The Board may also call Extraordinary Shareholder Meetings at its discretion. Decisions at the Annual General Meeting are subject to simple majority requirements, unless otherwise provided under Guernsey law. The Articles of Association provide for a 15 day notice period prior to the meeting. The Chairman of a shareholder meeting is a director or, in the absence of any director, a shareholder chosen by the General Meeting. The chairman of the shareholder meeting may cast the deciding vote in case of a tie.

Increases in share capital are decided by ordinary resolution of the shareholders.

The Company may purchase any of its own shares and may make a payment out of capital in respect of such purchase. Shares purchased by the Company may be held as treasury shares provided that the number of shares held as treasury shares may not exceed ten per cent of the total number of shares. The Company may not exercise any right in respect of treasury shares held by it.

Board of Directors

Under the Articles of Association of the Company, the Board of Directors is made up of at least four members with no maximum number. The members of the board are appointed and revoked by ordinary resolution of the shareholders. The Board of Directors may also appoint additional directors who will hold office only until the next Annual General Meeting and then be eligible for election.

At each Annual General Meeting, one-third of the Directors retire from office. A retiring Director is eligible for re-election. At the Annual General Meeting convened to decide on the Business Combination and approve the 2008 financial statements, all of the current board members were re-elected or elected to office.

The Board of Directors is responsible for the activity of the Company and the corporate governance structures, adopting and implementing strategies and, more generally, the day-to-day management of the Company. Shareholder approval is required only in limited situations including amending the articles of association or winding up the Company's business.

At the end of the 2009 financial year, the Board was comprised of seven members including two executive directors holding the positions of Chief Executive Officer and Chief Strategic Officer and five non-executive members.

The executive directors are entrusted by the Board of Directors with the management of the Company. In this regard, they are responsible for implementing the strategy of the Company to achieve its objectives in line with its risk profile, setting and applying corporate policies and adhering to the rules of corporate social responsibility. The executive directors are employees of the company in their capacities as CEO and CSO respectively.

The fees paid to the Board of Directors are capped at €100,000 per annum in aggregate. Board members are also entitled to reimbursement of their reasonable costs associated with the performance of their duties as directors.

Members of the Board of Directors must report and provide all relevant information regarding any conflict of interest to the Board.

Following the completion of the Business Combination, the Board created two standing committees: the audit committee and the compensation committee. Each committee is made up of two non-executive directors.

Compensation Committee

The purpose of the compensation committee is to (i) oversee the administration of the compensation plans, in particular the incentive compensation and equity-based plans, of the Company (and, to the extent appropriate, the subsidiaries of the Company), (ii) discharge the Board's responsibilities relating to the compensation of the Company's Management Executives Board Directors, and (iii) review and make recommendations on director compensation.

The compensation committee met at the time of the Business Combination to set the remuneration plan for the executive members of the board of directors. The committee is also working on a long term incentive plan which should be implemented during 2010.

Audit Committee

The audit committee assist the Board of Directors in fulfilling its responsibility to oversee (i) matters relating to the financial controls, reporting, and external audits, the scope and results of audits, and the independence and objectivity of auditors; (ii) monitoring and reviewing the audit function; (iii) monitoring the involvement of the independent auditor, focusing on compliance with applicable legal and regulatory requirements and account standards; and and (iv) the performance of the Company's external auditors.

The first meeting of the audit committee took place on March 31, 2010 for the purpose of reviewing the 2009 financial statements and annual report and to receiving and comment on the findings of the external auditors.

External Auditors

The external auditors are appointed by the shareholders at the Annual General Meeting on the recommendation of the Board of Directors and, more specifically, its audit committee. The remuneration of the external auditors is agreed by the Board of Directors. The Annual General Meeting of August 12, 2009, approved the appointment of KPMG Channel Islands Limited as external auditor.

Rules and policies

Following the completion of the Business Combination, the Company adopted an insider regulation and stock market compliance program. A group compliance officer was named to oversee the insider trading policies and a groupwide program was implemented to make all the employees aware of their rights and obligations from a securities law perspective.

AEG Power Solutions' code of conduct continues to apply to the activities of our employees and our group companies. This code sets forth the fundamental principles to which all of the group employees must adhere. These principles have served the group well and will continue to evolve as needed to meet the challenges of the changing business environment.

Risk Assessment

The risks which could have a material impact on the Group are discussed in the Directors' Report on page 35.

Responsibility statement

The Companies (Guernsey) Law, 2008 requires the directors to prepare consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group as at the end of the financial period and of the profit or loss of the Group for that period.

In preparing those financial statements, the directors are responsible for:

- selecting suitable accounting policies and then apply them consistently
- making judgements and estimates that are reasonable and prudent
- stating whether applicable accounting standards have been followed;
- preparing the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the consolidated financial statements comply with the Companies (Guernsey) Law, 2008. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

We confirm to the best of our knowledge that:

- These consolidated financial statements have been prepared in conformity with IFRS as adopted by the European Union and give a true and fair view of the assets; liabilities; financial position and profit of the Company as required by the European Union Transparency Directive: and
- These consolidated financial statements include information detailed in the Directors' Report and the Notes to the Consolidated Financial Statements, which include a fair view of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that they face, as required by the European Union Transparency Directive:

  As required by section 5:25c paragraph 2 (c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht), the members of the management Board hereby confirm that to the best of their knowledge that:

- The Germany1 Acquisition Limited 2009 consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Germany1 Acquisition Limited and its consolidated subsidiaries;
- The Germany1 Acquisition Limited 2009 annual report gives a true and fair view of the position of Germany1 Acquisition Limited and its consolidated subsidiaries at the balance sheet date and of the development and performance of the business during the financial year 2009, together with a description of the principal risks Germay1 Acquisition Limited is being confronted with.

Signed on behalf of the Board by:

Bruce A. Brock

Robert J. Huljak

April 7, 2010

Content

Financial statements

Consolidated statement of financial position

For the year ended December 31, 2009

In thousands of euro	Note	2009	2008[1]
Assets			
Property, plant and equipment	14	**30,911**	–
Intangible assets	15	**278,655**	–
Goodwill	15	**102,452**	–
Other non current financial assets		**1,548**	–
Total non-current assets		413,566	–
Inventories	17	**59,361**	–
Trade and other receivables	18	**70,732**	90
Repayments	19	**4,400**	–
Cash and cash equivalents	20	**57,958**	252,496
Assets classified as held for sale	7	**24,785**	
Total current assets		**217,236**	252,586
Total assets		**630,802**	252,586
Equity			
Share capital	21	–	–
Share premium	21	**394,928**	212,448
Retained earnings		**(8,211)**	18,865
Reserve for own shares		**(24,375)**	–
Cumulative translation adjustment	21	**86**	–
Total equity attributable to equity holders of the Company		**362,428**	231,313
Liabilities			
Employee benefits	24	**22,569**	–
Deferred tax liabilities	16	**73,103**	–
Provisions	25	**7,950**	–
Total non-current liabilities		103,622	–
Warrants	26	**30,975**	15,810
Loans and borrowings	23	**10,748**	–
Trade and other payables	27	**59,859**	149
Income tax liabilities		**16,129**	–
Deferred income	28	**32,060**	5,314
Provisions	25	**2,807**	–
Liabilities classified as held for sale	7	**12,174**	–
Total current liabilities		**164,752**	21,273
Total liabilities		**268,374**	21,273
Total equity and liabilities		**630,802**	252,586

The financial statements on pages 42 to 84 were approved by the Board of Directors on April 7, 2010 and signed on its behalf by:

Bruce A. Brock **Robert J. Huljak**

The notes on pages 48 to 84 are an integral part of these consolidated financial statements.

[1] In 2009, the accounting treatment of warrants has been revised as required under IAS 32. The effect of the change was to reclassify the proceeds of the Initial Public Offering of the company attributable to the warrants from equity to a liability, and subsequently to measure this liability through the statement of income based on the market value of the warrants. This is reflected in the company's 2009 annual report by adjusting the 2008 comparatives.

Consolidated statement of income

For the year ended December 31, 2009

In thousands of euro	Note	2009	21 May to 31 December 2008[1]
Continuing operations			
Revenue	6	103,836	
Cost of sales		(77,024)	
Gross profit		26,812	
Selling, general and administrative expenses		(19,806)	351
Research and development expenses		(4,385)	
Other expenses	9	(19,451)	
Loss from operating activities		(16,830)	(351)
Finance income		3,914	19,216
Finance costs		(15,932)	
Net finance income / (costs)	12	(12,018)	19,216
Profit / (loss) before income tax		(28,848)	18,865
Income tax benefit	13	2,782	
Profit / (loss) from continuing operations		(26,066)	18,865
Discontinued operation			
(Loss) from discontinued operation (net of income tax)	7	(1.353)	
Profit / (loss) for the period		(27,419)	18,865
Profit / (loss) attributable to:			
Owners of the Company		(27,419)	18,865
Profit / (loss) for the period		(27,419)	18,865
Earnings per share	22	–	–
Basic (loss) / earnings per share (euro)		(0.76)	0.81
Diluted (loss) / earnings per share (euro)		(0.28)	0.13
Continuing operations			
Basic (loss) / earnings per share (euro)		(0.72)	0.81
Diluted (loss) / earnings per share (euro)		(0.25)	0.13
Discontinued operations			
Basic (loss) / earnings per share (euro)		(0.04)	–
Diluted (loss) / earnings per share (euro)		(0.03)	–

The notes on pages 48 to 84 are an integral part of these consolidated financial statements.

[1] In 2009, the accounting treatment of warrants has been revised as required under IAS 32. The effect of the change was to reclassify the proceeds of the Initial Public Offering of the company attributable to the warrants from equity to a liability, and subsequently to measure this liability through the statement of income based on the market value of the warrants. This is reflected in the Company's 2009 annual report by adjusting the 2008 comparatives.

Consolidated statement of comprehensive income

For the year ended December 31, 2009

In thousands of euro	Note	2009	21 May to 31 December 2008[1]
Profit / (loss) for the period		**(27,419)**	18,865
Other comprehensive income			
Foreign currency translation differences for foreign operations		**86**	
Share based payments		**343**	
Other comprehensive income for the period		**429**	
Total comprehensive income for the period		**(26,990)**	18,865
Total comprehensive income / (loss) attributable to:			
Owners of the Company		**(26,990)**	18,865
Total comprehensive income / (loss) for the period		**(26,990)**	18,865

The notes on pages 48 to 84 are an integral part of these consolidated financial statements.

[1]In 2009, the accounting treatment of warrants has been revised as required under IAS 32. The effect of the change was to reclassify the proceeds of the Initial Public Offering of the company attributable to the warrants from equity to a liability, and subsequently to measure this liability through the income statement based on the market value of the warrants. This is reflected in the Company's 2009 annual report by adjusting the 2008 comparatives.

Consolidated statement of changes in equity

For the year ended December 31, 2009

	Attributable to equity holders of the Company					
In thousands of euro	Share capital	Share premium	Translation reserve	Reserve for own shares	Retained earnings	Total Equity
Balance at 21 May 2008 to 31 December 2009	-	-	-	-	-	-
Total comprehensive income for the period May 21 to December 31, 2008					**18,865**	**18,865**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Issue of 7,500,000 ordinary redeemable Founding shares		10				10
Redemption of 1,250,000 ordinary redeemable Founding shares		(2)				(2)
Issue of 25,000,000 ordinary redeemable shares		225,000				225,000
Costs of shares issued		(12,560)				(12,560)
Total contributions by and distributions to owners		**212,448**				**212,448**
Balance at 31 December 2008[1]		**212,448**	**–**	**–**	**18,865**	**231,313**
Comprehensive income / (loss) for the year to December 31, 2009			**86**		**(27,076)**	**(26,990)**
Contributions by and distributions to owners						
Redemption of 2,916,420 ordinary redeemable shares		(29,399)				(29,399)
Exercised warrants (25,500 ordinary shares issued)		216				216
Issue of 9,604,465 class A shares		93,644				93,644
Issue of 9,604,465 class B shares		93,644				93,644
Treasury shares (1,250,000 class A and 1,250,000 class B shares)		24,375		(24,375)		-
Total transactions with owners		**182,480**	**86**	**(24,375)**	**(27,067)**	**131,115**
Balance at 31 December 2009		**394,928**	**86**	**(24,375)**	**(8,211)**	**362,428**

The notes on pages 48 to 84 are an integral part of these consolidated financial statements.

[1] In 2009, the accounting treatment of warrants has been revised as required under IAS 32. The effect of the change was to reclassify the proceeds of the Initial Public Offering of the company attributable to the warrants from equity to a liability, and subsequently to measure this liability through the income statement based on the market value of the warrants. This is reflected in the Company's 2009 annual report by adjusting the 2008 comparatives.

Consolidated statement of cash flows

For the year ended December 31, 2009

In thousands of euro	Note	2009	21 May to 31 December 2008[1]
Cash flows from operating activities			
(Loss) / profit for the period		**(26,066)**	18,865
Adjustments for non-cash items:			
Depreciation		**1,198**	-
Amortisation of intangible assets		**19,105**	-
Change in fair value of warrants		**15,190**	(15,190)
Charge for share-based payments		**343**	-
Finance (expense) / income (net)		**(3,172)**	(4,026)
Income tax credit		**(2,782)**	-
Cash flow from / (used in) operations before changes in working capital changes		**3,816**	(351)
Change in inventories		**13,268**	-
Change in trade and other receivables		**9,276**	(90)
Change in prepayments		**1,159**	-
Change in trade and other payables		**(3,805)**	149
Change in employee benefits		**889**	-
Change in provisions		**2,338**	
Change in deferred income		**(11,643)**	-
Cash generated from / (used in) operating activities		**11,482**	59
Income tax paid		**(11,406)**	-
Net cash from operating activities		**3,892**	(292)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		**(165,979)**	-
Expenses of acquisition of AEG Power Solutions		**(4,241)**	-
Acquisition of property, plant and equipment		**(838)**	-
Proceeds from sale of property, plant and equipment		**48**	-
Acquisition of intangible assets		**(508)**	-
Capitalised internal development expenditure		**(1,504)**	-
Cashflow impact of discontinued operations		**(1,707)**	-
Net cash used in investing activities		**(174,729)**	-
Cash flows from financing activities			
Interest received (net)		**3,622**	4,026
Proceeds from issue of share capital and warrants		**191**	256,010
Share redemptions		**(29,399)**	(2)
Issue costs		**-**	(7,246)
Change in short term debt		**1,293**	-
Net cash from (used in) financing activities		**(24,293)**	252,788
Net (decrease) / increase in cash and cash equivalents		**(195,130)**	252,496
Cash and cash equivalents at beginning of period		**252,496**	-
Cash and cash equivalents at 31 December	20	**57,366**	252,496

The notes on pages 48 to 84 are an integral part of these consolidated financial statements.

[1] In 2009, the accounting treatment of warrants has been revised as required under IAS 32. The effect of the change was to reclassify the proceeds of the Initial Public Offering of the company attributable to the warrants from equity to a liability, and subsequently to measure this liability through the statement of income based on the market value of the warrants. This is reflected in the company's 2009 annual report by adjusting the 2008 comparatives.

Content

Notes

1. Reporting entity

Germany1 Acquisition Limited (the "Company") is a company domiciled in Guernsey. The address of the Company's registered office is: 1st & 2nd Floors, Elizabeth House, Les Ruettes Brayes, St Peter Port, Guernsey, GY1 1EW.

The consolidated financial statements of the Company as at and for the year ended December 31, 2009 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). Since its acquisition of AEG Power Solutions B.V. in September 2009 the Group is engaged in the design, developments, manufacture, marketing, sales and distribution of AC Power Control systems, AC/DC power systems and converters for industrial and telecom applications. The group has manufacturing operations in China, France, Germany and Malaysia.

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements have been prepared under the historic cost convention, they give a true and fair view and they are in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and comply with the Companies (Guernsey) Law, 2008.

The consolidated financial statements were authorised for issue by the Board of Directors on April 7, 2010.

b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost convention, unless otherwise indicated.

c) Functional and presentation currency

These consolidated financial statements are presented in Euro, which is the Group's functional currency. All financial information presented in Euro has been rounded to the nearest thousand.

d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 8	- measurement of intangibles as part of business combination
Note 15	- impairment test procedures on goodwill
Note 16	- utilisation of tax losses
Note 24	- measurement of defined benefit obligations
Note 25, 29, 30	- provisions, off-balance sheet commitments and contingencies

e) Changes in accounting policies

In the absence of explicit transition requirements for new accounting pronouncements, the Group accounts for any change in accounting principle retrospectively. Starting as of January 1, 2009, the Group has changed its accounting policies in determination and presentation of operating segments and presentation of financial statements.

Determination and presentation of operating segments
In 2009 and following the acquisition of AEG Power Solutions, the Group adopted IFRS 8 – Operating Segments, under which the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's Chief Operating Decision Maker ("CODM"). This is a change in accounting policy as previously no operating segments were determined.

Comparative segment information has been represented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

2. Basis of preparation (continued)

e) Changes in accounting policies (continued)

Presentation of financial statements
The Group applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been represented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects; there is no impact on earnings per share.

The amendment to IFRS 7 Financial instruments – Disclosures, requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of a fair value hierarchy. This amendment resulted in additional disclosures in the financial statements.

f) Reclassifications

Certain items previously reported under specific financial statement captions have been reclassified to conform to the current year presentation.

g) Restatement of 2008 audited and published financial statements

In 2009, the accounting treatment of warrants has been revised as required under IAS 32. The effect of the change was to reclassify the proceeds of the Initial Public Offering of the company attributable to the warrants from equity to a liability, and subsequently to measure this liability through the income statement based on the market value of the warrants. This is reflected in the company's 2009 annual report by adjusting the 2008 comparatives as follows:

Income statement

Period May 21 2008 to December 31 2008

In thousands of Euro	As reported	As restated
Retained profit for the period	3,675	18,865
Balance sheet		
As at December 31 2008		
	As reported	As restated
Current liabilities	(5,464)	(21,273)
Net assets	247,123	231,313
Equity		
Share	243,448	212,448
Retained earnings	3,675	18,865
Total equity attributable to equity holders of the Company	247,123	231,313

Earnings per share

Basic earnings per share (Euro)	0.81
Diluted earnings per share (Euro)	0.13

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities, except as explained in note 2(e), which addresses changes in accounting policies.

a) Basis of consolidation

Subsidiaries
Group entities are entities controlled by the Group. The financial statements of Group companies are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

3. Significant accounting policies (continued)

a) Basis of consolidation (continued)

Subsidiaries (continued)
The purchase method of accounting is used to account for the acquisition of subsidiaries by the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable net assets of the subsidiary acquired is recognized as goodwill. The minority interests are disclosed separately in the consolidated statements of income as part of profit allocation and in the Consolidated balance sheets as a separate component of equity.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b) Foreign currency

Foreign currency transactions
The consolidated financial statements are presented in Euro, which is the Group's functional and presentation currency. Transactions in other than the Euro (foreign) currencies are translated at the rate of exchange applicable on the transaction rate. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognized in profit or loss, non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Euro by applying the annual average rates.

Foreign currency differences are recognized in the foreign currency translation reserve (translation reserve, or FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

Financial information prepared in currencies other than the Euro has been converted at the Euro rate per foreign currency unit set out below:

Country	Currency	Closing rates 2009	Average rates 2009	Closing rates 2008	Average rates 2008
Canada	CAD	**0.66**	**0.63**	0.59	0.64
China	CNY	**0.10**	**0.10**	0.11	0.10
India	INR	**0.01**	**0.01**	0.01	0.02
Malaysia	MYR	**0.20**	**0.20**	0.21	0.20
Russia	RUB	**0.02**	**0.02**	0.02	0.03
Singapore	SGD	**0.50**	**0.49**	0.50	0.48
United Kingdom	GBP	**1.13**	**1.12**	1.05	1.26
United States	USD	**0.69**	**0.72**	0.72	0.68

c) Cash flow statements

Cash flow statement is prepared using the indirect method. Cash flows in foreign currencies have been translated into Euro using the weighted average rates of exchange for the periods involved. Cash flows from derivative instruments that are accounted for as fair value hedges or cash flow hedges are classified in the same category as the cash flows from the hedged items. Cash flows from other derivative instruments are classified consistent with the nature of the instrument.

3. Significant accounting policies (continued)

d) Financial instruments

Derivative financial instruments
The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Generally the Group seeks to apply hedge accounting in order to minimise the effects of foreign currency fluctuations in the income statement.

Derivatives that can be used are interest rate swaps, forward rate agreements, caps and floors and forward exchange contracts. Transactions are entered into with a limited number of counterparties with strong credit ratings. Foreign currency and interest rate hedging operations are governed by an internal policy and rules (treasury policy) approved and monitored by the Board. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value and changes therein are accounted as described below. The fair value of forward exchange contracts and interest rate swaps are their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Cash flow hedges
Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

Non-derivative financial assets
The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in a transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group identifies the following non-derivative financial assets: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets.

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans are stated at amortised cost, less the related allowance for impaired loans. Loans and receivables comprise trade and other receivables.

Trade accounts receivable are carried at the lower of amortized cost or the present value of estimated future cash flows, taking into account discounts given or agreed. The present value of estimated future cash flows is determined through the use of allowances for uncollectible amounts. In the event of sale of receivables and factoring, the Group derecognizes receivables when the Group has given up control or continuing involvement. Long-term receivables are initially recognized at their present value using an appropriate interest rate. Any discount is amortized to income over the life of the receivable using the effective yield.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. They are stated at face value, which approximates fair value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of short term debt for the purpose of the statement of cash flows.

Held-to-maturity financial assets
Held-to-maturity investments are those debt securities which the Group has the ability and intent to hold until maturity.

3. Significant accounting policies (continued)

d) Financial instruments (continued)

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives financial assets that are designated as available-for-sale and that are not classified in any of the other categories of financial assets. Available-for-sale financial assets are recorded at fair value. Unrealised holding gains and losses, net of the related tax effect, on available-for-sale financial assets are reported as a separate component of other comprehensive income until realised.

Non-derivative financial liabilities
The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are recognised initially at fair value.

Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference share capital
Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Group's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Group's shareholders.

Warrants
Warrants are initially recorded as liability at fair value in the statement of financial position. This liability is measured at fair value and changes therein are recognised in profit or loss.

e) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When re-valued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Subsequent costs
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. Significant accounting policies (continued)

e) Property, plant and equipment (continued)

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings, plant and equipment	20 - 30 years
- Infrastructure and fixtures	10 - 20 years
- Equipment and tools	5 - 10 years
- Small equipment and tools	2 - 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

f) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

- Capitalized development costs	3 - 7 years
- Backlog	2 - 3 years
- Customer relations	14 - 20 years
- Technology	4 - 10 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3. Significant accounting policies (continued)

g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding rental obligations, net of finance charges, are included in other short term and other non-current liabilities.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the assets and the lease term.

Other leases are operating leases and, except for investment property, the leased assets are not recognized in the Group's statement of financial position. Payments made under operating leases are recognized in the Statements of income on a straight-line basis over the term of the lease. Investment property held under an operating lease is recognized in the Group's statement of financial position at its fair value.

h) Inventories

Inventories and work in progress are measured at the lower of cost and net realizable value. Cost is primarily calculated on a weighted average price basis. Reserves for inventories and work in progress are calculated based on an analysis of foreseeable changes in demand, technology or the market, in order to determine obsolete or excess inventories and work in progress. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

i) Impairment

Financial assets including receivables

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Group considers evidence of impairment for receivables at a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

The amount of the allowance for doubtful receivables reflects both the customers' ability to honour their debts and the age of the debts in question. The Group establishes a bad debt allowance procedure that foresees provisioning for each specific case. As soon as individual trade accounts receivable can no longer be collected in the normal way and are expected to result in a loss, they are designated as doubtful trade accounts receivable and valued at the expected collectible amounts. They are written off when they are deemed to be uncollectible because of bankruptcy or other forms of receivership of the debtors.

The allowance for the risk of non collection of trade accounts receivable takes into account credit-risk concentration, collective debt risk based on average historical losses, and specific circumstances such as serious adverse economic conditions in a specific country.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

3. Significant accounting policies (continued)

i) Impairment (continued)

Non-financial assets (continued)
The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Non-current assets held for sale
Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

j) Employee benefits

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate used is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

3. Significant accounting policies (continued)

j) Employee benefits (continued)

Defined benefit plans (continued)
The Group applies the corridor method to recognize in the profit of loss actuarial gains and losses over the expected average remaining working lives of employees in the plan and accordingly, decided not to adopt the Amendment to IAS 19 Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures as at January 1 2006, whereby all actuarial gains and losses arising from defined benefit plans would be recognised directly in equity.

The corridor is 10 percent of the greater of the present value of the obligation and the fair value of the assets at the beginning of the period. The corridor is calculated and applied separately for each plan. The net cumulative unrecognised actuarial gain or loss at the beginning of the period in excess of the corridor is amortised on a straight-line basis over the expected remaining working lives of the employees in the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

Other long-term employee benefits
The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate used is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

Termination benefits
Termination benefits are recognized as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Share-based payments
The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the payment is measured to reflect such conditions and there is no true-up for differences between expected and actual conditions.

k) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The Group accrues for losses associated with environmental obligations when such losses are probable and can be estimated reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Warranties
A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

3. Significant accounting policies (continued)

k) Provisions (continued)

Restructuring

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

l) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale. In general the group recognizes revenue from the sale of goods and equipment when a contractual arrangement with its customer exists, delivery has occurred, the amount of revenue can be measured reliable and is profitable that the economic benefits associated with the transaction will flow to the group. Accruals for estimated returns are recorded at the same time based on contract terms and prior claims experience. In arrangements where the customer specifies final acceptance of the goods, equipment, services or software, revenue is generally deferred until all the acceptance criteria have been met.

Service revenue related to repair and maintenance activities for goods sold is recognized ratably over the service period or as services are rendered. Revenue from training and consulting services is recognized when the services are performed.

For product sales through resellers and distributors, revenue is recognized at the time of the shipment to distributors.

When two or more revenue generating activities or deliverables are sold under a single arrangement, each deliverable that is considered to be a separate unit if account is accounted for separately. The allocation of consideration from a revenue arrangement to its separate units of account is based on the relative fair value of each unit. If the fair value of the delivered item is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered item.

The group accrues for warranty costs, sales returns and other allowances based on contract terms and its historical experiences.

Government grants are recognised as income as qualified expenditures are made, except for grants relating to purchases of assets, which are deducted from the cost of the assets.

m) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

n) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

3. Significant accounting policies (continued)

o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

p) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Non-current assets held for sale and discontinued operations are carried at the lower of carrying amount or fair value less costs to sell. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative period.

q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise restricted shares and any share options granted to employees.

r) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker (the "CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Group has identified two reportable segments, New Energies and Communications. New Energies comprises the Group's Control, Solar and Protect Power product lines while Communications includes the Group's Telecom products.

s) New standards and interpretations not yet adopted

Other than those adopted early as explained in note 2(e), a number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2009, and have not been applied in preparing these consolidated financial statements. The main standards that might affect the group are:

IFRS 3 (Revised) Business Combinations

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations. There is a choice on an acquisition-by-acquisition basis to measure the non controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

3. Significant accounting policies (continued)

s) New standards and interpretations not yet adopted (continued)

All acquisition-related costs other than share and debt issuance costs, should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from January 1, 2010.

IAS 27 (Amended) Consolidated and Separate Financial Statements

The revised standard requires the effects of all transactions with non controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re measured to fair value, and a gain or loss is recognized in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from January 1, 2010.

IFRS 9 'Financial Instruments'

This standard introduces certain new requirements for classifying and measuring financial assets. IFRS 9 divides all financial assets that are currently in the scope of IAS 39 into two classifications, those measured at amortized cost and those measured at fair value. The standard along with proposed expansion of IFRS 9 for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment, and hedge accounting will be applicable from the year 2013, although entities are permitted to adopt earlier. The Group is evaluating the impact that this new standard will have on the Group's Consolidated financial statements.

IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

IFRIC 19 clarifies the accounting when the terms of debt are renegotiated with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (referred to as a 'debt for equity swap'). The interpretation requires a gain or loss to be recognized in profit or loss when a liability is settled through the issuance of the entity's own equity instruments. The reclassification of the carrying value of the existing financial liability into equity (with no gain or loss being recognized in profit or loss) is no longer permitted. IFRIC 19 is applicable on January 1, 2011. The application of this IFRIC is not expected to have a material impact on the Group's Consolidated financial statements.

IFRIC 17 'Distribution of non-cash Assets to Owners'

The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group will apply IFRIC 17 prospectively from January 1, 2010. It is not expected to have a material impact on the Company's Consolidated financial statements.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

Intangible assets

The fair value of technology acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the technology being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of other intangible assets (such as backlog) is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Trade and other receivables
The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities
The fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

Warrants
The fair value of the outstanding warrants is measured at market price by applying the list price of these warrants at the end of the period as traded at the Euronext Amsterdam.

Pension
The fair value of pension as a result of the business combination is recognised based upon the identified unrecognized net actuarial gain adjusted for discounted flows expected to be derived from the use and eventual sale of this asset.

As at the year end the value of the plan assets have been determined based on market quotations.

5. Financial risk management

Overview
The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board Audit Committee is chartered to oversee how management monitors compliance with the Group's risk management policies and procedures, and to review the adequacy of the risk management framework in relation to the risks faced by the Group.

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the currently deteriorating economic circumstances. The Group's Italian and Canadian subsidiaries each derive more than 50% of their revenue from a single customer. The subsidiaries concerned have long-standing and close associations with these customers and this concentration does not constitute a significant risk for the Group as a whole.

New customers are analysed individually for creditworthiness before orders are accepted. Payment and other terms are set commensurate with the level of risk perceived by the Group and this may include sales made on a prepayment basis. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and these limits are reviewed regularly.

More than 50% percent of the Group's customers have been transacting with the Group for over four years, and losses have occurred infrequently.

5. Financial risk management (continued)

a) Credit risk (continued)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Group limits its exposure to credit risk by investing only in liquid securities and only with solid counterparties.

Guarantees

The Group provides guarantees and performance bonds when required for specific projects and such guarantees are approved by Group management.

At December 31, 2009 the value of guarantees issued by the Group amounted to €9.9 million net of those covered by cash collateral.

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its cash status and projected sources and needs throughout the year as part of the process in place to ensure the company maintains adequate liquidity.

At 31 December 2009 the Group had the following lines of credit and receivable financing facilities:

- €2.5 million overdraft facilities held by certain of the Group's subsidiaries. The facilities are unsecured (except for an amount of €0.8 million which is secured against trade receivables).
- €31.8 million receivable financing facility (of which €15 million relates to the discontinued activity)

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each subsidiary supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards
- risk mitigation, including insurance where this is effective.

5. Financial risk management (continued)

d) Operational risk (continued)

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-redeemable preference shares and non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

6. Operating segments

Following the acquisition of AEG Power Solutions, the Directors have reviewed its activities and strategies and have begun the process of organising the Group in segments. The Directors have identified two operating segments, New Energies and Communications. Accordingly the results of the Group are presented below in these segments which also reflects the presentation of information to the Group's Chief Executive, who has been identified as the chief operating decision maker ("CODM").

The information below is for the year to December 31, 2009 and includes the results of AEG Power Solutions since its acquisition by the Company on September 10, 2009. No prior year comparatives are presented as the company had no operating segments in 2008.

In thousands of Euro	New Energies	Communication	Unallocated amounts	Total
Revenue	**87,630**	**16,206**		**103,836**
Segment operating income / (loss)	**15,008**	**(234)**	**408**	**15,182**
Restructuring costs			(2,878)	(2,878)
Capitalised development costs (net of amortisation)	1,062	128		1,190
Central overheads			(5,663)	(5,663)
PPA[1] adjustments	(23,104)	(1,451)	(106)	(24,661)
Loss from operating activities	**(7,034)**	**(1,557)**	**(8,239)**	**(16,830)**

[1] *Purchase price accounting adjustments arising from the amortisation of fair value adjustments and intangible assets identified on the acquisition of AEG Power Solutions.*

Revenue comprises €84,541 thousands for goods and €19,295 thousands for services.

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

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

In thousands of Euro	Germany	Rest of Europe	Africa, Middle East and Asia	Americas	Held for sale	Total
Revenue	26,537	27,832	46,394	3,073	–	103,836
Non-current assets	186,819	103,446	13,906	5,395	–	309,566
Total assets	**314,104**	**253,527**	**29,775**	**8,615**	**24,785**	**630,802**

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

7. Non-current assets held for sale / Discontinued operation

In December 2008, the directors of AEG Power Solutions signed a Memorandum of Understanding whereby they agreed to sell Harmer + Simmons S.A.S. at Lannion in France to members of the subsidiary's management. The transaction, which was subject to certain conditions, was due to be completed on 20 February 2009. As a number of required conditions were not met, the proposed sale to management was abandoned. Following this it was decided to proceed with a plan to restructure the operation in order to reduce its cost base while at the same time pursuing a divestment. The Company is still committed to a plan to sell this activity in 2010, and accordingly the segment has been presented as a discontinued operation and classified as held for sale as at 31 December 2009.

Assets classified as held for sale

In thousands of Euro	2009	2008
Intangible assets	10,792	–
Property, plant and equipment	2,469	–
Other non-current assets	137	–
Inventories	4,683	–
Trade and other receivables	5,835	–
Cash and cash equivalents	869	–
	24,785	–

Liabilities classified as held for sale

In thousands of Euro	2009	2008
Provisions	4,171	–
Pension and other post-retirement obligations	690	–
Trade and other payables	7,313	–
	12,174	–

Results of discontinued operation

In thousands of Euro	2009	2008
Revenue	6,652	–
Expenses	(8,005)	–
Results from operating activities	(1,353)	–
Income tax	–	–
(Loss) for the period	(1,353)	–

Earnings per share

Basic (loss) per share	(0.04)	–
Diluted (loss) per share	(0.03)	–

The loss from discontinued operation of €1,353 thousand is attributable entirely to the owners of the Group.

Cash flows from / (used in) discontinued operation

In thousands of Euro	2009	2008
Net cash used in operating activities	(1,672)	–
Net cash from financing activities	2,221	–
Net cash from investing activities	–	–
Net cash from discontinued operations	549	–

8. Acquisition of AEG Power Solutions B.V.

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

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

The following table presents the (unaudited) pro-forma condensed statement of income as if the acquisition had occurred on January 1, 2009.

In thousands of Euro **Unaudited**	Consolidated results presented	Purchase Price Allocation Adjustment for period Jan 1, 2009 to 10 Sep, 2009	AEG Power Solutions results for period January 1, 2009 to Sep 10, 2009	**Pro forma consolidated results**
Revenue[1]	103,836	-	295,598	399,434
Operating (loss) / profit[1]	(16,830)	(22,974)	72,207	32,403
(Loss) / profit after tax[1]	(26,066)	(16,018)	46,264	4,180

[1] Relates to continuing operations only.

If the acquisition had occurred on January 1, 2009, management estimate that combined revenue would have been €399.4 million, combined operating profit €32.4 million and combined net income after taxes would have been €4.2 million. In determining these pro-forma amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2009. An assumed income tax rate of 30% has been used in calculating the post tax effect of the purchase price allocation adjustments.

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

Purchase Price Consideration

In thousands of Euro	**2009**
Base cash consideration	200,000
Share consideration	187,288
Cash and working capital consideration adjustment	22,498
Total purchase price consideration	**409,786**

Contingent Consideration

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

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

Under the terms of the earn-out, the Company or any of its subsidiaries may not undergo a change of control during the earn-out period without, either (a) prior written consent from Ripplewood or (b) the Company first paying all outstanding amounts of the earn-out that could become due and payable.

8. Acquisition of AEG Power Solutions B.V. (continued)

Transaction expense related to the acquisition

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

The aggregate cost of the acquisition is therefore €414.0 million.

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

In thousands of Euro	Before acquisition date	Purchase Price allocation adjustments	After acquisition date
Assets			
Goodwill	–	102,452	102,452
Other intangible assets	10,815	284,933	295,748
Property, plant and equipment	24,271	6,960	31,231
Other non current financial assets	1,554	–	1,554
Deferred tax assets	4,869	(4,869)	–
Inventories	66,575	6,054	72,629
Trade and other receivables	80,389	–	80,389
Prepayments	5,559	–	5,559
Cash and cash equivalents	56,519	–	56,519
Assets classified as held for sale	14,394	11,536	25,930
Total	**264,945**	**407,066**	**672,011**
Liabilities			
Employee benefits	23,171	(1,491)	21,680
Deferred tax liabilities	3,370	76,263	79,633
Provisions	8,419	–	8,419
Loan and borrowings – current	8,863	–	8,863
Deferred income	38,389	–	38,389
Trade and other payables	61,103	–	61,103
Income tax liabilities	26,560	–	26,560
Liabilities classified as held for sale	13,339	–	13,339
Total	**183,214**	**74,772**	**257,986**
Total net identifiable assets	**81,731**	**332,294**	**414,025**

The goodwill is attributable mainly to the skills and technical capability of AEG Power Solutions's workforce.

The purchase price allocation adjustments for other intangible assets are as follows:

In millions of Euro	
Order portfolio	24,007
Customer relations	206,157
Technology	54,769
Total continuing operations	**284,933**
Customer relations	9,821
Technology	971
Total discontinued operations	**10,792**

This footnote should be read in conjunction with note 4 Determination of fair values.

The policies applied in deriving fair values are set out in note 4. Property, plant and equipment fair value adjustments primarily relate to the Group's freehold properties whose book values were restated to market levels derived on the basis of third party valuations by qualified valuers. Inventory was valued on the basis of estimated selling price less costs to complete. The adjustment to pensions primarily relates to the Group's pension scheme in Germany and represents the recognition of net actuarial gains calculated on the basis of a report by external actuaries.

8. Acquisition of AEG Power Solutions B.V. (continued)

Transaction expense related to the acquisition (continued)

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

Cash flows were projected based on past experience, actual operating results and 5 year business plans.

In the first year of the business plan revenue was projected taking into account current economic conditions. The projected revenue included in the cash flow projections for the 5-year plans has been based on the expectation of some recovery in the economy in 2010 adjusted for factors expected to influence the units' activities such as growth in renewable markets, changes in order backlog and introduction of new products. The 5 year projections were also benchmarked against other external data available to management.

Projected cash flows were discounted at the Group's estimated weighted average cost of capital.

9. Other expenses

In thousands of Euro	2009	2008
Amortization on intangible assets	16,239	-
Restructuring Costs	3,186	-
Others	26	-
	19,451	-

10. Personnel expenses

In thousands of Euro	2009	2008
Salaries and wages	20,923	-
Compulsory social security contributions	3,895	-
Contributions to defined contribution plans	1,084	-
Expenses related to defined benefit plans	59	-
Increase in liability for long-service leave	319	-
Share-based payments	343	-
	26,623	-

11. Headcount by region

The total average full time equivalent of employees in the period from September 10, 2009 to December 31, 2009 is as follows:

	2009	2008
Germany	549	-
France	256	-
Rest of Europe	202	-
Asia Pacific	320	-
North America	49	-
Continuing operations	1,376	-
Discontinued operations	103	-

The total headcount at the end of December 31, 2009 is 1,535 (of which discontinued 132).

12. Finance income and costs

In thousands of Euro	2009	2008
Interest income on bank deposits	3,914	4,026
Net change in fair value of warrants	–	15,190
Finance income	**3,914**	**19,216**
Interest expense on loans and payables	293	
Pension related financial expenses	463	–
Net change in fair value of warrants	15,190	–
Other finance costs	(14)	–
Finance costs	**15, 932**	**–**
Net finance income (costs)	**(12,018)**	**19,216**

Outstanding warrants are shown as a liability on the balance sheet valued at the market price of the warrants. Changes in the value of the liability are included in finance income and costs in the statement of income. Neither the change in accounting policy nor in the market value of the warrants has any effect on the cash flows of the company.

Interest income on bank deposits in both years arose principally on the cash held in the trust account (note 20). This cash has been used in funding the acquisition of AEG Power Solutions and share redemptions.

13. Income tax benefit

In thousands of Euro	2009	2008
Current tax (expense) / benefit		
Current period	(3,699)	–
Deferred tax (expense) / benefit		
Origination and reversal of temporary differences	6,530	–
Other	(49)	–
	6,481	**–**
Income tax benefit	**2,782**	**–**

Reconciliation of effective tax rate

In thousands of Euro	2009	2008
Loss for the period	(26,066)	–
Total income tax benefit	2,782	–
Loss before income tax	**(28,848)**	**–**
Expected income tax benefit using the Group blended tax rates	4,525	–
Current year losse for which no deferred tax asset was set-up	(1,634)	–
Non-deductible charges and others	(109)	–
Income tax benefit	**2,782**	**–**

14. Property, plant and equipment

In thousands of Euro	Land	Buildings	Machinery and equipment	Other	Total
Cost or deemed cost					
Balance at January 1, 2009	**–**	**–**	**–**	**–**	**–**
Acquisition through business combinations	3,323	19,318	7,563	1,027	31,231
Additions		31	775	32	838
Disposals and others		(18)	(27)	(3)	(48)
Effect of movements in exchange rates	10	27	47	12	96
Balance at December 31, 2009	**3,333**	**19,358**	**8,358**	**1,068**	**32,117**
Depreciation					
Balance at January 1, 2009	**–**	**–**	**–**	**–**	**–**
Depreciation for the year	(3)	(340)	(767)	(88)	(1,198)
Disposals	–	–	–		–
Effect of movements in exchange rates	–	(1)	(4)	(3)	(8)
Balance at December 31, 2009	**(3)**	**(341)**	**(771)**	**(91)**	**(1,206)**
Carrying amounts					
At January 1, 2009	–	–	–	–	–
At December 31, 2009	**3,330**	**19,017**	**7,587**	**977**	**30,911**

The depreciation charge recognised in the consolidated statement of income is as follows:

- Cost of sales: €366 thousand
- Selling, general and administrative expenses: €739 thousand
- Research and Development expenses: €93 thousand

Impairment charges

In assessing whether property, plant and equipment have to be impaired, the carrying amount of the cash generating assets are compared with the recoverable amount of the cash generating unit. As the recoverable amount of non-current assets was determined to be higher than the carrying amount no impairment loss was recognised.

Acquisition through business combinations

Acquisition through business combinations in 2009 reflect the addition of fixed assets following the acquisition of AEG Power Solutions B.V. (see note 8).

Leased plant and machinery

The group has no material finance lease agreements.

Capitalised borrowing costs

In 2009 no borrowing costs were capitalised as the investments in 2009 did not classify as qualifying assets.

15. Intangible assets

In thousands of Euro	Goodwill	Backlog	Customer relations	Technology	Software	Research and Development costs	Total
Cost							
Balance at January 1, 2009	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Acquisition through business combination	102,452	24,007	206,157	54,769	8,901	1,914	398,200
Additions						508	508
Internally developed assets					1,504		1,504
Balance at 31 December 2009	**102,452**	**24,007**	**206,157**	**54,769**	**10,405**	**2,422**	**400,212**
Amortisation							
Balance at January 1, 2009	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Amortisation for the period	-	(11,764)	(4,475)	(2,262)	(314)	(290)	(19,105)
Balance at 31 December 2009	**-**	**(11,764)**	**(4,475)**	**(2,262)**	**(314)**	**(290)**	**(19,105)**
Carrying amounts					**-**		
At January 1, 2009	-	-	-	-	-	-	-
At 31 December 2009	**102,452**	**12,243**	**201,682**	**52,507**	**10,091**	**2,132**	**381,107**

The amortisation charge is as follows recognized in the consolidated statement of income:

- Research and development expenses: €2,866 thousand
- Other expenses: €16,239 thousand

Research and development costs

The group has procedures and processes to monitor and capitalise costs on projects designed to develop new marketable products which meet the capitalisation criteria.

Goodwill

As a result of the acquisition of AEG Power Solutions goodwill has been generated in 2009. Goodwill is not amortized but will be tested annually for impairment. The goodwill generated has been allocated to cash generating units ("CGU"):

A summary of the 2009 impairment test together with the CGUs to which goodwill has been allocated is shown below:

In millions of Euro	Net carrying amount of goodwill	Difference between value in use and the carrying amount of net assets
Protect Power	22.3	49
Power Controllers	76.6	362
Telecom	3.5	18
Total	**102.4**	

The recoverable amount of the cash-generating units was based on their value in use. The carrying amount of the units was determined to be lower than their recoverable amount and no impairment loss was recognised.

Value in use was determined by discounting the future cash flows generated from the continuing use of the units. The calculation of the value in use was based on the key assumptions described below.

Cash flows were projected based on past experience, actual operating results and 5-year business plans.

Terminal growth rates used in the valuations are set at 1% which can be supported by reference to the trading performance of the Company over a longer period.

In the first year of the business plan revenue was projected taking into account current economic conditions. The projected revenue included in the cash flow projections for the 5-year plans has been based on the expectation of some recovery in the economy in 2010 adjusted for factors expected to influence the units' activities such as growth in renewable markets, changes in order backlog and introduction of new products. The 5 year projections were also benchmarked against other external data available to management.

15. Intangible assets (continued)

Goodwill (continued)

A pre-tax discount rate of 14.0% was applied in determining the recoverable amount of the units. The discount rate was estimated based on past experience, and industry average weighted average cost of capital.

Impairment procedures are performed at least once a year to assess if the carrying value is still appropriate.

Order portfolio, customer relations and technology

Intangible assets relating to orders, customer relations and technology have been identified as a result of the business combination (note 8). These assets are subject to amortisation and trigger based impairment testing. For the period ended December 31, 2009 there was no impairment.

16. Deferred tax assets and liabilities

Unrecognized deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, as at December 31, 2009:

In thousands of Euro	**2009**
Tax losses	6,885
Deductible temporary differences	739
	7,624

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities at December 31, 2009 are attributable to the following:

In thousands of Euro	Assets	Liabilities	Net
Property, plant and equipment	430	(4,561)	(4,131)
Intangible assets	-	(80,573)	(80,573)
Inventories	-	(563)	(563)
Employee benefits	2,773	(413)	2,360
Provisions	621	(69)	552
Other items	1,656	(86)	1,570
Sub-total	**5,480**	**(86,265)**	**(80,785)**
Tax loss carry-forwards	7,682	-	7,682
Tax assets / (liabilities)	**13,162**	**(86,265)**	**(73,103)**
Set off of tax	(13,162)	13,162	-
Net tax assets / (liabilities)	**-**	**(73,103)**	**(73,103)**

16. Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

In thousands of Euro	Balance 31 Dec. 2008	Acquired in business combination (note 8)	Recognised in profit or loss	Balance 31 Dec. 2009
Property, plant and equipment	-	(4,886)	755	(4,131)
Intangible assets	-	(85,940)	5,367	(80,573)
Inventories	-	(1,968)	1,405	(563)
Employee benefits	-	2,412	(52)	2,360
Provisions	-	149	403	552
Other items	-	1,832	(262)	1,570
Sub-total		**(88,401)**	**7,616**	**(80,785)**
Tax loss carry forward		**8,768**	**(1,086)**	**7,682**
Total	**-**	**(79,633)**	**6,530**	**(73,103)**

17. Inventories

In thousands of Euro	2009	2008
Raw materials and consumables	**40,900**	-
Work in progress	**12,731**	-
Finished goods	**11,889**	-
Inventory Gross	**65,520**	**-**
Reserve for slow-moving and obsolete inventories	**(6,159)**	-
Net inventory	**59,361**	**-**

At the time of the business combination inventory was fair valued resulting in a step-up up in value of €6.1 million. This was fully expensed in 2009 and included in cost of sales. Also included in cost of sales is €57.6 million of material costs and €1.1 million of impairment charges for inventory.

18. Trade and other receivables

In thousands of Euro	2009	2008
Trade receivables	**68,063**	-
Income tax receivables	**980**	-
Other current assets	**3,842**	90
Allowance for doubtful accounts	**(2,153)**	-
Net Trade and other receivables	**70,732**	90
Non-current	-	-
Current	**70,732**	90

The impairment charges for doubtful debts in 2009 amounted to €380 thousand, and is included in cost of sales.

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in note 31.

19. Prepayments

Prepayments include an advance payment of €3.9 million given to one of the Group's suppliers which is recoverable by December 2014 at the latest.

20. Cash and cash equivalents

In thousands of Euro	2009	2008
Bank balances	49,110	-
Fixed deposits		2,582
Restricted cash	8,848	249,914
Cash and cash equivalents	**57,958**	**252,496**
Bank overdrafts included in loans and borrowings	(592)	-
Cash and cash equivalents used in the statement of cash flows	**57,366**	**252,496**

Restricted cash

Restricted cash in 2009 comprise amounts used as cash collateral in relation to bank guarantees issued by the Group companies to customers. These amounts are expected to be released over the following periods:

Within 1 year	4.6 million
2-3 years	3.7 million
> 4 years	0.5 million

The restricted cash in 2008 relates to amounts held in the trust account, in accordance with the Investment Trust Agreement. These were to be held in trust until a successful Business Combination was approved by the shareholders and consummated. With the approval of the acquisition of AEG Power Solutions BV by the Company's shareholders in 2009, the funds held in trust were released and used to finance the acquisition.

21. Capital and reserves

Share capital

In thousands of shares	Founding shares	Ordinary Public shares	Class A shares	Ordinary Class B shares	Total shares
Issued at May 21, 2008	**-**	**-**	**-**	**-**	**-**
Issue of ordinary founding shares	7,500	-	-	-	7,500
Redemption of ordinary redeemable founding shares	(1,250)	-	-	-	(1,250)
Issue of units (including ordinary redeemable public shares)	-	25,000	-	-	25,000
Issued at December 31, 2008	**6,250**	**25,000**	**-**	**-**	**31,250**
Redemption of shares	-	(2,916)	-	-	(2,916)
Issued due to business combination	-	-	9,604	9,604	19,208
Issued due to earn out	-	-	1,250	1,250	2,500
Treasury shares	-	-	(1,250)	(1,250)	(2,500)
Exercise of warrants	-	25	-	-	25
In issue at December 31, 2009	**6,250**	**22,109**	**9,604**	**9,604**	**47,567**

The ordinary founding shares were purchased on June 26, 2008 by LCP1 Limited (a company controlled by Mr Lahnstein) and Dr. A Bahlmann, who acquired 7,450,000 shares and 50,000 shares respectively. These shares were purchased at an aggregate price of €10,000. In 2008 the Company issued 25,000,000 units at an issue price of €10. Each unit consists of one ordinary redeemable share with no par value in the Company and one warrant. The value attributed to the warrants is €1 and is presented as a current liability (see note 26).

The acquisition of AEG Power Solutions was approved by the Company's shareholders on August 12, 2009 and was completed on September 10, 2009 (the "Closing"). Shareholders voting against the acquisition of AEG Power Solutions were, subject to certain conditions, entitled to have their shares redeemed at €10.08 per share. As a result of this 2,916,420 shares were redeemed.

21. Capital and reserves (continued)

As part of the purchase price consideration related to this acquisition, the Company issued 9,604,465 unlisted Ordinary class A shares and 9,604,466 unlisted class B shares. The value assigned to these shares was €9.75 per share, being the market price of the ordinary listed shares on the same date. Class A shares are restricted for a period of up to 6 months from Closing during which time they cannot be traded. Class B shares are similarly restricted for a period of up to 12 months. After the respective restricted periods both classes of shares will become normal ordinary shares and will be listed on the Euronext as such. In all other respects the A and B shares are identical to ordinary shares having the same voting rights and ranking pari passu in respect of dividends and on liquidation. The class A and B shares are included in the earnings per share calculation (note 22).

The Company issued a further 2,500,000 shares (50% in class A and 50% in class B shares) for the purposes of an earn-out agreement entered into between the Company and the former AEG Power Solutions shareholders. The earn-out shares were held in escrow at 31 December 2009. The earn-out is subject to the achievement of certain adjusted EBITDA targets in respect of fiscal years 2009, 2010 and 2011. Any earn-out shares not distributed to the former AEG Power Solutions shareholders will be returned to the Company and may be used for other corporate purposes.

Share premium

In thousands of Euro

May 21, 2008	
Issue of 7,500,000 ordinary founding shares	10
Redemption of 1,250,000 ordinary redeemable founding shares	(2)
25,000,000 units	225,000
Cost of shares issued, net of taxation	(12,560)
December 31, 2008	**212,448**
January 1, 2009	**212,448**
Redemption of 2,916,420 ordinary public shares	(29,399)
Issue of 25,500 ordinary public shares	216
Issue of 1,250,000 class A shares	12,188
Issue of 1,250,000 class B shares	12,187
Issue of 9,604,465 class A shares	93,644
Issue of 9,604,466 class B shares	93,644
December 31, 2009	**394,928**

No dividends were declared or paid by the Company in 2009 and 2008.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

22. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the result attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

Loss / profit attributable to ordinary shareholders

In thousands of Euro	2009	2008
Continuing operations	**(26,066)**	18,865
Discontinued operations	**(1,353)**	-
Total	**(27,419)**	18,865

Weighted average number of ordinary shares

In number of shares	2009	2008
Issued ordinary shares at January 1, 2009	**47,568,011**	31,250,000
Effect of shares issued	**(13,262,056)**	(8,310,871)
Effect of warrants issued	**(23,612)**	-
Effect of shares redeemed	**2,013,528**	372,222
Weighted average number of ordinary shares	**36,295,871**	**23,311,351**

Basic (loss) / earnings per share – continuing operations	**(0.72)**	**0,81**
Basic (loss) / earnings per share – discontinued operations	**(0.04)**	**-**
Basic (loss) / earnings per share - total	**(0.76)**	**0.81**

Diluted earnings per share

Diluted earnings per share are based on the loss attributable to ordinary shareholders of €26,066 thousand (2008: profit €18,865 thousand), adjusted for dilutive effects and a weighted average number of ordinary shares outstanding after adjustment for dilutive effects), calculated as follows:

Profit / (loss) attributable to ordinary shareholders (diluted)

In thousands of Euro	2009	2008
(Loss) / profit from continuing operations	(26,066)	18,865
Effect of warrants	15,190	(15,190)
(Loss) / profit from continuing operations (adjusted for dilution effects)	(10,876)	3,675
Discontinued operations	(1,353)	-
Total	**(12,229)**	**3,675**

Weighted average number of ordinary shares (diluted)

In thousands of shares	2009	2008
Weighted average number of ordinary shares (basic)	**36,295,871**	23,311,351
Effect of warrants issued	**6,956,142**	4,735,553
Effect of treasurey shares issued	**773,973**	**-**
Weighted average number of ordinary shares (diluted)	**44,025,986**	**28,046,904**

Diluted (loss) / earnings per share – continuing operations	**(0.25)**	**0,13**
Diluted (loss) / earnings per share – discontinued operations	**(0.03)**	**-**
Diluted (loss) / earnings per share - total	**(0.28)**	**0.13**

23. Loans and borrowings

In thousands of Euro	2009
Bank overdraft	**592**
Trade receivable finance facility	**10,156**
Total	**10,748**

Bank overdraft

The bank overdraft facility is held by the Group's Spanish subsidiary and is with a number of Spanish banks. Interest on the overdraft is charged at rates between 1.89% and 3.11%.

Trade receivable finance facility

The group has entered into financing agreements which provide for trade receivable financing facilities in France, The Netherlands, Italy and Spain, up to a maximum of €31.8 million (including discontinued operation) at December 31, 2009. These finance facilities are secured by trade account receivables. The interest conditions for these finance facilities vary between Euribor plus a margin between 0.5% and 1.75% and fixed interest rates between 2.25% and 3.58%.

24. Employee benefits

In accordance with the laws and customs of each country, the Group provide pension and retirement benefits to its employees. In France, the employees benefit from a retirement & indemnity plan. In other countries, the plans depend upon local legislation, the business and the historical practice of the subsidiary concerned.

In addition to state pension plans, the Group operates defined contribution and defined benefit plans. In the latter case, the plans are wholly or partially funded by assets solely to support such plans.

The following pre-tax employee benefit expenses have been recognised:

In thousands of Euro	2009	2008
Defined contribution plans	**1,084**	-
Defined benefit plans	**522**	-
Other	**319**	-
Total pre tax employee benefit costs	**1,925**	

a) Defined contribution plans

In certain countries, notably in France and Italy, the Group participates in state plans for which contribution expensed correspond to the contributions due to the state organizations. State plans are considered to be defined contribution plans.

For defined contribution plans, the benefits paid out depend solely on the amount of contribution paid into the plan and the investment returns arising from contributions. The Group's obligation is limited to the amount of contributions paid.

b) Defined benefits plans

Independent actuaries calculate annually the Group's obligation in respect of defined benefit plans, using the projected unit credit method. Actuarial assumptions comprise mortality, rates of employee turnover, projection of future salary levels and revaluation of future benefits. Future estimated benefits are discounted using discount rates appropriate to each country. These plans have different characteristics:

- Perpetual annuity: the retirees benefit from the receipt of a pension during their retirement. These plans are to be found primarily in Germany and The Netherlands.
- Lump-sum payments on the employee's retirement or departure: these plans are to be found primarily in France and Italy.

24. Employee benefits (continued)

b) Defined benefits plans (continued)

Actuarial gains and losses are recognised as income or expense in accordance with “the corridor “ method under which net cumulative gains and losses exceeding the greater of 10% of the present value of the defined benefit obligations and 10% of the fair value of the plan assets are amortized as income or expense over the expected average remaining working lives of the employees participating in those plans.

Assumptions

To determine actuarial valuations, actuaries for the Group have determined general assumptions on a country-by-country basis and specific assumptions (rate of employee turnover, salary increases) company by company.

The principal assumptions used to calculate the defined obligation as of 31 December 2009 by the main geographical segments are as follows:

	Discount Rate %	Future Salary increases %	Future Pension increases %
France	5.25	2.50 -3.00	5.25 %
Germany	5.10	2.00	4.00 %

Both pension schemes in France and Germany are unfunded.

The expected return on plan assets in the region with the most significant plan assets (Netherlands) is assumed to be equal to the discount rate (5.2%). The plan assets are invested in generic funds held by insurance companies and comprise equity securities, debt securities with fixed and variable interest rate and real estate.

The mortality tables used for the group’s major schemes are:

- France: TH 00-02 for men and TF 00-02 for women
- Germany: Richttafeln 2005 G

The components of net periodic costs for the year ended 31 December 2009 are as follows:

In thousands of Euro	2009
Service costs	93
Interest costs	463
Expected return on plan assets	(34)
Total net costs	**522**

The interest costs are recorded in financial expenses. Service costs are included in Cost of sales and Selling, General and Administrative expense.

The change in the benefit obligation and the net amount recognized and recorded in the consolidated balance sheet is as follows:

In thousands of Euro	2009
Acquisition through business combinations	19,830
Service cost	93
Interest cost	463
Actuarial loss	49
Benefits paid	(426)
Total benefit obligation as at December 31	**20,009**

24. Employee benefits (continued)

b) Defined benefits plans (continued)

The movement in the present value of plan assets is:

In thousands of Euro	2009
Fair value of plan assets on acquisition of AEG Power Solutions	918
Contributions paid into the plan	28
Benefits paid by the plan	(29)
Expected return on plan assets	34
Actuarial gains	23
Fair value of plan assets at December 31	**974**

Reconciliation of funded status as December 31

In thousands of Euro	2009
Fair value of plan assets	974
Benefit obligations	(20,009)
Funded status (plan assets less benefit obligations)	(19,035)
Unrecognised net actuarial loss	26
Accrued liability as at December 31	**19,009**

As at December 31 2009, there are no unrecognised actuarial gains in excess of the greater of either 10% of the present value of the defined benefit obligation or 10% of the fair value of any plan assets.

The movement in the actuarial gains and losses is as follows:

In thousands of Euro	2009
Acquisition through business combination	-
Actuarial loss associated with benefits	49
Actuarial gains associated with assets	(23)
Total net actuarial loss	**26**

Historical information

In thousands of Euro	2009
Present value of the defined benefit obligation	20,009
Fair value of plan assets	974
	19,035

The group expects €1,097 thousand in contributions to be paid to its defined benefits plans in 2010.

c) Other

Accrued liability includes € 3,560 for other benefits plans. This includes € 2,718 thousand for "Altersteilzeitverträgen", a scheme in Germany under which employees can seek early retirement, and a further € 842 thousand for long-service awards. Such awards are granted to employees on retirement based on their length of service, grade and salary and are determined by an independent actuarial calculation.

25. Provisions

In thousands of Euro	Warranty	Restructuring	Others	Total
Balance at January 1, 2009				
Assumed in the business combination	7,616	118	685	8,419
Provisions made during the year	927	2,878	135	3,940
Provisions used during the year	(601)	(432)	(577)	(1,610)
Other	8	-	-	8
Balance at 31 December 2009	**7,950**	**2,564**	**243**	**10,757**

Restructuring costs expensed were recognised in the statement of income in other operating expenses.All of the above provisions are due within 1 year with the exception of warranty. The Group's warranty terms exceed one year.

Warranty

The warranty provision is based on estimates made from historical data regarding warranty costs associated with similar products and services.

Restructuring

During the year ended 31, 2009, charges of €2.5 million were taken in France to cover the costs associated with restructuring part of the operations. The restructuring costs relate mainly to employee termination benefits.

26. Warrants

The change in fair value of the warrants are recorded through the income statement as financial income or cost. The movement of the outstanding warrants can be detailed as follows:

In thousand of warrants	Sponsor warrants	Public warrants	Total
Issued at May 21, 2008	-	-	-
Issued 25,000,000 units (including warrants)		25,000	25,000
Issued sponsor warrants	6,000		6,000
Issued at January 1, 2009	**6,000**	**25,000**	**31,000**
Exercise of warrants	-	(25)	(25)
Issued at December 31, 2009	**6,000**	**24,975**	**30,975**

Each warrant entitles the holder to purchase one ordinary public share at a price of €7.50. The warrants are traded on Euronext Amsterdam under the symbol GAL1W. At the reporting date the market price of the warrants was €1.00 per warrant (2008: €0.51 per warrant). The warrants expire on 21 July 2012.

During the year 25,500 warrants were exercised for cash. In aggregate the warrant holders paid the Company €191,250 in exchange for 25,500 ordinary public shares. At the same time €25,500 was released from the warrant liability to share premium.

On 26 June 2008, the related party LCP1 Limited purchased 6,000,000 warrants at a price of €1 per warrant (the "Sponsor Warrants").

27. Trade and other payables

In thousands of Euro	2009	2008
Accounts payable	**36,957**	149
Accrued salaries and wages	**13,318**	-
Accrued taxes and vat payable	**1,601**	-
Accrued Social security charges	**1,656**	-
Others	**6,327**	-
	59,859	**149**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 31.

28. Deferred income

Deferred income relates mainly to customer deposits and advances of €32.1 million in connection with projects in progress.

29. Contractual obligations and off-balance sheet commitments

a) Contractual cash obligations

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

December 31, 2009

In thousands of Euro	Less than 1 year	1 - 3 years	4 – 5 years	Total
Operating leases	2,509	2,564	1,047	6,120
Unconditional purchase obligations	24,064	345	61	24,470
	26,573	2,909	1,108	30,590

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

Rental expenses under operating leases amounted to €1.4 million in 2009.

b) Other commitments

December 31, 2009

In thousands of Euro	Less than 1 year	1 - 3 years	4 – 6 years	Total
Guarantees	4,664	4,791	475	9,930

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

c) Trademark License Agreement

With effect from 1 July 2008, AEG Power Solutions entered into a trademark license agreement with AB Electrolux which granted the Company the right to use the AEG Power Solutions trademark for an initial term of ten years. An annual royalty is payable based on a percentage of the net selling price of the respective trademark product. A minimum annual royalty of € 2,737,500 and € 2,782,500 is payable for 2009 and 2010 respectively if these amounts are greater than the royalty based on actual sales. Beginning 2011, the royalty is based on actual sales. The Company can terminate the agreement after 2011 with a one year notice period.

30. Contingencies

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

31. Financial instruments

Credit risk

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The principal exposure to credit risk at the reporting date was:

In thousands of Euro	2009
Trade receivables net of allowance for doubtful accounts	**65,910**

The maximum exposure to credit risk at the reporting date by geographic region was:

In thousands of Euro	2009
Germany	**22,522**
France	**11,722**
Spain	**14,784**
Italy	**11,091**
United Kingdom	**856**
Netherlands	**2,737**
United States	**399**
Other regions	**3,952**
Total	**68,063**

Impairment losses

The aging of trade and other receivables at the reporting date was:

In thousands of Euro	2009 Gross	2009 Impairment
Not past due	56,880	(69)
Past due 0-30 days	3,883	(20)
Past due 31-120 days	2,488	(371)
Past due 121-180 days	3,232	(939)
Past due 181-360 days	1,580	(754)
Total	**68,063**	**(2,153)**

The movement in the allowance for impairment in respect of trade and other receivables during the year was a follows:

In thousands of Euro	2009
Balance at January 1	-
Acquisition through business combination	**1,773**
Impairment loss recognised	**380**
Balance at December 31	**2,153**

Other assets of the Group which can be exposed to potential credit risk include other current assets, prepayments and holdings of cash and cash equivalents. The value of these items is shown on the statement of financial position or in the notes to the financial statements.

Based on historic default rates and specific review of receivables, the Group believes that, apart from the above, no further impairment allowance is necessary.

The allowance account in respect of trade and other receivables are used to record impairment losses unless the Group is satisfied that recovery of the amount owing is probable.

31. Financial instruments (continued)

Liquidity risk

The liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Cash flow generation and sufficient access to capital markets is assured to finance organic long term growth, capital expenditures, working capital requirements, expected operational expenses. The table below shows the Group's net position to finance its obligations due within one year at 31 December 2009:

In thousands of Euro	
Trade and other payables	59,859
Current income tax liabilities	16,129
Short term provisions	2,807
	78,795
Purchase commitments	24,064
Operating leases	2,509
Guarantees on customer contracts	4,664
	31,237
Total obligations	**110,032**
Financing resources:	
Cash and cash equivalents, excluding restricted cash	49,110
Trade and other receivables	70,732
Loans and borrowings	(10,748)
	109,094
Net position	**(938)**

Currency risk

The Group's exposure to foreign currency risk is based on the following notional net amounts as at December 31, 2009:

In thousands of Euro	EUR	USD	GBP	SGD	MYR	Other
Cash	55,187	1,628	115	423	77	528
Trade receivable	66,024	1,566	790	1,205	250	897
Prepayments	4,293	2				105
Short term debt	(10,748)					
Income tax	(15,715)	-	-	(414)	-	-
Trade payables	(52,273)	(2,255)	(1,145)	(1,844)	(426)	(1,916)
Deferred income	(30,345)	(1,093)	(39)	(76)	-	(507)
Warrants	(30,975)	-	-	-	-	-
Total	**(14,552)**	**(152)**	**(279)**	**(706)**	**(99)**	**(893)**

The Group is primarily exposed to the Euro because of its principal operations in the Euro-zone. Other currencies to which the group is exposed include the USD, GBP, SGD or MYR. An individual change of 5% in any of these currencies would have an impact of no more than €106 thousand on equity or statement of income.

31. Financial instruments (continued)

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

In thousands of Euro	Notes	2009 Carrying amount	Fair value	2008 Carrying amount	Fair value
Assets carried at amortised cost					
Trade and other receivables	17	70,732	70,732	90	90
Cash and cash equivalents	20	57,958	57,958	252,496	252,496
		128,690	**128,690**	**252,586**	**252,586**
Liabilities carried at amortised cost					
Trade and other payables	27	59,859	59,859	149	149
Loans and borrowings	23	10,748	10,748	-	-
		70,607	**70,607**	**149**	**149**
Liabilities at fair value (through statement of income)					
Warrants	26	**30,975**	**30,975**	**15,810**	**15,810**

32. Related parties

The Group's subsidiaries have related party relationships with each other and with the Company. These involve trading and other intragroup transactions all of which are carried out on an arm's length basis. During 2009 related party relationships also existed with Board members and managers who have an interest in the equity of the Company. These interests are set out later in this note. Furthermore a related party relationship exists with the Executive and Non-Executive members of the Board. The following overview reflects all transactions with related parties for 2008 and 2009:

Board remuneration and share-based payments

The remuneration of Board members included the following amounts:

In Euro	2009	2008
Salary and bonuses	**476,385**	
Post-employment benefits	**8,624**	
Other long-term benefits	**22,927**	
Share based payments	**342,586**	
Fees	**32,274**	20,425
	882,796	20,425

Messrs Brock and Huljak have been granted 100,000 and 50,000 shares respectively in consideration for their agreement to enter into an employment contract with the Company. 50% of the shares will vest on the first anniversary of the date of acquisition of AEG Power Solutions and the remaining 50% on the second anniversary or upon termination of the employment. The estimated cost of providing share based payments is charged to the statement of income over the vesting period. The estimated cost for the period to December 31, 2009 is shown above under shared-based payments.

Other managers have been granted a total of 30,000 shares.

32. Related parties (continued)

Related party interests in the equity of the Company

The table below shows the interests of Directors and other related parties in the shares and warrants of the Company, excluding share-based payments as at December 31, 2009:

	Shares						Warrants
	Sellers						
Number of shares/warrants	Brock and Brock Trust	Ripplewood	AEG Power Solutions management	Sub-total	Founders	Total	Founders
Founding shares/warrants				-	6,250,000	6,250,000	4,500,000
Public shares/warrants				-	2,000,000	2,000,000	2,000,000
Restricted shares	2,495,845	14,793,696	626,108	17,915,649		17,915,649	
Sub-total	**2,495,845**	**14,793,696**	**626,108**	**17,915,649**	**8,250,000**	**26,165,649**	**6,500,000**
Escrow shares - tax	66,702	395,365	16,733	478,799		478,799[1]	
Escrow shares - earnout	333,510	1,976,823	83,664	2,393,997		2,393,997[1]	
Sub-total	**400,211**	**2,372,188**	**100,397**	**2,872,796**	**-**	**2,872,796**	**-**
Total	**2,896,056**	**17,165,884**	**726,505**	**20,788,445**	**8,250,000**	**29,038,445**	**6,500,000**

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

The Founding Shareholders are Prof. Dr. h.c. Roland Berger, Dr. Dr. h.c. Thomas Middelhoff and Florian Lahnstein all of whom are or have been Directors of the Company. They hold their shares and warrants individually and, as regards Florian Lahnstein, also through LCP1 Limited ("LCP1"). Prof. Dr. h.c. Berger beneficially holds 666,667 Public Shares, 666,667 Public Warrants and 2,000,000 Founding Warrants directly. Dr. Dr. h.c. Middelhoff beneficially holds 666,667 Public Shares, 666,667 Public Warrants, and 2,500,000 Founding Warrants directly and 50,000 Founding Shares through the Foundation described in more detail below. As of December 31, 2009, Mr. Lahnstein beneficially held 666,666 Public Shares and 666,666 Public Warrants directly and 6,200,000 Founding Shares indirectly through LCP1 Limited and the Foundation. The Public Shares and Public Warrants were purchased in the initial public offering of the Company in 2008 at a unit price of EUR 10.00, each unit representing on Public Share and one Public Warrant.

The Founding Shares and Warrants held by LCP1 Limited were transferred to Stichting Administratiekantoor Germany1 Acquisition Limited, a Dutch foundation (the "Foundation"). The Founding Shares held by the Foundation cannot be transferred, exchanged or released before one year from the date of acquisition of AEG Power Solutions, without the consent of Deutsche Bank AG London branch (the "Manager").

After the acquisition of AEG Power Solutions, the Founding Warrants held by the Foundation were released and since then, LCP1 Limited has disposed of 1,500,000 Founding Warrants and transferred a total of 4,000,000 Founding Warrants to Prof. Dr. h.c. Berger and Dr. Dr. h.c. Middelhoff.

In February 2010, the Manager agreed to the transfer of 250,000 Founding Shares to Germany1 Acquisition Limited to settle certain transaction related expenses. This transfer is not reflected in the table above. After the transfer the number of Founding Shares owned by LCP1 and held through the Foundation will be reduced from 6,200,000 to 5,950,000.

Sellers refers to Ripplewood, the Brock Trust, Mr Brock, and other members of AEG Power Solutions management all of whom were former shareholders of AEG Power Solutions and acquired their shares in the Company on the acquisition of AEG Power Solutions by the Company on 10 September 2009.

Ripplewood is the former majority owner of AEG Power Solutions and refers to Ripplewood Power Systems I L.L.C. and Ripplewood Power Systems II L.L.C., US Limited Liability Companies (LLCs) of which Mr Collins is the controlling shareholder. Under the agreement for the sale of AEG Power Solutions, Ripplewood was appointed as representative of all AEG Power Solutions shareholders.

Brock Trust refers to a US LLC controlled by Mr Brock and in which Mr Huljak has a minority holding.

AEG Power Solutions management refers to members of the AEG Power Solutions management other than Messrs Brock and Huljak.

32. Related parties (continued)

Related party interests in the equity of the Company (continued)

An additional 3,000,000 shares are held in escrow on behalf of the Sellers and other former AEG Power Solutions shareholders. 2,500,000 of the shares held in escrow relate to earn-out shares that will be distributed to the former AEG Power Solutions shareholders subject to the achievement of certain adjusted EBITDA targets with respect to fiscal years 2009, 2010 and 2011. The number of earn-out shares attributable to the Sellers is 2,393,997.

Under the terms of the earn-out, the Company or any of its subsidiaries may not undergo a change of control during the earn-out period without, either (a) prior written consent from Ripplewood or (b) the Company first paying all outstanding amounts of the earn-out that could become due and payable.

The remaining 500,000 escrow shares relate to shares held in escrow until the determination of a tax audit of AEG Power Solutions GmbH, the Company's subsidiary in Germany. Of these tax escrow shares, 478,799 are attributable to the Sellers.

For details on the restrictions applying to the Sellers' shares see note 21.

33. Group entities

Subsidiaries

	Country of incorporation	Ownership interest	
in thousands of Euro		**2009**	2008
PSS Holdings (France) S.A.S.	France	**100**	–
AEG PSP S.A.S.	France	**100**	–
Harmer & Simmons (France) S.A.S.	France	**100**	–
AEG PS GmbH	Germany	**100**	–
AEG PSS Sönewitz GmbH	Germany	**100**	–
AEG PS Ltd	United Kingdom	**100**	–
RD Power Ltd	United Kingdom	**100**	–
Harmer & Simmons Holdings Ltd	United Kingdom	**100**	–
Harmer & Simmons Ltd	United Kingdom	**100**	–
PSS Finance Company (UK) Ltd	United Kingdom	**100**	–
AEG PS Iberica SL	Spain	**100**	–
Harmer & Simmons S.p.A.	Italy	**100**	–
AEG PS Pte Ltd	Singapore	**100**	–
Harmer & Simmons (Malaysia) SDN BHD	Malaysia	**100**	–
AEG PS SDN BHD	Malaysia	**100**	–
AEG PS USA, Inc.	USA	**100**	–
AEG PS Inc	Canada	**100**	–
AEG PS (Russia) LLC	Russia	**100**	–
AEG PS Co.	China	**100**	–
Harmer & Simmons PSS (India) PVT Ltd	India	**100**	–
Germany1 Acquisition B.V	The Netherlands	**100**	–
AEG Power Solutions B.V.	The Netherlands	**100**	-
AEG PS Aram. Kft.	Hungary	**100**	-
AEG PS Spol S.R.O.	Czechoslovakia	**100**	-

34. Subsequent events

Migration to Luxembourg and change of name

The Board has approved the migration of the Company's place of registration from Guernsey to Luxembourg. The migration is subject to shareholder approval and arrangements for the shareholder vote are in progress.

The Board has also approved the change of name of the Company from Germany1 Acquisition to 3W Power Holdings, The Directors believe the new name is better suited to the Company's function as parent of AEG Power Solutions, a leading power electronics group. This change does not affect the use of the brand name AEG Power Solutions. The Directors anticipate that the Company's ticker symbol on Euronext, Amsterdam will be changed to "3WP" for the shares, and "3WPW" for warrants. The change of name will be put forward for approval by the shareholders.

Independent auditor's report to the members of Germany1 Acquisition Limited

We have audited the accompanying consolidated financial statements of Germany1 Acquisition Limited and its subsidiaries (the "Group"), which comprise the Consolidated statement of financial position as at 31 December 2009, the Consolidated statement of income, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity and the Consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements which give a true and fair view and are in accordance with International Financial Reporting Standards as adopted by the European Union and are in compliance with applicable Guernsey law are set out in the Statement of Directors' Responsibilities on page 40.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are in accordance with International Financial Reporting Standards as adopted by the European Union and comply with The Companies (Guernsey) Law, 2008. We also report to you if, in our opinion, the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the consolidated financial statements:

- give a true and fair view of the financial position of the Group as at 31 December 2009 and of the Group's loss for the year then ended;
- are in accordance with International Financial Reporting Standards as adopted by the European Union; and
- comply with The Companies (Guernsey) Law, 2008.

Robert A. Hutchinson
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants

April 7, 2010

Appendix I

Pro-forma combined statement of income (unaudited)[1,2]

In thousands of Euro	2009 AEG Power Solutions	2009 Germany1	2009 Combined	2008 AEG Power Solutions	2008 Germany1	2008 Combined
Continuing operations						
Revenue	**399,434**	-	**399,434**	342,836	-	342,836
Cost of sales	(250,862)	-	(250,862)	(227,454)	-	(227,454)
Gross profit	**148,572**		**148,572**	**115,382**		**115,382**
Selling,general and administrative expenses	(55,923)	(1,522)	(57,445)	(54,010)	(351)	(54,361)
Research and development expenses	(6,996)	-	(6,996)	(6,661)	-	(6,661)
Other (expenses) / income	(4,093)	-	(4,093)	943	-	943
Profit from operating activities	**81,560**	**(1,522)**	**80,038**	55,654	(351)	55,303
Net finance (expense) / income	**(2,112)**	**(11,420)**	**(13,532)**	(3,839)	19,216	**15,377**
Profit / (loss) before income tax	**79,448**	**(12,942)**	**66,506**	51,815	18,865	70,680
Income tax expense	(29,114)	-	(29,114)	(15,866)	-	(15,866)
Profit / (loss) from continuing operations	**50,334**	**(12,942)**	**37,392**	**35,949**	**18,865**	**54,814**
Discontinued operation						
(Loss) from discontinued operation	(8,806)	-	(8,806)	(9,737)	-	(9,737)
Profit / (loss) for the year	**41,528**	**(12,942)**	**28,586**	**26,212**	**18,865**	**45,077**
Earnings per share[3]						
Basic earnings per share			**0.60**			0.95
Diluted earnings per share			**0.56**			0.38
Continuing operations						
Basic earnings per share			**0.79**			1.15
Basic earnings per share excluding warrants[3]			**1.11**			0.83
Diluted earnings per share			**0.67**			0.50

[1] The table shows the income statement of AEG and the Company for 2008 and 2009 on a full year basis excluding the effects of purchase price accounting (eg the amortisation of intangible assets identified on acquisition of AEG). It assumes that had AEG been consolidated since 2008 there would have been no other consolidation adjustments required.

[2] In 2008 Germany1 was not incorporated until May 2008 while AEG existed for the whole year. The combined statement of income above includes AEG for the whole of 2008 including the period during which Germany1 was not in existence.

[3] Earnings per share are calculated assuming all shares and warrants in existence at the end of 2009 were also in existence through-out 2008 and 2009. Earnings per share excluding warrants are calculated after removing the effect of the change in the fair value of warrants which in 2009 was a charge of €15,190 thousand (2008 income of €15,190 thousand).

Company Information

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AEG

Power Solutions