Annual Report 2013

aleo

Contents

Figures at a glance

		31.12.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Production output	MWp	**139**	269	303	267	139
Gross revenue[1]	EUR million	**130.1**	271.7	462.8	536.8	354.9
Revenue	EUR million	**124.9**	279.9	461.8	553.5	376.1
EBIT[2]	EUR million	**-92.0**	-77.0	-30.5	43.0	16.0
EBIT margin[3]	Percent	**-73.7**	-27.5	-6.6	7.8	4.3
EBT (profit before tax)	EUR million	**-94.6**	-84.6	-31.3	43.4	13.7
Consolidated net profit/loss for the	EUR million	**-97.2**	-84.4	-32.2	31.5	10.1
Non-current assets	EUR million	**0.0**	36.0	73.5	68.9	66.9
Current assets	EUR million	**75.0**	94.0	87.6	111.1	87.3
Total assets	EUR million	**75.0**	130.0	161.1	180.1	154.2
Equity	EUR million	**17.2**	30.3	89.9	121.5	89.6
Equity ratio	percent	**22.9**	23.3	55.8	67.5	58.1
Cash and cash equivalents	EUR million	**45.2**	41.4	13.9	38.9	1.4
Investments	EUR million	**1.2**	4.6	12.0	8.5	11.6
Amortisation/depreciation/write-	EUR million	**23.9**	29.6	7.4	6.9	5.7
Cost of materials	EUR million	**123.2**	256.8	407.4	430.9	295.0
Cost of materials ratio[4]	Percent	**94.7**	94.5	88.0	80.3	83.1
Earnings per share[5]	EUR	**-7.46**	-6.48	-2.47	2.41	0.78
Employees at 31 December	No.	**742**	920	995	878	788
Employee expenses ratio[6]	Percent	**23.8**	13.8	7.1	5.5	6.3

[1] Revenue plus change in inventories of finished and unfinished goods
[2] EBIT = Earnings before interest, tax and share of profit or loss from equity-accounted investments
[3] EBIT /revenue
[4] Cost of materials / gross revenue
[5] Based on 13,030,400 shares
[6] Employee benefit expenses / gross revenue

Letter from the Management Board

to our Shareholders, Customers, Staff and Business Associates

Ladies and Gentlemen,

On 5 February 2014, aleo solar AG entered into an agreement to sell the aleo solar Group's main operating business, including the production site in Prenzlau and the "aleo" brand, to SCP Solar GmbH. In SCP Solar GmbH we have found an investor with a viable concept and a long-term focus that intends to offer jobs to around 200 employees of the aleo solar Group.

Following an in-depth review, we were forced to admit that the aleo solar Group will not be competitive in the coming years: were the Company to continue as a going concern, EBIT of around EUR -28.6 million would be expected for 2014 alone. In spite of the steps we have taken to reduce costs and become more efficient, our business model will not allow us to generate sustainable profits in the foreseeable future. In view of this situation, we analysed and weighed up all conceivable courses of action. In order to retain at least some jobs, we see no alternative but to sell the most important parts of our operations in conjunction with the compensation from Bosch (see also the Report of the Management Board regarding Agenda Item 1 for the Extraordinary General Meeting at http://www.aleo-solar.de/en/company/investor-relations/annual-general-meeting).

In a letter dated 4 February 2014, Robert Bosch GmbH informed the Management Board of aleo solar AG that, as a shareholder, it will seek the liquidation of aleo solar AG at the extraordinary general meeting. Robert Bosch GmbH has committed to providing additional funds to aleo solar AG in the course of liquidation if there is a concrete need for liquidity in order to enable orderly liquidation without filing for insolvency. If the company's liquidation is resolved, aleo solar is expected to post only an insignificant liquidation profit, if at all, once liquidation has been concluded.

We would like to thank our staff who in spite of the burden placed on them worked very hard to achieve outstanding aleo products and services. One of the main criteria in our search for an investor was to provide career prospects for as many employees as possible. We regret that we were ultimately unable to save more jobs. However, with production in Prenzlau, a large number of the sales team and the aleo brand, we are retaining important sections of the company.

York zu Putlitz
Chairman of the Management Board

Günter Schulze
Member of the Management Board

aleo solar AG's shares and investor relations

The German stock market in 2013

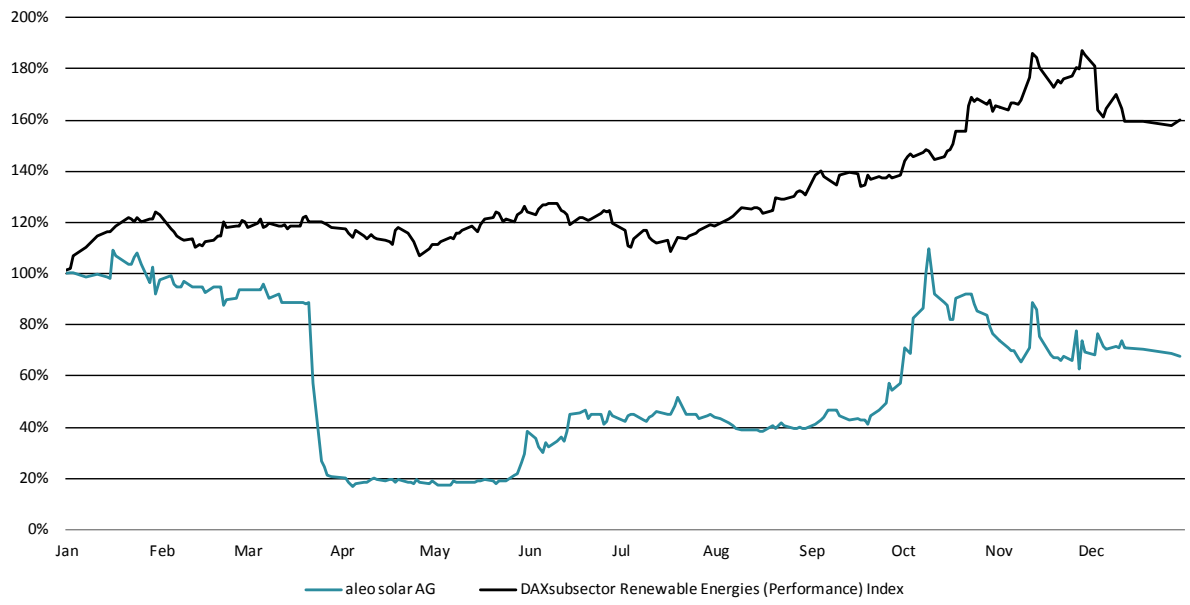
German stock markets performed very positively in 2013. Overall, investor sentiment about the future was more optimistic. There was some uncertainty perceivable during the year, for instance due to political turbulence in several countries within and outside Europe or due to the announcement by the head of the US Federal Reserve to reduce bond purchases. On the whole, however, prospects of the continued availability of cheap Fed money prevailed.

The German DAX gained 25.5 percent year-on-year by the end of 2013 and closed at around 9,500 points. The MDAX posted a gain of 39.1 percent, the SDAX was up 29.3 percent and the TecDAX closed with a gain of 40.9 percent (in each case compared with the prior-year closing price).

The trend on the DAXsubsector Renewable Energies Performance Index, which includes the shares of aleo solar AG as well as another 14 Prime Standard shares in the renewable energies sector, was also considerably more positive than in 2012. Soaring wind energy stocks drove share prices up 36.7 percent, in contrast to the shares of solar energy companies, which made a negligible contribution to this increase. Only the shares of Phoenix Solar AG outperformed the index. aleo solar's shares were in the middle ground.

Share price performance

Daily closing prices, 28 December 2012 = 100%)



2013 was a year in which aleo solar's share price was subject to considerable volatility. The average share price in XETRA trading was EUR 6.07 in the 2013 reporting period. Overall, the share shed almost a third of its value (-32.4 percent) in the course of the year (XETRA closing price at 28 December 2012: EUR 10.45; 30 December 2013: EUR 7.06).

aleo solar's share price in the first quarter of 2013 continued the downtrend seen in 2012, slipping 79.2 percent (XETRA closing price at 28 December 2012: EUR 10.45; 28 March 2013: EUR 2.17). aleo solar's share price remained very low in the second quarter of the year. Although closing as much as 114.3 percent higher quarter-on-quarter, the share stayed at a low level of EUR 4.65 (XETRA closing price at 28 June 2013). In the third quarter, aleo solar's shares posted sizeable gains of 29.0 percent, finishing the quarter at EUR 6.00 (XETRA closing price at 30 September 2013). The encouraging trend continued in the fourth quarter with growth of 17.7 percent and a XETRA closing price of EUR 7.06 at 30 December 2013.

The daily trading volume of aleo solar's shares averaged 3,067 shares over the year. The shares were at their most liquid in March 2013, with an average daily trading volume of 7,432 shares, and at their least liquid in December 2013, with 594 shares being traded on average each day.

The free fall and the substantial increase in the trading volume in the last five trading days of the first quarter are clearly attributable to the announcement on 22 March 2013 by Robert Bosch GmbH of its plans to exit the solar energy sector and sell its shares in aleo solar AG.

We believe that the considerable volatility in the share price and the trading volume in the third quarter is attributable in particular to the various reports in the press on our search for an investor. aleo solar commented on this matter in an ad hoc release dated 9 October 2013 and stated that at that time it was uncertain whether and when Robert Bosch GmbH would sell its shares or whether the Company would be able to follow a different course of action, which might also have included the sale of parts or all of the aleo solar Group's operating business.

Annual General Meeting 2013

The Annual General Meeting of aleo solar AG was held in Bremen, Germany, on 7 June 2013. The agenda for the meeting appeared in due time in the Bundesanzeiger on 10 May 2013.

During the vote on the agenda items, 11,843,749 no-par value shares representing the same number of votes were present, out of the total of 13,030,400 no-par value shares of which the share capital is composed. This corresponds to 90.89 percent of the share capital.

The resolutions on agenda items 2 to 5 were each passed with over 99% of the votes. The shareholders formally approved the actions of both the Management Board and the Supervisory Board for the 2012 financial year. Furthermore, Dr Stefan Hartung was elected to the Company's Supervisory Board. PricewaterhouseCoopers AG was appointed as the auditor of the financial statements for the 2013 financial year and as the auditor for the review of the 2013 half-yearly financial report.

The complete agenda, the results of the voting as well as the Management Board's presentation are available on the aleo solar website (www.aleo-solar.de/en) in the "Company" section under "Investor Relations".

Shareholder structure

As at 31 December 2013, 1,289 shareholders were invested in aleo solar AG, with 2.47 percent of shares being held by private shareholders.

The largest share (90.7 percent) was held by the Robert Bosch Group. Furthermore, we were informed on 13 May 2013 that the following entities directly or indirectly (attributable pursuant to section 22 (1) sentence 1 no. 1 German Securities Trading Act – WpHG) held the following shares in aleo solar AG:

1. The voting share of Deutsche Balaton Aktiengesellschaft on 9 May 2013 was 3.13 percent, Of which 0.28 percent is attributable to this entity.
2. The voting share of VV Beteiligungen Aktiengesellschaft on 9 May 2013 was 3.13 percent, Of which 3.13 percent is attributable to this entity.
3. The voting share of Delphi Unternehmensberatung Aktiengesellschaft on 9 May 2013 was 4.27 percent, of which 3.13 percent is attributable to this entity.
4. The voting share of Mr Wilhelm Konrad Thomas on 9 May 2013 was 4.27 percent, Of which 4.27 percent is attributable to him.

A total of 9.3 percent of the Company's shares were in free float, as defined by Deutsche Börse.

Key data on aleo solar's shares	
Share class	No-par value registered shares
Market segment	Prime Standard / Regulated Market
Sector	Renewable energies
Trading venues	XETRA Frankfurt Stock Exchange; Berlin Stock Exchange, Hamburg Stock Exchange, Stuttgart Stock Exchange (Baden-Württemberg), Düsseldorf Stock Exchange, Munich Stock Exchange (Bavaria)
Indices	CDAX, Technology All Share, Prime All Share, GEX, DAXsubsector Renewable Energies (Performance), DAX International Mid 100, DAXsector Industrial
First day of trading/issue price	14 July 2006 / EUR 13.50
ISIN	DE000A0JM634
WKN (German Securities Code)	A0JM63
Stock exchange symbol	AS1
Reuters	AS1G.DE
Bloomberg	AS1:GR
Common Code	025908597

Performance indicators for aleo solar's shares 2013	
Number of shares	13,030,400
Share capital as at 31 December 2013 in EUR	13,030,400
Year-end closing price in EUR (XETRA)	7.06
High in EUR (XETRA) on 8 October 2013	13.60
Low in EUR (XETRA) on 6 May 2013	1.77
Market capitalisation* in EUR million	92.0
Earnings per share in EUR (basic)*	-7.46
P/E ratio*	-0.95

*Based on 13,030,400 shares as at 31 December 2013

Group management report

Fundamental information about the Group

The Group's business model

The aleo solar Group manufactures high-quality solar modules using mono- and polycrystalline solar cells. As a systems provider, we distribute our modules together with other components such as inverters, assembly systems and storage systems. We have one of Europe's largest and most modern production facilities for solar modules with annual production capacity of 280 megawatts (MW) in Prenzlau in the German state of Brandenburg. Our modules are marketed under the "aleo" brand name.

The product range of the aleo solar Group is designed for mass production of standardised solar modules. In particular, solar modules and system components are sold for on-grid private roof-mounted installations, industrial roofs and, less frequently, solar farms. In addition to conventional solar modules, the aleo solar Group offers in-roof solutions. The modules of the so-called Solrif system have a special frame. The quality of aleo solar's modules has been repeatedly confirmed by independent parties.

The aleo solar Group supplies more than 1,800 specialist dealers, installers and project developers via its "Direct to Dealer (D2D)" sales channel. These partners are mostly small and medium-sized electrical installation companies. We use our own sales force to support existing customer relationships and establish future ones. Our specialist dealers and fitters are working under the umbrella of the "aleo power network". With services ranging from marketing support to training to financing and technical system design, we provide our customers with a hands-on support portfolio. Sales and distribution is managed from Oldenburg.

aleo solar AG is the parent company of the aleo solar Group. It holds all shares and voting rights in aleo solar Dritte Produktion GmbH (domiciled in Prenzlau, Germany); aleo solar Deutschland GmbH (domiciled in Oldenburg, Germany); aleo solar España SL (domiciled in Spain); the non-operating aleo solar distribución España SL; aleo solar Italia S.r.l. (domiciled in Treviso, Italy); aleo solar distribuzione Italia S.r.l. (domiciled in Milan, Italy); aleo solar Australia Pty Ltd. (domiciled in Clayton, Australia); aleo solar UK Ltd. (domiciled in Newhaven, UK), which was not operational; and aleo solar North America Inc. (domiciled in Denver, USA). On 2 August 2011, aleo solar Deutschland GmbH and two other shareholders acquired equal stakes in LCX Solar Limited, Shepperton, Middlesex, UK. This company supplies housing associations in the UK with solar energy systems. The subsidiaries aleo solar España SL, aleo solar Australia Pty Ltd., aleo solar North America Inc. as well as the non-operational companies aleo solar UK Ltd. and aleo solar distribución España SL are currently being wound up.

Robert Bosch GmbH, which holds 90.7 percent of aleo solar AG as its main shareholder, had announced at the end of March 2013 that it was exiting the crystalline photovoltaic sector. aleo solar was looking for a buyer to take over the majority shareholding. On 5 February, 2014, aleo solar AG entered into an agreement to sell the aleo solar Group's material operating business, including the production site in Prenzlau and the aleo brand to SCP Solar GmbH, Hamburg. Details of the purchase agreement signed in the 2014 financial year can be found in the Report on post-balance sheet date events.

In a letter dated 4 February 2014, Robert Bosch GmbH informed the Management Board of aleo solar AG that, as a shareholder, it will seek the liquidation of aleo solar AG at an extraordinary general meeting. Robert Bosch GmbH has committed to providing additional funds to aleo solar AG in the course of liquidation if there is a concrete need for liquidity in order to enable orderly liquidation without filing for insolvency.

Goals and strategy

Our primary objective in financial year 2014 is to meet all of the conditions for the sale of our operating business to SCP Solar GmbH to take effect. To wind up the Company in a socially responsible manner, a reconciliation of interests was concluded with the Works Council for the Prenzlau site on 7 March 2014. In Oldenburg, we are working towards a swift conclusion of the reconciliation of interests on the basis of the social compensation plan already agreed. Another important objective is to minimise the liquidation losses.

Corporate management

aleo solar AG is managed by an experienced team of directors. York zu Putlitz, Dr Jens Sabotke (until 31 March 2013) and Günter Schulze (from 1 April 2013) comprised the Management Board of aleo solar AG in the reporting period. The Management Board's responsibilities are allocated clearly:

York zu Putlitz

Chairman of the Management Board (CEO) and Chief Financial Officer (CFO)

York zu Putlitz, who also acts as the CFO, is responsible for Strategy and Business Development, Sales, Marketing, Services, Corporate Communications, Human Resources, Finance/Accounting and Financial Controlling, Investment Management, Investor Relations, IT, Risk Management as well as Legal Affairs and Compliance. York zu Putlitz is an experienced businessman and has a broad knowledge of management through his work for Allianz AG and the Bosch Group both in and outside Germany.

Dr Jens Sabotke

Chief Technical and Development Officer (CTO) until 31 March 2013

Dr Jens Sabotke was responsible for aleo solar AG's operating business and also for Development, Production and Production Planning, Scheduling, Purchasing and Logistics as well as Quality Management. A mechanical engineer and production technology specialist, he has extensive experience in the capital goods industry. Dr Sabotke has worked for the Bosch Group in and outside Germany since 1988, for example as Technical Plant Manager in the Automotive Electronics division.

Günter Schulze

Chief Technical and Development Officer (CTO) since 1 April 2013

Günter Schulze is the Management Board member responsible for technology and development. He is in charge of the areas of Production and Production Planning, Scheduling, Purchasing and Logistics, as well as Quality Management. A mechanical engineer, he has extensive experience in production and process development. From 1980, he worked for the Bosch Group in and outside Germany, for example as Plant Manager and Managing Director in Poland, Hungary and China. Prior to joining the Management Board, Günter Schulze was the Operations Manager of our Prenzlau plant.

Corporate management

The Company is managed internally using a system of performance indicators such as revenue, sales, EBIT, production output and inventories. The Financial Controlling department supplies the current key performance indicators in a monthly report discussed with the Management Board from which appropriate measures are derived. The Group's operations are segmented and managed on the basis of three regions: Germany, Other Europe and Rest of World. This is also reflected in the structure of internal reporting. The Company's principal management tool is a solar module's price per watt peak.

Report on economic position

Macroeconomic and sector-specific environment

The global economy developed less dynamically in 2013 than expected.In its October 2013 outlook, the International Monetary Fund (IMF) lowered its growth forecast for the global economy for the six time in succession. The IMF estimates growth rates of 2.9 percent in 2013 and 3.6 percent in 2014. Economic development in the major economic areas was still uneven, it said. In 2013, the IMF assumed that the euro-zone recession would continue. With the economy of the 17 euro countries contracting by 0.4 percent in 2013. Growth of 1.0 percent is not expected until 2014. While the industrialised countries are gradually recovering from the consequences of the period of economic weakness, the pace of growth in the emerging markets is still slower than in previous years. On the back of the decline in short-term risks, the situation on the financial markets has eased, though the debt, financial and structural problems many countries are experiencing have not been solved. On the whole, the economic risks remain high.

Political restrictions for the photovoltaic industry in Europe

In virtually all major European photovoltaic markets, feed-in tariffs were cut so drastically in 2012 and 2013 that new installed capacity took a nosedive. In Germany, our most important market, the amendment of the Renewable Energy Sources Act (EEG) that entered into force in 2012 reduced the volume of new installations in 2013 by more than half compared with the preceding year. Italy even phased out its subsidy completely in 2013. By contrast, state regulations in countries like Japan and China made these markets more attractive. The most important changes to the political requirements for our core markets are outlined below.

In Germany, the parties represented in government came to an understanding in their coalition agreement at the end of November 2013 that the specifications for photovoltaic installations in the EEG would be largely retained. The system of feed-in tariffs with the flexible cap plus the upper limit for the feed-in tariffs are to be maintained. The coalition agreement nevertheless includes a series of potential barriers to investment such as a share in the surcharge for own consumption, the requirement to market the solar energy directly, as well as adjustments of the grid regulations. These include extended penalty-free feed-in management (up to 5 percent of the annual effort), a reduction of the compensation amount for reduced feed-in required by network operators and the introduction of additional output components for grid fees. One significant barrier to investment would also arise from the tests whereby major producers of power from renewable energy sources would have to guarantee a base load of their maximum infeed. According to the timetable announced, an amendment of the EEG is expected to be passed by summer 2014. In the benchmark paper on the EEG reform resolved by the German Cabinet at the end of January 2014, a target of new installed capacity of 2,500 MW of solar energy per year is set. In addition, all producers of domestic electricity will be required to share in the EEG surcharge, which would make the own consumption of solar power much less attractive.

In connection with the state aid procedure initiated in December 2013, the European Commission declared that state support of renewable energies through feed-in tariffs and market premiums is compliant with EU law. In the procedure, the exemption of energy-intensive manufacturing industry from paying the EEG surcharge that is anchored in the EEG and the "green energy privilege" will be examined. The European Commission also intends to revise its State Aid Guidelines on energy and environmental protection. The draft provides for a gradual transition from renewable energy subsidies to market premiums or certificates. In addition, the draft guidelines submitted present initial criteria for the introduction of national capacity markets.

Now that Conto Energia V has expired, there are no more feed-in tariffs available for new solar installations in Italy. According to the Italian energy agency Gestore dei Servizi Energetici (GSE), the ceiling of EUR 6.7 billion was reached at the beginning of June 2013. The Italian regulatory authority AEEG then announced that after 6 July 2013 it would no longer be possible to register new photovoltaic installations. With the end of the feed-in tariff programme, own consumption in combination with the sale of excess power is gaining traction in this country. Regional tiered pricing announced by GSE in January has been applicable to sales of power since the beginning of 2014. Photovoltaic investments can also be financed through tax concessions. In December 2013, the AEEG published sets of rules permitting the sale of solar power to third parties.

In February 2013, the French Ministry of Ecology, Sustainable Development and Energy announced a five percent increase in the feed-in tariffs for roof-mounted photovoltaic installations with "simplified integration". The Ministry also specified that tariffs may not be reduced by more than 20 percent per year. At the beginning of 2013, a decree was adopted introducing a five percent bonus on the feed-in tariff that will be granted for the use of cells manufactured in the European Economic Area and a ten percent bonus for modules. In a second decree, the government also stipulated the coefficients for progressive reductions in feed-in tariffs based on the number of new installations. In March 2013, the Ministry published a 400 MW tender for installations with a rated output of over 250 kilowatts.

In Greece, the Ministry for the Environment, Energy and Climate Change (YPEKA) implemented a series of restrictions for the photovoltaic market between August 2012 and May 2013 that pushed up new installed capacity during this period, which was followed by a slump in new installations from mid-2013 onwards. A reduction in feed-in tariffs of around 40 percent took effect in February and June 2013, depending on the type of installation. New installations were no longer approved and special taxes were imposed on income from photovoltaic installations. In October 2013, the Standing Committee on Economic Affairs of the Greek parliament adopted a regulation facilitating net metering. As a result, own consumption became more important.

At the beginning of December 2013, the European Commission's final anti-dumping and anti-subsidy measures on solar panel imports from China entered into force. This ratified the agreement reached at the beginning of August with a large section of the Chinese solar energy industry on minimum prices of 56 cents per watt of output of the modules being imported into Europe. The punitive tariffs are only imposed on the companies that did not sign this agreement. The customs duties of 47.6 percent imposed in accordance with the rules of the anti-dumping and anti-subsidy proceedings will be applicable for a two-year period. In addition to reducing surplus capacity in the photovoltaic industry, the anti-dumping and anti-subsidy measures are likely to have helped to stabilise prices in 2013.

Development of the industry

According to averaged information from industry observers, at around 36 GW worldwide, over ten percent more photovoltaic output was installed in 2013 than in the preceding year (32 GW). New installations thus exceed the forecasts prepared in the previous year, which had assumed that new PV capacity would remain at approximately the same level. A further increase in installed capacity is forecast for the coming years. NPD Solarbuzz, for example, estimates global photovoltaic demand of between 45 and 55 GW in 2014. Yet even more conservative forecasts such as those by the market research institute IHS anticipate substantial growth (41 GW). While new installed capacity in Europe tumbled by over one-third in 2013, the emerging photovoltaic markets of the United States and Asia expanded. Whereas Germany and Italy had still been the largest markets in the three preceding years, in 2013 China, Japan and the United States had the highest volumes of new installations. However, we are unable to benefit from the growth in China, whose government issued a target of 12 GW of new photovoltaic capacity for the current year, because the local market is effectively closed to foreign providers. New installed capacity in Asia in 2014 is expected to be about twice as high as in Europe.

According to the Federal Network Agency, around 3.3 GW of photovoltaic output was installed in Germany in 2013. New installed capacity therefore fell substantially short of the level in 2010 to 2012, record years in which over 7 GW of new capacity were connected to the grid each year. The situation in our other European core markets is similar. In Italy, the Italian energy agency GSE reported new installed capacity of approximately 1.2 GW. In France, a total of 605 MW of new capacity was installed in 2013, down from 1,020 MW the year before. Greece has seen virtually no new photovoltaic installations since mid-2013. While 954 MW had been connected to the grid in the first half of the year, this figure fell to just 82 MW in the second half.Around 1.2 GW was installed in the United Kingdom in 2013. Unlike in the preceding year, new installed capacity stemmed mainly from large solar farms.

The photovoltaic market is increasingly distancing itself from government grants and incentive systems because with electricity prices rising and solar power generation costs falling, grid parity is being achieved in more and more countries. In countries like Germany, use of solar power on the operator's own premises is already an attractive addition to procuring electricity from the mains as the price of household electricity is substantially higher than the feed-in tariff. However, own consumption is generally only financial viable if revenue can also be generated for excess power, for example through feed-in tariffs, net metering or the option of selling the energy.

Course of business

Our business in 2013 was dominated by the sharp contraction of photovoltaic markets in Europe. According to the Federal Network Agency, the volume of new PV installations in Germany fell by 57 percent year-on-year. By contrast, our module output in terms of sales volume retreated by only 39 percent. Our most important European foreign markets, Italy and France, showed a similar picture. New PV installations in these countries in 2013 fell year-on-year by 66 percent and 44 percent, respectively. Our module output in terms of sales volume independently declined by 34 and 14 percent, respectively. In Greece, however, our module output in terms of sales volume was down by as much as 81 percent even though new installations were up 21 percent for the year as a whole. Nevertheless, demand has come to a virtual standstill since the second half of 2013.

From the beginning of 2013, the rapid price erosion seen in previous years slowed considerably, coming to a complete halt in certain segments of the market. All the same, average sales prices for solar modules fell by more than 20 percent in 2013 compared with the previous year. This has put pressure on aleo solar AG's revenue and margins. In previous years, the strong demand – especially in the European markets – had been driven by the intense price erosion for solar modules.

However, the stabilisation of sales prices for solar modules in 2013 coupled with cuts in feed-in tariffs significantly weakened demand.

In March 2013, Robert Bosch GmbH announced its exit from the photovoltaic segment as well as the search for an investor for aleo solar AG. The uncertainty among our customers since then about the Company's continued existence has likewise had a negative impact on the course of our business.

Weak demand in core markets

The portion of our revenue accounted for by international sales was 59.5 percent in 2013 (2012: 58.3 percent). After Germany, Italy, France and Greece are still our most important markets in Europe. Our revenue in these countries fell considerably in comparison with the prior-year period.

In 2013, we generated revenue of EUR 50.5 million in Germany (2012: EUR 116.7 million). While the strong demand in the preceding year was largely the result of the political debate about the German Renewable Energy Sources Act (EEG), there were no related extraordinary factors in the current year. Due to the requirements of the EEG, the trend in Germany is moving away from large-scale installations that had accounted for the lion's share of new PV capacity in the previous year. Around three quarters of the systems that were newly installed in 2013 fall into the 5 to 40 kW category. These roof-mounted installations are the core business of aleo's authorised specialist dealers and fitters.Approximately one in fifty modules installed in Germany during 2013 was produced at our plant in Prenzlau. According to EuPD Research, we are the third-largest manufacturer in our domestic market for photovoltaic output in terms of sales volume.

We generated revenue of EUR 25.1 million in 2013 (2012: EUR 47.4 million) in Italy, where our business continues to focus on smaller and medium-sized roof-mounted installations. From mid-year, demand plummeted after the Conto Energia system of feed-in tariffs came to an end. In France, we likewise saw our revenue fall to EUR 9.5 million in 2013 on account of sluggish demand (2012: EUR 13.7 million). In Greece, our revenue declined to EUR 5.4 million in the wake of the dramatic cuts in feed-in tariffs (2012: EUR 36.0 million).

In the United States, also solar generated revenue of EUR 17.0 million (2012: EUR 9.6 million). Although the sales volume developed encouragingly, US sales activities were not profitable owing to high costs for personnel, storage and module transport. aleo solar AG has therefore withdrawn from the US business and will wind up its Denver-based subsidiary, aleo solar North America Inc. aleo solar AG is also withdrawing from business in Australian and the UK because sales targets and profitability were not achieved in these countries.

Innovative solar energy systems

aleo solar photovoltaic modules have once again demonstrated their excellent performance stability in an independent test. As part of its PV Durability Initiative, the renowned Fraunhofer Institute for Solar Energy Systems ISE put aleo and other modules through an "endurance test", which approximates the kind of stresses that a solar module is likely to experience over its lifetime. At the end of the series of extensive tests, which goes far beyond customary industry test standards, the performance of the aleo module was stable: even after the toughest tests, losses remained in the single-digit percentage range. "The realistic endurance test provides operators of photovoltaic installations with the assurance that their aleo modules will continue to provide high energy yields for a long time to come. The positive results confirmed earlier tests and once again demonstrate the capabilities and reliability of aleo’s modules.

aleo solar presented its 290 watt module with energy conversion efficiency of 17.6 percent for the first time at Intersolar 2013, the world's premier trade fair in the photovoltaic industry. With this monocrystalline high-performance module, aleo is entering the photovoltaic market’s premium performance segment. The alternating current module, the frameless glass/glass module, storage solutions and the services also attracted strong interest. The industry delegates also made positive comments about aleo's compelling product development: the innovative solar hybrid module and the high-efficiency module that had been showcased as prototypes the year before now form part of our product portfolio. At Intersolar not only did we talk to over 600 fitters, but the aleo solar booth was among the stands with the highest footfall.There will be no product development in the 2014 reporting year on account of the sale of the operating business and the planned liquidation.

At Solarexpo in Madrid and Ecotec in Athens, aleo solar presented its innovative PVT hybrid module this spring; it combines thermal heating and power generation in a single module. The storage solutions for own consumption offered by aleo solar were also presented at these events. Previously, aleo solar had showcased the aleo kit_9000 for building-integrated photovoltaic solutions at the EnR Renewably Energy Exhibition in Lyon. This product has been specifically tailored to the French market and meets the requirements of the new Thermal Regulation RT2012.

Since September 2013, aleo solar's polycrystalline solar module S_18 has also been available in France. This is certified for the "made in Europe" bonus in accordance with the specifications of the French Environment Ministry, which allows photovoltaic operators to enjoy a feed-in tariff bonus of up to ten percent. aleo's module is thus ideal for public-sector PV tenders in France. Since May 2013, a ten percent bonus has also existed for the monocrystalline aleo modules S_19 and S_79. The corresponding Solrif modules and laminates for building-integrated installations have likewise been certified for the bonus.

Application and process technology

In photovoltaic installations, output, yield, durability and cost per watt of rated output are the factors on which our customers base their decisions, which is why they are also focal points in the continuous technical enhancement of our solar modules. Since early 2013, aleo solar AG has been developing modules that through the combination of new module components are highly efficient. The aleo solar modules use sunlight even more effectively through anti-reflective glass, highly transparent embedded film and special cell connectors.

Components manufactured by alternative suppliers were also tested intensively and released in 2013, the goal being excellent availability of components with consistently high material quality. Furthermore, the departments involved in development work are working on the further standardisation of components. Before we deploy new developments commercially, they are first subjected to an extensive, standardised series of tests and then submitted for external certification by the Verband der Elektrotechnik Elektronik Informationstechnik e.V. (VDE - German Association for Electrical, Electronic & Information Technologies).

In 2012, aleo solar AG set up its own production system to optimise the production process. The value stream was also improved considerably. This will enable us to meet the requirements of the market better with lower throughput times and smaller inventories.

Results of operations

As in the previous year, the aleo solar Group’s results of operations in financial year 2013 were characterised by a massive price erosion and one-off effects. The Group's total comprehensive income for the period fell to EUR -98.6 million (previous year: EUR -84.6 million).

Revenue in financial year 2013 was EUR 124.9 million, a year-on-year decrease of 55.4 percent. Aside from the persistent price pressure, this was mainly due to weak demand, which in turn is largely attributable to the continuing global oversupply and effects arising from uncertainty among customers regarding the future of the aleo solar Group. The change in inventories of finished and unfinished products amounted to EUR 5.2 million (previous year: EUR 8.2 million). In the same period, gross revenue fell from EUR 271.7 million to EUR 130.1 million. The decrease in inventory levels year-on-year is the result of lower production volumes as a consequence of continuing reduced working hours.

Other income rose by 35.0 percent year-on-year to EUR 15.8 million. This item is primarily the result of the planned and unplanned reversal of deferred income from government grants and gains from exchange rate differences as well as other miscellaneous income.

Cost of materials fell from EUR 256.8 million to EUR 123.2 million year-on-year. At 94.7 percent, the cost of amounts remained almost unchanged (previous year: 94.5 percent). The number of employees in the aleo solar Group fell from 920 as at the end of the 2012 financial year to 742 as at 31 December 2013. Employee benefit expenses were down 21.5 percent year-on-year to EUR 30.9 million in the reporting period. The ratio of employee benefit expenses to gross revenue was 23.8 percent (prior-year period: 13.8 percent).

Compared with the previous year, other expenses increased by 41.7 percent in financial year 2013 to EUR 59.9 million, primarily due to expenses for planned severance payments and expenses from executory contracts.

Depreciation, amortisation and impairment losses fell in the 2013 financial year from EUR 29.6 to EUR 23.9 million compared with the previous year. Of this amount, EUR 20.3 million are impairment losses.

In addition to the above-mentioned effects from ongoing operations, the effects arising from the departure from the going concern principle are the transfer of EUR 15.9 million to the restructuring provisions as well as the impairments at the end of the financial year through the recognition of liquidation values.

The aleo solar Group's EBIT amounted to EUR -92.0 million for financial year 2013 (previous year: EUR -77.0 million). This represents a negative EBIT margin of -73.7 percent (previous year: -27.5 percent). Net finance costs were negative at EUR -2.6 million (previous year: EUR -1.5 million).

Due to the highly volatile general conditions in the photovoltaic industry, more concrete earnings forecasts for 2013 were unable to be made in 2012, when we forecast that earnings would be clearly in negative territory. Based on our order situation, this forecast was also confirmed in each quarter of 2013, which did not lead to a significant change in the forecast for revenue or earnings. To deal with this uncertainty, the aleo solar Group adapted to the market requirements flexibly and responded with monthly internal planning strategies.

Net assets

Due to the departure from the going concern principle for the preparation of the annual financial statements, the non-current assets were reclassified as current assets, which reduced non-current assets from EUR 36.0 million to EUR 0.0 million at 31 December 2013.

Compared with the previous year and adding the effects from the reclassifications in the balance sheet, due primarily to the write-down to liquidation values, property, plant and equipment decreased from EUR 22.9 million to EUR 6.2 million.

With the decision made on 17 May 2013 to liquidate the joint venture, the share of equity in avim solar production Co. Ltd. was returned to aleo solar AG. Following the disposal of the carrying amount of EUR 5.2 million calculated using the equity method as well as of the share of the currency reserves of EUR 1.5 million, this gave rise to a disposal gain of EUR 1.3 million.

At 31 December 2012, inventories are carried at a value of EUR 36.0 million. Inventories of EUR 14.9 million were recognised in financial year 2013. This development in absolute terms is due to the lower inventories of raw materials, consumables and supplies as a result of smaller production volumes at the end of the financial year.

Trade receivables fell by EUR 8.7 million compared with 31 December 2012, from EUR 13.1 million to EUR 4.4 million. The other current assets and prepayments increased from EUR 3.3 million at 31 December 2012 to EUR 4.0 million in the 2013 financial year. This year-on-year difference is temporarily due to the import sales tax at the end of the financial year.

Cash and cash equivalents increased from EUR 41.4 million to EUR 45.2 million compared with 31 December 2012, due in particular to the transfer of a payment of EUR 19.5 million received from Robert Bosch GmbH at year end to the capital reserves.

Equity declined from EUR 30.3 million at 31 December 2012 to EUR 17.1 million at 31 December 2013. This is essentially due to the Group's highly negative comprehensive income, which was also impacted by extraordinary factors. By contrast, the waivers of loan receivables as well as a capital injection by the main shareholder, Robert Bosch GmbH, in the amount of EUR 85.5 million had a positive effect. Compared with 31 December 2012, deferred income from government grants fell from EUR 7.8 million to EUR 1.3 million, mainly as a result of the extraordinary reversal of deferred items from government grants corresponding to the impairments of property, plant and equipment.

Other provisions rose from EUR 2.4 million at 31 December 2012 to EUR 36.0 million at 31 December 2013. Additions to provisions primarily entail provisions for restructuring measures in the amount of EUR 15.9 million as well as expenses for expected losses from executory contracts in the amount of EUR 18.0 million. These relate to purchase obligations to suppliers that aleo solar is also required to fulfil.

Trade payables and other liabilities were down from EUR 9.7 million as at 31 December 2012 to EUR 6.9 million on 31 December 2013. This is mainly due to the lower production output at the end of 2013 compared with the end of 2012.

Due to the full waiver of loan receivables and debt assumption agreements for a total of EUR 66.0 million, current financial liabilities to Robert Bosch GmbH decreased to zero.

Total assets as at 31 December 2013 decreased from EUR 130.0 million to EUR 75.0 million year-on-year.

Financial position

Cash flows from operating activities amounted to EUR -20.3 million for financial year 2013 (previous year: EUR -40.8 million), mainly due to the consolidated loss for the period as well as lower inventories, higher depreciation, amortisation and impairment losses and one-off items, which resulted in a change in other provisions.

Net cash flows from investing activities during the reporting period amounted to EUR 4.7 million (previous year: EUR 4.2 million) and principally stem from the refund of the equity share in the financial assets carried using the equity method.

Net cash flows from financing activities increased from EUR 64.1 million in financial year 2012 to EUR 19.5 million in financial year 2013, mainly due to the allocation to capital reserves. The aleo solar Group is financially dependent on its major shareholder, Robert Bosch GmbH.

The aleo solar Group had no outstanding loans at the reporting date. Compared with the previous year, the capital structure has changed such that all loans outstanding at 31 December 2012 and loans taken out in 2013 were transferred to the capital reserves to strengthen equity.

The request made by Robert Bosch GmbH in a letter dated 4 February 2014 to liquidate the company has significant effects on the equity of aleo solar AG for the period ended 31 December 2013. In accordance with our ad hoc disclosure on 12 February 2014, a loss of over half of the share capital was incurred at 31 December 2013, as a result of which aleo solar AG reported a deficit not covered by equity of EUR 18.2 million at 31 December 2013.

At the extraordinary general meeting that has already been announced, the Management Board will inform the shareholders of the loss amounting to half of the share capital and explain the company's situation in accordance with section 92 (1) German Stock Corporation Act. Due to the financing commitments made by Robert Bosch GmbH, aleo solar AG is neither over-indebted as defined by insolvency law nor does it threaten to become insolvent.

Capital expenditure and financing

Investments and prepayments on items of property, plant and equipment amounted to EUR 1.1 million in financial year 2013 (previous year: EUR 4.3 million). This capital expenditure went towards further expansion of operating and office equipment and machinery for the Prenzlau site, which was necessary for operational reasons. Financing was chiefly secured in the form of loans extended by Robert Bosch GmbH. There are currently no other significant capital expenditure projects planned or already underway. No use is made of off-balance sheet financial instruments. There will be no investments in the coming reporting year on account of the sale of the operating business and the planned liquidation.

Financial management at aleo solar takes place in close consultation with Robert Bosch GmbH. Financial Controlling monitors and manages financial risks relating to the aleo solar Group's business areas by means of internal risk reporting that analyses risks according to their degree and extent. These risks include market risk (including exchange rate risk and interest-related fair value risk), counterparty credit risk and liquidity risk. The aleo solar Group attempts to minimise the effect of exchange rate risks during the year using derivative financial instruments. The aleo solar Group neither enters into nor trades in financial instruments, including derivative financial instruments, for speculative purposes. The aleo solar Group held no derivatives as at the end of the financial year.

Financial and non-financial key performance indicators

We use a variety of indicators to manage our performance in relation to our ultimate corporate objectives. These are primarily financial key performance indicators. Every month, the current indicators are compared with the prior-year figures and, in some cases, with the projected figures.

Production output

Here, the quantity of solar modules produced in terms of units and megawatts is analysed on a monthly basis and compared with the previous year. For 2014 as a whole, we estimate production of approximately 30,000 modules with aggregate output of around 7.8 MW.

We produced solar modules with an aggregate output of 139 MW in 2013 (previous year: 269 MW). This corresponds to a decrease of 48.3 percent year-on-year.

Sales and revenue

We make a distinction between the different types of modules that we market. Most of these are standard modules based on monocrystalline and polycrystalline solar cells in performance classes that we define. We also sell Solrif modules for in-roof solutions with special frames and modules with performance classes outside of the norms we set. For these three types of modules, we track the quantities sold in megawatts on a monthly basis. In 2013 we sold modules with an output of 152 MW, a decrease of around 45.5 percent compared with the previous year (279 MW).

At the same time, we track the sale price of the modules per watt peak in euros on a monthly basis and compared with the previous month.

EBIT

EBIT as used in the aleo solar Group is calculated based on the presentation of the statement of comprehensive income. In financial year 2013, EBIT of EUR -92.0 million was achieved compared with EUR -77.0 million in 2012.

Inventories

Inventories of finished goods are reported on a monthly basis in terms of their quantity and value so as to show the amount of capital tied up and the range of products. At the end of the year, inventories throughout the aleo solar Group amounted to 9 MW (previous year: 18 MW).

Employees

The aleo solar Group had a total of 742 employees as at 31 December 2013. The majority of our employees work in production in Prenzlau. We currently have five trainees in Prenzlau and two in Oldenburg.

aleo solar AG is a member of the "Berufsgenossenschaft Energie Textil Elektro Medienerzeugnisse" (the occupational health and safety agency for the energy, textile, electronics and media products industries). No companies in the aleo solar Group are members of employer associations. There were no strikes or walk-outs in the past. There are no collective agreements.

A Works Council was elected at the Prenzlau plant in 2008 for the first time and at the Oldenburg site in 2013 for the first time. A social compensation plan was negotiated for employees of aleo solar Deutschland GmbH that was approved by the Supervisory Board of aleo solar AG on 12 December 2013. For employees of aleo solar AG and aleo solar Dritte Produktion GmbH at the Prenzlau site, a social compensation plan was resolved in January.

An application for reduced working hours at the Prenzlau plant from 1 October 2012 to 31 March 2013 was made and effectively implemented from 8 October 2012 to 13 January 2013. An average of 368 employees of aleo solar AG and 159 employees of aleo solar Dritte Produktion GmbH per month worked reduced hours during this period. Reduced working hours were also in place from 1 July 2013 to 31 December 2013 based on a corresponding application. An average of 337 employees of aleo solar AG and 149 employees of aleo solar Dritte Produktion GmbH per month worked reduced hours during this period. An application for reduced working hours for the Prenzlau site was also made and approved for the first six months of 2014. As the requirements for claiming short-time benefits were no longer in place from 1 March 2014, the decision on the granting of short-time benefits was overturned by the Federal Employment Agency.

To wind up the Company in a socially responsible manner, a reconciliation of interests was concluded with the Works Council for the Prenzlau site on 7 March 2014. In Oldenburg, we are working towards a swift conclusion of the reconciliation of interests on the basis of the social compensation plan already agreed. As a consequence of the transaction, the aleo solar Group will no longer be able to keep on approximately 500 employees.

Equity investments

The dissolution of the joint venture avim solar production Co. Ltd. was completed in the third quarter of 2013.

On 2 August 2011, aleo solar Deutschland GmbH and two other shareholders acquired equal stakes in LCX Solar Limited, Shepperton, Middlesex, UK. The purpose of this company, which has ordinary share capital of GBP 75,000, is to supply housing associations in the UK with solar energy systems. We assume that we will be able to offer our share to the remaining shareholders as part of the liquidation of the companies.

Environmental protection and occupational health and safety

The aim of both our environmental protection and occupational health and safety measures is not merely to satisfy the legal requirements, but to assume responsibility for the environment and our employees through foresight and voluntary commitments. The Occupational Health and Safety Assessment Series OHSAS 18001 introduced in 2012 and the company health management system were enhanced and an energy management system in accordance with ISO 50001 was also implemented. The environmental management system DIN ISO 14001, which has been in place for ten years, was also successfully recertified.

Improvements in environmental protection and occupational health and safety were made in many areas in 2013. Overall consumption of electrical energy was lowered by 25 percent, consumption of natural gas was trimmed by 6 percent and consumption of drinking water was reduced by 30 percent. Total material waste was lowered by more than 500 tonnes year-on-year. In 2013, the Prenzlau plant's own photovoltaic installations produced 123,000 kilowatt hours of environmentally friendly solar power that was fed into the grid. At the Prenzlau facility there is an old module collection point of the PV Cycle recycling network.

Ongoing safety monitoring and increased awareness on the part of employees resulted in less severe industrial accidents, reducing the number of lost days resulting from this at the Prenzlau site by almost 50 percent over the past three years. A total of four reportable industrial accidents were registered in 2013, a reduction of almost 85 percent compared with the previous three years. In plant and machinery purchases and modifications, particular attention was paid to safety and ergonomics in the workplace.

Events after the reporting period

On 5 February, 2014, aleo solar AG entered into an agreement to sell the aleo solar Group's material operating business, including the production site in Prenzlau and the aleo brand to SCP Solar GmbH, Hamburg. SCP Solar GmbH is the acquiring company for a consortium comprising Sunrise Global Solar Energy Co. Ltd., CHOSHU Industry Co. Ltd. and Pan Asia Solar Ltd.

SCP Solar GmbH intends to offer jobs to approximately 200 aleo solar Group employees in production and sales. Framework social plans were agreed with the works councils in Oldenburg and Prenzlau. These agreements will serve as the basis for the reconciliations of interest to be negotiated in the 2014 financial year.

The purchase agreement results in a negative contribution to earnings at aleo solar AG. The buyer pays a purchase price of EUR 1.00 for the production facility in Prenzlau including fixed assets, inventories, industrial rights and equity investments in one subsidiary of the aleo solar Group. For its part, aleo solar AG agrees to pay to the purchaser SCP Solar GmbH a negative purchase price of EUR 10.0 million.

The shareholder Robert Bosch GmbH has agreed pay a transaction compensation of EUR 31.0 million to aleo solar AG in connection with the sale of the operating business.

The execution of the purchase agreement on 30 April 2014 is subject, among others, to the conditions precedent of the approval of the antitrust authorities and the approval of the extraordinary general meeting of aleo solar AG, which was convened for 15 April 2014.

In a letter dated 4 February 2014, Robert Bosch GmbH informed the Management Board of aleo solar AG that, as a shareholder, it will also seek the liquidation of aleo solar AG at the extraordinary general meeting. Robert Bosch GmbH has committed to providing additional funds to aleo solar AG in the course of liquidation if there is a concrete need for liquidity in order to enable orderly liquidation without filing for insolvency. If the Company's liquidation is resolved, the Management Board currently expects to post at most a negligible liquidation profit, if any, once the liquidation has been concluded.

Report on expected developments and on opportunities and risks

Outlook

The aleo solar Group will not be competitive in the coming years. In spite of the steps we have taken to reduce costs and become more efficient, our business model will not allow us to generate sustainable profits in the foreseeable future. As forecast in the preceding year, our earnings in financial year 2013 were clearly negative. Were the Company to continue as a going concern, EBIT of around EUR -28.6 million would be expected for 2014 alone.

From 1 January 2014 to 30 April 2014, the aleo solar Group will continue its promotional operating business. This will be followed by the liquidation if resolved at the Extraordinary General Meeting as requested by the main shareholder. For the first four months of 2014, on the basis of the cuts in feed-in tariffs made in our European core markets up to now, we anticipate a significant year-on-year decline or a continuously low level of new installations. This will reduce our revenue and put considerable pressure on our earnings. Although prices of solar modules stabilised in 2013 as expected, in our operating business we envisage substantial price pressure for sales of remaining stocks.

In addition to the anticipated loss from operating activities, the sale of the operating business followed by the liquidation of the Company by 30 April 2014 will lead to further negative effects arising from the planned transaction and the costs of the liquidation, principally from payment of salaries during the notice periods, the costs for the liquidation team and other expenses for the liquidation.

We are forecasting revenue of EUR 9.2 million until the time the promotional operating activities are discontinued in 2014 and of EUR 11.5 million until the end of the year. For 2014 as a whole, we estimate EBIT of EUR -72.7 million, approximately EUR 16 million of which will be generated from operations up until the Company's liquidation, plus the costs for the liquidation.

The aleo solar Group remains dependent on the financial support of its main shareholder, Robert Bosch GmbH in the form of the promised transaction compensation and the liquidation contribution.

Risk management

The importance of risk management for the aleo solar Group results from the Group's business activities and its aim of achieving a sustainable increase in the enterprise value or, for financial year 2014 and beyond, securing a sale of its operating business and minimising losses by liquidating the remaining parts of the company. Risk management involves identifying and evaluating marginal opportunities and especially risks so that steps can then be promptly taken to leverage the opportunities and identify risks at an early stage, assess them and implement any necessary countermeasures. Opportunities and risks are seen as deviations from the business plan upwards of a certain limit. One key core element is opportunity and risk management, which is integrated as a continuous process in all major corporate workflows.

aleo solar's opportunity and risk management system is based on clearly regulated business processes, an explicit allocation of responsibilities in the organisation and appropriate reporting. Central risk responsibility lies with the Management Board. Responsibility for aggregating and preparing the relevant information throughout the Group lies with the Chief Financial Officer, which are in charge of reviewing the system's effectiveness and adequacy. The principles governing the aleo solar Group's risk policy are set down in a risk manual that defines and describes aspects of the risk management process. This manual is revised regularly and is binding for aleo solar AG and its subsidiaries. The risk owners periodically record and evaluate all opportunities and risks, including those newly identified, in an opportunity and risk inventory, from which measures to avoid and manage risk are derived. Local risk managers review the identification of risks and opportunities for completeness and the assessments of these for the reasonableness, suitability and effectiveness of the measures. Suitable early warning indicators are tracked by the risk owners and by Financial Controlling as part of the reporting and, if reasonable, are used in the risk assessment. The results of the opportunity and risk inventories are regularly prepared for the Management Board and the Supervisory Board, taking reporting thresholds into account, and discussed at regular meetings. Over and above this, the early warning indicators for risks to the Company's continuation as a going concern were discussed in very short cycles in financial year 2013 with the aim of preventing the Company's insolvency.

Whenever risks are identified that jeopardise the Company's continued existence as a going concern or impede value-enhancing business development, appropriate countermeasures are taken to the extent that these risks can be influenced. The sale of the aleo solar Group's operating business in 2014 will safeguard the continuation of part of the existing business. Any new risks identified are reported to the Management Board immediately if a defined reporting threshold is exceeded. In addition to the regular compilation and evaluation of the Company's opportunities and risks, another element of opportunity and risk management is corporate planning. The discussion and approval of corporate planning and the associated opportunities and risks are an integral part of Management Board meetings. Best-case and worst-case scenarios in which opportunities and risks are mapped with their probability of occurrence are added to the forecast. The established structures thus ensure timely identification of the risks that are relevant for business developments and enable the Group to take appropriate well-founded decisions to manage these risks.

The following sections contain a description of specific risks that could materially affect the development of business and the Company's net assets, financial position and results of operations.

Internal control and risk management system (ICS) relevant for the (consolidated) accounting and financial reporting process (report in accordance with sections 289(5), 315(2) no. 5 Handelsgesetzbuch (HGB - German Commercial Code))

The aleo solar Group has an internal control and risk management system in place under which appropriate structures and processes for the (consolidated) accounting and financial reporting process are defined and implemented throughout the organisation. This system is designed to guarantee timely, uniform and accurate accounting for all business processes and transactions. It ensures compliance with statutory regulations, accounting and financial reporting standards and the internal accounting guideline, which is binding upon all the companies included in the consolidated financial statements. The relevance and consequences for the consolidated financial statements of any amendments to laws, accounting or financial reporting standards or other pronouncements are continually analysed, and the resulting changes are integrated into the Group's guidelines and systems.

Apart from defined control mechanisms, the fundamental principles of the internal control system include system-based and manual reconciliation processes, the separation of executing and controlling functions and compliance with directives and operating procedures. The foreign Group companies prepare their financial statements locally and transmit them with the aid of a data model that is standardised throughout the Group. The Group companies are responsible for their compliance with the directives and procedures applicable throughout the Group and for the proper and timely operation of their accounting-related processes and systems. The local companies are supported by headquarters personnel throughout the process. As part of the process, measures are implemented that ensure the regulatory compliance of the consolidated financial statements. These measures serve to identify and evaluate risks, and to limit and monitor any risks that may be identified.

The consolidated financial statements are prepared centrally on the basis of the data supplied by the consolidated subsidiaries. The consolidation, certain reconciliation operations and monitoring of the related time schedules and procedures are performed by personnel who have received training for this purpose. System-based controls are monitored by personnel and supplemented by manual inspection. An additional check by a second person is carried out at every level, minimising the risk of fraudulent acts. Defined approval procedures must be observed at all stages in the accounting process. The standards for the mandatory Group-wide internal control system (ICS) were derived from these frameworks, defined centrally and implemented by the Group companies. The management of each company is responsible for the implementation and oversight of the local ICS. Whenever companies are liquidated, employees of the Group are also heavily involved in the accounting issues.

The Financial Controlling/Internal Controls department is charged with monitoring the effectiveness of the internal control and monitoring system as well as compliance with organisational security measures. The audit areas, areas of emphasis and frequencies are determined once per year. In addition, as part of their audit of the annual financial statements, the auditors assess the risk early warning system. The Supervisory Board also assumes control functions, monitoring the effectiveness of the risk management system and the internal control system, among other things.

It should be noted that an internal control system, irrespective of its design, cannot provide absolute assurance that material misstatements in the accounting will be avoided or identified. However, it serves to provide sufficient assurance in preventing material company risks from materialising.

Risk report

We classify the main risks in four categories: strategic risks, operational risks, financial risks and compliance risks. All risks are considered net risks. We believe that of all the risks to which we are exposed the only material one is strategic risk. In view of the discontinuation of operations by the end of April 2014, the other risks mentioned have a lesser impact.

Strategic risks:

Risks from financial support

In financial year 2013, the aleo solar Group was financially dependent on the Robert Bosch Group, a situation that will continue in 2014 and beyond. There is a risk that the conditions precedent from the purchase agreement will be fulfilled only in part, if at all, and that the buyer or seller will withdraw from the contract. This would extend the liquidation to the entire aleo solar Group. To avert an insolvency of the aleo solar Group, the assets and cash position of the companies will be closely monitored and suitable financing measures taken to mitigate the risks.

Risks arising from surplus capacity and competition

From financial year 2014 onwards, this risk will be minimal, relating to the fact that the existing inventories that will not be transferred to SCP Solar GmbH will have to be sold.

Production disruptions

Fires, mechanical defects, accidents, human error, strikes or other disruptions could interrupt the production of the aleo solar Group or cause injuries to life and limb or damage to goods. Disruptions could also be caused by external factors over which the Group has no control such as natural disasters, acts of sabotage or power cuts.

These risks, which have not occurred in the 2013 financial year, are covered by our insurance policies, with the exception of a deductible. For the period between the signing of the contract and the completion of the sale of the operating business, appropriate measures such as adequate guard duty must be taken to ensure that malicious production disruptions do not occur.

Operational risks:

Due to the planned sale of the operating business and the liquidation of the remainder of the Company, the operational risks of the aleo solar Group are either hedged by means of suitable measures or reflected in the figures provided in this report.

Market risks

The Group will continue to be exposed to market risk in the first quarter of financial year 2014 until the operating business has been transferred to SCP Solar GmbH, which may lead to lower-than-expected unit sales. We make allowance for fluctuations in our business development through our liquidity planning and management.

Risks arising from guarantee, warranty and/or compensation claims

The risk that guarantee, warranty and/or compensation claims will be brought against the aleo solar Group is based, among others, on the warranties issued by the aleo solar Group such as the performance guarantee under which the aleo solar Group guarantees the buyer of an aleo solar module that its modules will generate 90 percent of the rated output for ten years and 80 percent of the rated output for over 25 years, as is customary among most players in the industry. Since May 2009, the Group has also continuously issued a ten-year product warranty. The aleo solar Group intends to continue to provide such warranties until it terminates its operating business. The sale and liquidation will not affect any warranties, guarantees or loss compensation claims issued by aleo solar AG. It cannot be ruled out, for instance, that customers will not bring claims against the aleo solar Group for non-performance of the guaranteed minimum output.

No significant warranty or guarantee claims were bought against the aleo solar Group in 2013. For more information on provisions for warranties, please refer to note 16 of the notes to the consolidated financial statements.

Personnel risks

In the reporting period, the aleo solar Group recorded increasing staff departures in all areas and at all levels owing to the notification of the exit of Robert Bosch GmbH and the associated end to the financing commitment for March 2014. Thanks to regular exchanges of information, functioning processes and clearly delineated responsibilities, this has not had an adverse effect on the Group's competitiveness. Due to the sale of the operating business and the planned liquidation of the remaining areas of the Group, staff will be made redundant in all individual companies of the aleo solar Group in 2014. A transfer company is to be set up for the employees of aleo solar AG and aleo solar Dritte Produktion GmbH. Social compensation plans for the Oldenburg and Prenzlau sites were arranged in December 2013 and January 2014, respectively. We have recognised commensurate provisions for the financial obligations arising from these measures.

IT risks

Breakdowns, malfunctions or disruptions to the operation of the IT systems used by the aleo solar Group could affect the Group's ability to keep its business processes efficient. There were no significant IT risks in 2013. Our IT systems are regularly reviewed and maintained and are subject to continuous monitoring.

Environmental risks and risks arising from regulatory specifications

The aleo solar Group is subject to a large number of continuously evolving and, as a rule, increasingly demanding regulations concerning environmental and health protection. These requirements have already sparked a need for capital investments in the past The Company assumes that financial resources will continue to be required in the future to comply with the statutory provisions. However, in all likelihood, these will not lead to outflows of cash until the purchase agreement enters into force.

As a consequence of the amendment of Directive 2012/19/EU on waste electrical and electronic equipment (WEEE), which since 2012 also specifically applies to solar energy modules, it is expected that the labelling and registration requirements, notification and information duties as well as return and recycling or disposal requirements for the products put on the market by the Group will intensify throughout Europe. The aleo solar Group fulfils its obligations arising from the Directive on Waste Electrical and Electronic Equipment (WEEE), including those as a member of PV Cycle, and has concluded corresponding service agreements for Germany, Italy and the Rest of Europe.

The WEEE Directive has already been transposed into national law in several EU countries, which in Germany includes the amendment of the German Act Governing the Sale, Return and Environmentally Sound Disposal of Electrical and Electronic Equipment (ElektroG). This led to the recognition of appropriate provisions for the measures to be implemented in Germany and Italy. For other European markets, no special financial outlay is currently associated with these changes and, as far as we can see, is also not expected until the purchase agreement enters into force.

<u>Financial risks:</u>

Procurement risk

The aleo solar Group relies on being supplied with various primary products, especially solar cells, but also solar glass, junction boxes, aluminium frames and special films by its suppliers in the quantities it requires and at the times it specifies. The aleo solar Group tries to keep primary products and other materials in stock so that it is capable of acting in the event of short-term supply shortages. However, one of the consequences of this is that if orders are cancelled or postponed, the primary products held in stock cannot be sold as planned and may lose value. This risk arose to a minor extent in the financial year as a consequence of falling demand and a related adjustment of production output.

Going forward, the long-term obligations to buy solar cells could come into conflict with a decline in demand for the solar modules produced by the aleo solar Group. In such a case, the aleo solar Group would either have to purchase and pay for solar cells that it would be unable to process into solar energy modules and sell to customers or it might have to make substantial settlement payments. This risk occurred in financial year 2013. Some of the cells that were not required could be sold in the financial year and in January 2014. The inventories were written down in the amount of the loss incurred therefrom.

Exchange rate, interest rate and price risks

Although the aleo solar Group currently generates a large share of its revenue in euros, the Group's operating business is subject to exchange rate risks from purchases not agreed in euros. The Company's consolidated financial statements are prepared in euros. Some companies in the aleo solar Group are nevertheless domiciled outside the euro zone. For example, aleo solar AG has 100 percent interests in subsidiaries in Australia and the United States whose net assets are subject to an exchange rate risk from the Australian dollar (AUD) or US dollar (USD). In the financial year, there was also a residual risk arising from the winding-up of the joint venture avim solar production Co. Ltd. in China, whose net assets in renminbis are subject to exchange rate risk. In addition, the Group has an exchange rate exposure relating to pound sterling (GBP) resulting from a wholly owned subsidiary in the UK and its investment in an associate in the UK. Changes to the applicable average exchange rates from period to period therefore affect the Group's revenue, earnings and assets reported in euros in the consolidated financial statements.

We therefore continuously monitor the development of exchange rates so that we can enter into currency hedging transactions in good time if required. Due to the large fluctuations in production capacity, which led to short-term procurement in some cases, purchases in USD were only hedged in the very short term. No speculative hedging transactions are entered into. Translation risks arising from the conversion of foreign currency positions are generally not hedged. On account of the plans to liquidate aleo solar North Inc., aleo solar Australia Pty. Ltd. and aleo solar UK Ltd. in 2014, we assume that exchange rate effects will have only a very minor effect on our future earnings.

Photovoltaic systems are often financed substantially by debt capital that is partially refinanced by state development banks such as the German Kreditanstalt für Wiederaufbau (KfW). A rise in interest rates or a more restrictive lending policy cannot be ruled out for the future. This risk did not occur in 2013. We believe that due to an interest rate risk that will exist up until the sale of the operating business, demand in the first four months of financial year 2014 will be exposed to only an insignificant risk, if any.

For a detailed description of financial risks and their management, please see the notes to the consolidated financial statements.

Measurement risks

In the past, the aleo solar Group was forced to recognise impairment losses on its property, plant and equipment, inventories, trade receivables and investments, some of which were considerable. We reviewed the measurement risks in connection with fixed assets in 2013 based on impairment tests, our own assessments and expert opinions. The fact that the main shareholder is seeking a liquidation necessitates remeasurement of all assets. As the fair value of the fixed assets is significantly lower than the value previously assumed, further substantial impairment losses had to be recognised at the end of the financial year.

We countered the measurement risk in current assets with variable production management in which we can take account of the market fluctuations and counteract an unplanned increase in inventory levels at an early stage. Also for the future, it cannot be ruled out that additional write-downs may have to be charged if it emerges that inventories that are not transferred as part of the sale are difficult to sell.

The aleo solar Group is regularly owed substantial amounts by its customers arising from product deliveries. It cannot be excluded that customers may not be able to settle the amounts due as a result of cash flow problems. Customers are mainly supplied using commercial credit insurance and an internal credit limit system. Bad debts rose compared with the last reporting period. As a result of the sale of the operating business, in addition to the sales from remaining stocks, only existing claims that may lead to further or higher payment arrears will be liquidated, presumably from May 2014. The commercial credit insurance policy running until 31 March 2014 provides cover for all bad debts that have arisen or been reported up to and including this reporting date. For sales of remaining stocks, we will wind up all orders with advance payments where possible.

Risks arising from investment grants

Government grants and subsidies are generally tied to compliance with certain covenants and conditions. Some of these conditions apply over several years. In the event of non-compliance, aleo solar AG may be required to repay the grants received in full or in part. Such repayments would adversely affect the Company's financial position. By selling its operating business, aleo solar AG will be unable to meet all of the conditions imposed on it with regard to the grants and subsidies it receives. aleo solar AG has recognised corresponding provisions for the risks arising from repayment of the subsidies received.

On the basis of recent developments, we will meet with the Investment Bank of the State of Brandenburg and also with the Tax Office to discuss the precise issue and the effects on the subsidies received.

Tax risk

Tax audits for aleo solar AG, aleo solar Deutschland GmbH and aleo solar Dritte Produktion were conducted for the assessment period up to and including 2011, while the external wage tax audit for aleo solar Deutschland GmbH up to and including October 2013 was conducted in the financial year now ended. Depending on the findings of future audits, the taxable income of the companies to be audited may change for the assessment periods in the period covered by the audit. As a result, losses identified may be reduced or additional tax payments stipulated for corporation tax, the solidarity surcharge and trade tax. Furthermore, additional tax claims could arise on the basis of findings relating to VAT issues.

Insurance risk

The aleo solar Group has extensive insurance cover. The current insurance cover is regularly limited by agreed caps on the sums insured and a deductible. Risks have not occurred in the 2013 financial year; they are covered by our insurance policies, with the exception of a deductible. We counter this risk by monitoring it appropriately.

Legal risks

The companies of the aleo solar Group are involved – as plaintiffs, defendants or in a different capacity – in a number of court and out-of-court disputes or administrative procedures, the outcome of which cannot be entirely estimated at the present time. Most of these are disputes with suppliers, particularly on grounds of long-term supply agreements, and with customers. We assume that we will settle a number of court and out-of-court disputes with suppliers in 2014 and that this will ultimately led to a cash outflow and the reversal of the provisions we have recognised for this purpose.

Based on a ruling or a settlement agreement in the above-mentioned cases or other current or future cases, the Group could be required to pay substantial damages possibly in excess of provisions made for such events. On top of this, it would have to pay its own and the other party's legal expenses.

To counter legal risk, legal and financial aspects are examined internally or, in some cases, also by external advisers before contracts are closed. The aleo solar Group has recognised appropriate provisions for all known risks.

Compliance risks

Unconditional compliance with the provisions of the law is of paramount importance for aleo solar AG. Employees are briefed on current issues relating to the Code of Business Conduct at regular intervals. Special training courses on the subject of compliance are offered. Our risk inventories provide the opportunity to report and assess compliance risks. No compliance risks arose in 2013.

Aggregate risk position

Our aggregate risk position deteriorated considerably in the reporting period compared with the previous year. In addition to ongoing price erosion and a significant decline in revenue, the aleo solar Group is dependent on continuing to receive funding from Robert Bosch GmbH and by the reporting date had not found a suitable investor to continue the Company as a going concern.

Discontinuation of the support of the main shareholder before the liquidation has been completed could have a significant impact on the course of our business as well as on the Company's net assets, financial position and results of operations.

Because aleo solar AG will only receive a symbolic purchase price of EUR 1 on the sale of its operations and a negative purchase price of EUR 10 million must be paid to the buyer as support for continuing the Company as a going concern, aleo solar AG will not receive any profits or other financial benefits as a result of this transaction. Due to the existing loss carryforwards that aleo solar AG carries in its balance sheet, there will also be no opportunity to pay shareholders a dividend in the foreseeable future.

Opportunities for the Company

Robert Bosch GmbH informed the Management Board of aleo solar AG that, as a shareholder of the Company, it would be requesting a resolution on the liquidation of aleo solar AG at the Extraordinary General Meeting at the same time. If this is resolved, the Management Board currently expects to post at most a negligible liquidation profit, if any, once the liquidation has been concluded. The main shareholder will assume the costs of the liquidation and has made further financing commitments for the transaction and the liquidation. On account of the Company's current situation, there will be no further changes compared with the preceding year or opportunities for the coming year.

Remuneration report

Principles of the remuneration system for the Management Board and the Supervisory Board

In accordance with sections 289(2) no. 5 and 315(2) no. 4 of the HGB, the principles of the remuneration system for the aggregate remuneration of aleo solar AG's Management Board and Supervisory Board disclosed in accordance with sections 285 sentence 1 no. 9 and 314(1) no. 6 of the HGB are described below. The aggregate remuneration is explained and an individual presentation is provided for the members of the Management Board and the Supervisory Board in the following.

Remuneration of the Management Board

York zu Putlitz (Chief Executive Officer and Chief Financial Officer; businessman), Günter Schulze (Chief Technical and Development Officer since 1 April 2013; engineer) and Dr Jens Sabotke (Chief Technical and Development Officer until 31 March 2013; mechanical engineer) were appointed as members of the Management Board of aleo solar AG in financial year 2013.

The remuneration of the individual Management Board members can be broken down into the following non-performance-related and variable components (in euros):

	Non-performance-related remuneration						Variable performance-related remuneration				Total	
Management Board	Base salary		Non-cash benefits				Bonus[1]		Performance-related bonus			
			Car[2]		Other[3]							
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
zu Putlitz, York	**165,000**	160,000	**16,804**	17,395	**22,146**	20,423	**152,080**	61,000	**0**	0	**362,630**	258,818
Sabotke, Jens	**36,627**[4]	146,500	**2,051**	8,204	**16,256**	13,835	**62,043**	21,243	**0**	0	**116,977**	189,782
Schlesiger, Norbert	**0**	0	**0**	0	**0**	11,900	**0**	0	**0**	0	**0**	11,900
Schulze, Günter	**108,756**	0	**7,917**	0	**7,216**	0	**67,788**	0	**0**	0	**191,677**	0
Total	**310,383**	306,500	**26,772**	25,599	**45,618**	46,158	**281,911**	82,243	**0**	0	**671,284**	460,500

[1] The "Bonus" item includes provisions for performance-related remuneration and a special bonus in 2012. The variable performance-related remuneration applicable for 2012 and 2013 were/will be determined after the reporting date. Changes in the bonuses (initially recognised as a provision) are taken into account in the year in which they are paid.

[2] The "Car" item includes the non-cash benefits from in-kind compensation (1 percent of the gross list price, commute between home and place of work).

[3] The "Other" item includes tax-free employer allowances for voluntary health and long-term care insurance; the notional employer's contributions to pension insurance; allowances for children's attendance at private schools; a group accident insurance policy; a tax-free housing allowance for a second home; a service anniversary bonus, warehouse rent, a tax-free healthcare promotion allowance; as well as the reimbursement of legal fees.

[4] Up to and including 31 March 2013.

The remuneration of the Management Board comprises an annual base salary, variable remuneration and non-cash benefits. No component with a long-term incentive effect is currently included. Should a member of the Management Board fall ill, his salary will continue to be paid for 78 weeks or up to two years. In individual cases, this payment may be made on a pro rata basis. In the event of death, surviving dependants or legal heirs will receive full or pro rata payments for three or six months.

The variable remuneration consists of an annual performance-related bonus payment that is tied to the attainment of certain targets or the performance of the individual Management Board member and limited to 55 percent and 80 percent, respectively, of the base salary, plus in one case a performance-related bonus of 0.5 percent of the Company's DVFA net profit for the year with an annual ceiling of EUR 55 thousand.

For further information, we refer to the non-performance-related remuneration listed in the table above.

Furthermore, the contracts of the Management Board members provide for a company pension. Expenses for Mr zu Putlitz amounted to EUR 166 thousand (previous year: EUR 285 thousand); the present value of the obligation is EUR 715 thousand. This figure includes special contributions of EUR 40 thousand and EUR 50 thousand for 2013 plus an additional company contribution of EUR 11,200.

Expenses for Mr Schulze amounted to EUR 46 thousand; the present value of the obligation is EUR 486 thousand. No special contributions were credited to Mr Schulze's account.

Expenses for Mr Sabotke amounted to EUR 122 thousand (previous year: EUR 271 thousand); the present value of the obligation is EUR 1,109 thousand. In connection with Mr Sabotke's Management Board position, a special contribution of EUR 35 thousand was credited for 2013.

No other long-term benefits or share-based payments were granted in the financial year. There are pension obligations to former members of the executive management amounting to EUR 1,698 thousand. They concern the former Management Board members Jakobus Smit, Heiner Willers and Jens Sabotke. No pension payments were made in the financial year. No loans have been extended to members of the Management Board.

From 1 April 2013 Mr Sabotke, who retired from the Management Board, was released from the obligation to work up to 31 March 2014 with continued payment of his salary and taking any leave entitlements into account.

For the months after his director's contract had been terminated, EUR 124 thousand in non-performance-related basic salary was paid. In addition, for January to March 2014, a provision for basic salaries and fringe benefits of EUR 41 thousand, a provision for a performance-based end-of-year bonus for 2013 of EUR 62 thousand plus a provision of EUR 142 thousand for a severance payment were recognised. Furthermore, there is a vested entitlement to a company pension. As before, all contributions will be made under the pension arrangements up until the end of Mr Sabotke's employment contract.

Compensation of the Supervisory Board

In accordance with the Articles of Association, the Supervisory Board of aleo solar AG has six members. Its members as at 31 December 2013 were:

Dr Stefan Hartung, Managing Director of Robert Bosch GmbH (Chairman)

Other supervisory and advisory board appointments: Bosch Solar Energy AG; Bosch Sicherheitssysteme GmbH; Bosch Thermotechnik GmbH

Christoph Kübel, member of the Board of Management and Director of Industrial Relations at Robert Bosch GmbH (Deputy Chairman)

Other supervisory and advisory board appointments: Bosch Rexroth AG

Dr Sebastian Biedenkopf, solicitor, Director of the Corporate Legal Department of Robert Bosch GmbH

Other supervisory and advisory board appointments: Bosch Sicherheitssysteme GmbH, ZF Lenksysteme GmbH, Delton AG, EUROKAI GmbH & Co. KGaA

Lars Fiebig, independent auditor at Kirchner-Fiebig GbR

Other supervisory and advisory board appointments: None

Uwe Glock, Managing Director of Bosch Thermotechnik GmbH

Other supervisory and advisory board appointments: Bosch Termotecnologia S.A.; Bosch Thermotechnology (Shanghai) Co. Ltd.; Bosch Thermotechnology (Wuhan) Co., Ltd.; Robert Bosch Investment Plc.; Worcester Group Plc.

Kurt Schreier, member of the executive management of the Bosch Electrical Devices Division

Other supervisory and advisory board appointments: Bosch Automotive Products (Changsha) Co. Ltd.; Bosch Electrical Drives Co. Ltd.; Robert Bosch Energy and Body Systems Kft.; Robert Bosch Produktie N.V.

Article 14 of the Articles of Association of aleo solar AG stipulates that the members of the Supervisory Board receive annual remuneration of EUR 15,000 (ordinary members), EUR 22,500 (deputy chairman) and EUR 30,000 (chairman) plus reimbursement of all necessary out-of-pocket expenses and any value-added tax charged on the remuneration and expenses.

Five of the six members of the Supervisory Board agreed to forego their remuneration including out-of pocket expenses for the financial years from 2010. Lars Fiebig was paid fixed remuneration of EUR 15 thousand (previous year: EUR 15 thousand).

No payments were made to former members of the Supervisory Board in the financial year. There were no pension obligations to former members of the Supervisory Board at the balance sheet date. No pension payments were made in the financial year. No loans have been extended to members of the Supervisory Board.

Disclosures in accordance with section 315(4) of the HGB

Please see the disclosures in accordance with section 160(1) of the AktG and section 315(4) sentence 2 of the HGB in note 35 of the notes to the consolidated financial statements.

Report of the Supervisory Board

Report on the examination of the annual financial statements and the dependent company report

In accordance with the resolution of the Annual General Meeting on 7 June 2013, the Chairman of the Supervisory Board engaged PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, in December 2013 to audit the annual financial statements including the management report in accordance with section 111 (2) sentence 3 of the AktG and the consolidated financial statements as well as the Group management report prepared based on the provisions of IFRSs/IASs in accordance with section 315 a (1) of the HGB.

The annual financial statements and the management report of the parent company, as well as the consolidated financial statements and the Group management report including the disclosures pursuant to section 289 (4) and section 315 (4) of the HGB, were audited by the auditors of the financial statements. No objections were made, and unqualified audit opinions were issued.

Furthermore, the Management Board of aleo solar AG in financial year 2013 prepared a report on relations with affiliated companies (dependent company report) in accordance with section 312 of the AktG. The auditor examined this report as well, provided a written report on the result of this examination and issued the following unqualified audit opinion with the report:

"In accordance with our dutifully performed audit and assessment, we confirm that

1. the factual statements in the report are correct,

2. the payments by the company in connection with the legal transactions referred to in the report were not unduly high."

The following documents were made available to the chairman of the Supervisory Board immediately after they had been prepared and examined:

| the 2013 annual financial statements,

| the 2013 management report prepared by the Management Board,

| 2013 consolidated financial statements,

| the 2013 Group management report prepared by the Management Board,

| the report on relations with affiliated companies in financial year 2013 (dependent company report) and

| the audit reports of the auditor of the financial statements.

The Supervisory Board conducted a close examination of the 2013 annual financial statements and management report of aleo solar AG, the consolidated financial statements and Group management report, as well as the dependent company report. In addition, the Supervisory Board discussed the annual financial statements and management reports presented in detail with the representatives of the auditor at the financial statements meeting on 8 April 2014. The auditor reported on the main findings of the audit and was available to answer questions. He confirmed that there were no circumstances demonstrating any bias on his part.

The Supervisory Board took note of and approved the findings of the auditor without raising any objections. The Supervisory Board approved the 2013 annual financial statements and management report of aleo solar AG including the disclosures in accordance with section 289(4) HGB, which are thus adopted, as well as the consolidated financial statements and Group management report for financial year 2013 including the disclosures in accordance with section 315(4) HGB.

The Supervisory Board also concurred with the results of the auditor's audit concerning the dependent company report. Having completed its own examination, the Supervisory Board did not raise any objections to the closing declaration by the Management Board about relationships with affiliated companies.

Report on the Supervisory Board's review of management's activities during the financial year

To the extent that reviews were not conducted by the Supervisory Board as part of the process of preparing and examining the financial statements, monitoring the Management Board was conducted primarily through regular oral and/or written reports provided by the Management Board to the chairman of the Supervisory Board at least once a month and discussing these reports, as well as during Supervisory Board meetings. The Management Board reports always contain information received from the Management Board on the current financial position, net assets and results of operations of the Company pursuant to section 90 of the AktG and on the internal control, risk monitoring and early warning system in accordance with section 91 (2) of the AktG. The Supervisory Board was comprehensively involved in all decisions of material importance for the parent company and the Group.

In financial year 2013, the Supervisory Board met for a total of four regular meetings and held one extraordinary meeting by telephone. It also adopted three resolutions in writing outside meetings.

The Supervisory Board began each regular meeting discussing general business developments in the Group in detail. It then discussed the following set reporting topics with the Management Board: revenue and earnings, share price performance, purchase and sales prices, the order situation, as well as the production and staffing situation. Other regular items on the agenda were the current sales situation in Germany and on the international markets in which the Company is active, as well as the strategic and structural developments in these markets. Recently, the Management Board consistently reported on specific projects, plans and transactions.

The meetings of the Supervisory Board addressed the following topics in particular. At its first meeting on 19 March 2013, the annual financial statements and management reports submitted for financial year 2012 and the dependent company report were discussed at length with the representatives of the auditor and approved by way of a resolution. In addition, Dr Stefan Hartung was elected as Chairman of the Supervisory Board and Günter Schulz was appointed as Chief Technical and Development Officer of aleo solar AG with effect from 1 April 2013. At the Supervisory Board meeting following the Annual General Meeting, Dr Stefan Hartung was re-elected as Chairman of the Supervisory Board because his term of office resulting from a court appointment ended on this day and he had been elected to the Supervisory Board by the Annual General Meeting. At the meeting on 13 September 2013, after a detailed discussion the Supervisory Board resolved on the liquidation of aleo solar North America Inc. At the meeting in December 2013, the Supervisory Board and the Management Board discussed the premises for the 2014 budget and the capital requirements derived from these, especially under the assumption of a possible sale of assets of the Company to an investor. In addition, the Supervisory Board approved the liquidation of aleo solar Australia Pty. Ltd. and aleo solar UK Limited. At the extraordinary meeting on 17 December 2013, the Supervisory Board discussed the budget for financial year 2014.

The social compensation plan for aleo solar Deutschland GmbH as well as the sale of a plot of land in Prenzlau were resolved by the circulation of documents. The 2014 budget was also approved in writing.

Following an in-depth review and discussion with the Management Board, the Supervisory Board approved all transactions requiring consent that had been submitted to the Supervisory Board by the Management Board in accordance with the rules of procedure for the Management Board. These included the closure of the subsidiaries aleo solar North America Inc., aleo solar Australia Pty. Ltd. and aleo solar UK Limited, the sale of land resolved by the circulation of documents, the budget for financial year 2014, the social compensation plan for aleo solar Deutschland GmbH, also resolved by the circulation of documents, as well as various staffing issues.

The members of the Management Board attended all Supervisory Board meetings held in the past year.

The Management Board and Supervisory Board maintained regular contact between the meetings. At monthly meetings of the Management Board and the Chairman of the Supervisory Board, the Management Board provided timely, extensive information focused on the current development of the parent company, the Group, significant transactions and, in particular, about the financial position and means of the Company.

The Supervisory Board did not form any committees.

Changes in the composition of the Supervisory Board

At 31 December 2013, the Supervisory Board comprised Dr Stefan Hartung (Chairman) and Christoph Kübel (Deputy Chairman), Dr Sebastian Biedenkopf, Lars Fiebig, Uwe Glock and Kurt Schreier.

Due to his leaving the management of Robert Bosch GmbH, Dr Siegfried Dais stepped down from the Supervisory Board with effect from 31 December 2012. Acting on the proposal of aleo solar AG, the Neuruppin District Court on 23 January 2013 appointed Dr Stefan Hartung in his place to take office with immediate effect. At the Supervisory Board meeting on 19 March 2013, Dr Hartung was elected Chairman of the Supervisory Board. As proposed by the Supervisory Board, the Annual General Meeting elected Dr Hartung to the Supervisory Board on 7 June 2013. He was then elected Chairman of the Supervisory Board at the subsequent Supervisory Board meeting.

With effect from 31 October 2013, Dr Heiko Carrie stepped down from the Supervisory Board, moving to Robert Bosch (France) SAS as Commercial Director effective 1 January 2014. He was replaced by Dr Sebastian Biedenkopf, who at the proposal of aleo solar AG had been appointed to the Supervisory Board by the Neuruppin Local Court in a ruling on 12 November 2013. aleo solar AG was in favour of his appointment for the following reasons: having held executive functions at different companies for many years, Dr Biedenkopf has the required experience and expertise to exercise a Supervisory Board function. He has a long track record in the solar energy industry and also has extensive experience in the restructuring of companies.

Dr Jens Sabotke retired from the Management Board with effect from 31 March 2013. At the Supervisory Board on 19 March 2013, Günter Schulze was appointed the new Chief Technical and Development Officer effective 1 April 2013.

The Supervisory Board would like to thank the former Supervisory Board members Dr Dais and Dr Carrie and the former Management Board member Dr Sabotke for their successful cooperation and trust.

The Supervisory Board would also like to take this opportunity to extend special thanks to the Management Board and all employees for their hard work and tireless commitment in these difficult times for the Company.

Gerlingen, 8 April 2014

Dr Stefan Hartung

Chairman of the Supervisory Board

Corporate governance report

The German Corporate Governance Code (GCGC) comprises both nationally and internationally recognised standards for good and responsible governance and management. The Management Board and Supervisory Board of aleo solar AG are committed to these standards and work toward their implementation in the Company. This creates transparency and establishes an atmosphere of trust among capital market participants, customers, business partners and employees as well as the public. The Corporate Governance Report prepared by the Management Board and Supervisory Board (in accordance with section 3.10 GCGC) describes the material corporate governance structures of the Company.

Statement on corporate governance pursuant to section 289a of the HGB

Management Board and Supervisory Board

In accordance with the statutory provisions of German stock corporation law, aleo solar AG has a dual structure of corporate governance and management. The Management Board is solely responsible for managing the Company, and is obliged to act in the Company's interests and increase the value of the Company sustainably. aleo solar AG's Supervisory Board serves in a monitoring and consultative capacity.

The Management Board comprised the following members in financial year 2013: York zu Putlitz holding the positions of CEO (Chief Executive Officer) and CFO (Chief Financial Officer), Dr Jens Sabotke (until 31 March 2013) and Günter Schulze as the CTO (Chief Technical and Development Officer, since 1 April 2013).

The Supervisory Board was composed of the following members in the reporting year: Dr Stefan Hartung (Chairman, Supervisory Board member since 23 January 2013), Christoph Kübel (Deputy Chairman), Dr Sebastian Biedenkopf (since 12 November 2013), Dr Heiko Carrie (until 31 October 2013), Lars Fiebig, Uwe Glock and Kurt Schreier.

The Management Board worked closely with the Supervisory Board. The members of the Management Board attended all meetings of the Supervisory Board. At these meetings, the Management Board reported in particular on the development of business, the financial position and results of operations, sales, inventories, the production and personnel situation, strategy and planning, as well as the Company's risk exposure (also for crisis prevention purposes). Between regular meetings, constant contact was maintained between the Management Board and Supervisory Board, and particularly with the Supervisory Board Chairman. The reporting duties of the Management Board are stipulated in full in the Management Board's rules of procedure.

Committees

At its meeting on 9 December 2009, the Supervisory Board resolved not to set up committees for the time being, but it does not rule out this possibility for the future.

Objectives in the composition of the Supervisory Board, status of implementation

The Supervisory Board pursues the following objectives when choosing its members:

- When choosing its members, the Supervisory Board strives to ensure that the candidates have the interests of the Company at heart as well as the right skills and qualifications for the job. They should be capable of performing the tasks of a Supervisory Board member in an international company from the renewable energy sector.
- The Supervisory Board has not yet specified a concrete number or percentage of women members. The Supervisory Board believes it is not appropriate to stipulate such a figure or percentage because suitable candidates should be selected primarily on the basis of their knowledge, skills and experience, as mentioned above. Within this framework, the Supervisory Board aims for an appropriate consideration of women in the Supervisory Board.
- The Supervisory Board should include independent members. The Supervisory Board has stipulated in its rules of procedure (section 2(1)) that the Supervisory Board should not include more than two former members of the Management Board of aleo solar AG. This is the reason that the Supervisory Board has set out in its rules of procedure that conflicts of interests caused in particular by advisory work and the functions of the executive bodies must be reported immediately to the Chairman of the Supervisory Board (section 2(2) of the rules of procedure of the Supervisory Board). A specific number of independent members was not determined in the composition of the Supervisory Board.

Declaration of Conformity in accordance with section 161 of the AktG

The German Corporate Governance Code (GCGC) was last revised in 2013; the most recent version is dated 13 May 2013 (as published in the Federal Gazette on 10 June 2013). The Management Board and Supervisory Board are committed to the objectives of the Code and work to promote responsible, transparent corporate governance and management that is focused on sustainably increasing the value of the Company.

After careful consideration, the Management Board and Supervisory Board of aleo solar AG declare that the recommendations of the German Corporate Governance Code, as amended on 13 May 2013, have been complied with since the publication of the Code on 10 June 2013 and will be complied with in the future with the following exceptions:

1. A deductible is not agreed upon when the Company takes out a D&O policy for the Supervisory Board, as recommended by section 3.8 of the German Corporate Governance Code. Agreement on a deductible is not considered necessary to ensure that the Supervisory Board members fulfil their duties.
2. The Company does not follow the recommendations in section 4.2.3 paragraph 2 of the German Corporate Governance Code (multi-year assessment for variable compensation elements) and in paragraph 4 (severance pay cap on premature termination of a Management Board contract without serious cause). The Supervisory Board ensures sound management and sustainable development by agreeing on individual targets with the Management Board members. Making bonus payments contingent on performance ensures that negative developments are taken into account. The Supervisory Board guarantees that only reasonable severance payments are made by limiting regular Management Board appointments to three years.
3. We deviate from section 5.1.2 paragraph 1 sentence 2 of the German Corporate Governance Code in that when appointing the Company's Management Board the Supervisory Board bases its decisions solely on the skills and qualifications of the available candidates regardless of their sex. The Supervisory Board expressly welcomes all efforts to prevent discrimination – whether on grounds of religious beliefs, sex, skin colour or on any grounds – and promote diversity appropriately.
4. Section 5.1.2 (2) sentence 3 and section 5.4.1 (2) sentence 1 of the GCGC recommend the specification of age limits for the Management Board and Supervisory Board. The Company has refrained from setting age limits for members of the Management Board and the Supervisory Board because knowledge, skills and experience are the key criteria for selecting holders of these positions, rather than age.
5. Section 5.4.1 (2) sentence 1 GCGC recommends specifying the number of independent Supervisory Board members. Whilst the Supervisory Board did not specify a concrete number, it has set out in its rules of procedure that conflicts of interests caused in particular by advisory work or the functions of the executive bodies must be reported immediately to the Chairman of the Supervisory Board (section 2(2) of the rules of procedure).
6. In accordance with section 7.1.2 sentence 4 of the German Corporate Governance Code (GCGC), the Company's consolidated financial statements must be publicly accessible within 90 days of the end of the financial year; interim reports must be publicly accessible within 45 days of the end of the reporting period. aleo solar AG will publish its consolidated financial statements for financial year 2013 and the interim report for the period ended 31 March 2014 within the longer periods provided by law of four and two months, respectively, after the end of the reporting period in question. The Supervisory Board and the Management Board believe that given the current situation these periods are adequate and necessary for careful preparation of the documents. Up to and including the interim report for the period ended 30 September 2013, the periods stipulated by section 7.1.2 sentence 4 GCGC were observed; the Company will strive to comply with these periods in the future as well.

After careful consideration, the Management Board and Supervisory Board of aleo solar AG declare that in the period from 19 March 2013 (date of submission of the last Declaration of Conformity) to 10 June 2013 the Company complied with the recommendations of the German Corporate Governance Code as amended on 15 June 2012 and published on 15 May 2012 with the following exceptions:

1. A deductible is not agreed upon when the Company takes out a D&O policy for the Supervisory Board, as recommended by section 3.8 of the German Corporate Governance Code. Agreement on a deductible is not considered necessary to ensure that the Supervisory Board members fulfil their duties.

2. The Company does not follow the recommendations in section 4.2.3 paragraph 2 of the German Corporate Governance Code (multi-year assessment for variable compensation elements) and in paragraph 4 (severance pay cap on premature termination of a Management Board contract without serious cause). The Supervisory Board ensures sound management and sustainable development by agreeing on individual targets with the Management Board members. Making bonus payments contingent on performance ensures that negative developments are taken into account. The Supervisory Board guarantees that only reasonable severance payments are made by limiting regular Management Board appointments to three years.
3. We deviate from section 5.1.2 paragraph 1 sentence 2 of the German Corporate Governance Code in that when appointing the Company's Management Board the Supervisory Board bases its decisions solely on the skills and qualifications of the available candidates regardless of their sex. The Supervisory Board expressly welcomes all efforts to prevent discrimination – whether on grounds of religious beliefs, sex, skin colour or on any grounds – and promote diversity appropriately.
4. Section 5.1.2 (2) sentence 3 and section 5.4.1 (2) sentence 1 of the GCGC recommend the specification of age limits for the Management Board and Supervisory Board. The Company has refrained from setting age limits for members of the Management Board and the Supervisory Board because knowledge, skills and experience are the key criteria for selecting holders of these positions, rather than age.
5. Section 5.4.1 (2) sentence 1 GCGC recommends specifying the number of independent Supervisory Board members. Whilst the Supervisory Board did not specify a concrete number, it has set out in its rules of procedure that conflicts of interests caused in particular by advisory work or the functions of the executive bodies must be reported immediately to the Chairman of the Supervisory Board (section 2(2) of the rules of procedure).

Gerlingen, 8 April 2014

The Supervisory Board of aleo solar Aktiengesellschaft

The Management Board of aleo solar Aktiengesellschaft

Closing declaration by the Management Board pursuant to section 312 AktG about relationships with affiliated companies (dependent company report) for financial year 2013

We confirm that aleo solar Aktiengesellschaft, Prenzlau, received appropriate compensation for the transactions listed in the dependent company report according to the circumstances known to the Company at the time that such transactions were entered into. No other measures within the meaning of section 312 of the AktG were taken or omitted.

Balance sheet

as at 31 December 2013

Due to the planned sale of the material operating business and to achieve more transparency in the balance sheet and the statement of comprehensive income, the aleo solar Group in its entirety has been classified as discontinued operations as at 31 December 2013 in accordance with IFRS 5.

Assets

	Note	31.12.2013	31.12.2012
		EUR thousand	EUR thousand
Non-current assets			
Property, plant and equipment	(1)	0	29,052
Intangible assets	(1)	0	510
Investments accounted for using the equity method	(2)	0	5,234
Deferred tax assets	(3)	0	1,231
		0	36,027
Current assets			
Property, plant and equipment	(1)	6,170	0
Intangible assets	(1)	9	0
Inventories	(4)	14,838	36,035
Trade receivables	(5)	4,440	13,077
Current income tax receivables	(6)	376	196
Other current assets and prepayments	(7)	4,011	3,312
Cash and cash equivalents	(8)	45,206	41,364
		75,050	93,984
		75,050	130,011

Equity and liabilities

	Note	31.12.2013	31.12.2012
		EUR thousand	EUR thousand
Equity			
Subscribed capital	(9)	13,030	13,030
Capital reserves	(10)	144,723	59,223
Retained earnings	(11)	24,693	24,743
Currency translation reserve		-42	1,381
Other retained earnings		-165,229	-68,047
		17,175	30,330
Non-current liabilities and deferred income			
Deferred income from government grants	(12)	0	7,763
Deferred tax liabilities	(14)	0	272
Pensions and similar obligations	(15)	3,248	3,001
Provision for warranties	(16)	4,985	4,978
		8,233	16,014
Current liabilities			
Deferred income from government grants	(12)	1,324	0
Financial liabilities	(13)	0	66,000
Other provisions	(17)	35,945	4,080
Accrued liabilities	(18)	4,796	3,322
Trade payables and other liabilities	(18)	6,925	9,734
Current income tax payables	(19)	652	531
		49,642	83,667
		75,050	130,011

Statement of comprehensive income

for the period 1 January to 31 December 2013

	Note	2013 EUR THOUSAND	2012 EUR thousand
1. Revenue	(20)	124,868	279,897
2. Decrease/increase in inventories of finished goods and work in progress		5,255	-8,179
3. Other income	(21)	15,785	10,255
4. Cost of materials	(22)	-123,181	-256,831
5. Employee benefit expenses	(23)	-30,933	-37,579
6. Other expenses	(24)	-59,942	-34,977
7. EBITDA[1]		**-68,148**	-47,414
8. Depreciation, amortisation and impairment losses	(25)	-23,880	-29,622
9. EBIT[2]		**-92,028**	-77,036
10. Financial income	(26)	10	23
11. Finance costs	(26)	-2,625	-1,481
12. Impairment loss on other financial assets		0	-290
13. Share of profit or loss from equity-accounted investments		0	271
14. Impairment loss from equity-accounted investments		0	-6,054
15. Profit before tax		**-94,643**	-84,567
16. Income taxes	(27)	-2,539	178
17. Consolidated net profit/loss for the period[3]		**-97,182**	-84,389
Other gains and losses:			
Items that will subsequently not be reclassified to profit or loss:			
18. Revaluations from pension plans		-69	-657
19. Deferred taxes from revaluations from pension plans		19	182
Items that will subsequently be reclassified to profit or loss:			
20. Currency translation		-1,423	270
21. Other comprehensive income		**-1,473**	-205
22. Consolidated total comprehensive income[4]		**-98,655**	-84,594
23. Diluted/basic earnings per share[5]	(28)	-7.46	-6.48

[1] Earnings before interest, taxes, depreciation and amortisation
[2] Earnings before interest and taxes
[3] Attributable in full to shareholders of the parent
[4] Attributable in full to shareholders of the parent
[5] Based on consolidated profit/loss (in euros per share)

Cash flow statement

as at 31 December 2013

	2013	2012
	EUR thousand	EUR thousand
I. Cash flows from operating activities		
Consolidated net profit/loss for the period	-97,182	-84,389
Income tax expense	2,539	-178
Depreciation, amortisation and impairment losses	23,880	29,622
Change in non-current provisions	254	-16
Gain/loss on disposal of non-current assets	-30	22
Interest income	-10	-23
Interest expense	2,625	1,481
Impairment loss from equity-accounted investments	0	6,054
Non-cash income	-7,921	-4,187
Change in trade receivables and other current assets	7,938	11,145
Change in inventories	21,197	6,676
Change in trade payables and other liabilities, other provisions and accrued liabilities	30,530	-6,359
= Cash flows used in operations	**-16,180**	**-40,152**
Interest paid	-2,565	-1,406
Interest received	10	23
Income taxes refunded/paid	-1,581	766
= Net cash flows used in operating activities	**-20,316**	**-40,769**
II. Cash flows from investing activities		
Payments to acquire property, plant and equipment	-1,151	-4,311
Gain on disposal of non-current assets	924	168
Payments from removals from the basis of consolidation	4,900	0
Payments to acquire intangible assets	-15	-269
Repayments of financial assets	0	6,630
Proceeds from government grants received	0	1,972
= Net cash flows provided by investing activities	**4,658**	**4,190**
III. Cash flows from financing activities		
Proceeds from borrowings	0	71,000
Proceeds from issue of capital by shareholders of the parent	19,500	0
Repayments of financial liabilities	0	-6,939
= Net cash flows provided by financing activities	**19,500**	**64,061**
Net change in cash and cash equivalents (I to III)	**3,842**	**27,482**
Cash and cash equivalents at beginning of the financial year	41,364	13,882
Cash and cash equivalents at end of the financial year	**45,206**	**41,364**
Cash and cash equivalents reported in balance sheet	45,206	41,364
Cash and cash equivalents at end of the financial year	**45,206**	**41,364**

Statement of changes in equity

for the 2013 financial year

Equity attributable to shareholders of the parent (in EUR thousand)

	Equity attributable to shareholders of the parent					
	Subscribed capital	**Capital reserves**	**Retained earnings**	**Currency translation reserve**	**Other retained earnings**	**Total equity**
	EUR THOUSAND	**EUR THOUSAND**	**EUR THOUSAND**	**EUR THOUSAND**	**EUR THOUSAND**	**EUR THOUSAND**
Balance at 1 January 2012	**13,030**	**34,223**	**25,218**	**1,111**	**16,342**	**89,924**
Consolidated net profit/loss for the period	**0**	**0**	**0**	**0**	**-84,389**	**-84,389**
Currency translation	0	0	0	270	0	270
Revaluations from pension plans	0	0	-657	0	0	-657
Deferred taxes, revaluations from pension plans	0	0	182	0	0	182
Other comprehensive income	**0**	**0**	**-475**	**270**	**0**	**-205**
Total comprehensive income	**0**	**0**	**-475**	**270**	**-84,389**	**-84,594**
Appropriation to retained earnings	0	25,000	0	0	0	25,000
Balance at 31 December 2012	**13,030**	**59,223**	**24,743**	**1,381**	**-68,047**	**30,330**

	Subscribed capital EUR thousand	Capital reserves EUR thousand	Retained earnings EUR thousand	Currency translation reserve EUR thousand	Other retained earnings EUR thousand	Total equity EUR thousand
Balance at 1 January 2013	**13,030**	**59,223**	**24,743**	**1,381**	**-68,047**	**30,330**
Consolidated net profit/loss for the period	**0**	**0**	**0**	**0**	**-97,182**	**-97,182**
Currency translation	0	0	0	-1,423	0	-1,423
Revaluations from pension plans	0	0	-69	0	0	-69
Deferred taxes Revaluations from pension plans	0	0	19	0	0	19
Other comprehensive income	**0**	**0**	**-50**	**-1,423**	**0**	**-1,473**
Total comprehensive income	**0**	**0**	**-50**	**-1,423**	**-97,182**	**-98,655**
Appropriation to capital reserves	**0**	**85,500**	**0**	**0**	**0**	**85,500**
Balance at 31 Dezember 2013	**13,030**	**144,723**	**24,693**	**-42**	**-165,229**	**17,175**

Notes to the consolidated financial statements

Fundamental information

aleo solar AG, which is domiciled in Prenzlau (Marius-Eriksen-Straße 1, 17291 Prenzlau, Germany, registered with the Commercial Register B at the Neuruppin District Court under number 7522 OPR), develops and produces high-quality solar modules for the German and international photovoltaic market. The modules of the aleo solar Group are distributed by its wholly-owned subsidiaries under the "aleo" brand name.

These consolidated financial statements were released for publication by the Management Board on 3 April 2014.

The consolidated financial statements of aleo solar AG are included in the consolidated financial statements of the ultimate controlling parent company, Robert Bosch GmbH.

Departure from the going concern basis

The consolidated financial statements for the year ended 31 December 2013 were prepared with a departure from the going concern basis, deviating from IAS 1.23. Robert Bosch GmbH holds a direct 87.8 percent of the publicly traded company aleo solar AG. aleo solar was notified by its majority shareholder on 22 March 2013 that the latter was exiting the crystalline photovoltaic sector and planned to sell its interest in aleo solar AG. In a letter dated 4 February 2014, Robert Bosch GmbH, as the majority shareholder of aleo solar AG, also requested the Management Board of aleo solar AG to convene an Extraordinary General Meeting in accordance with section 122 of the AktG. This Extraordinary General Meeting to be held on 15 April 2014 has the purpose of approving a planned sale of the principal assets and resolving on the liquidation of aleo solar AG. Robert Bosch GmbH has the required majority of three-quarters of the share capital in accordance with section 262(1) no. 2 of the German Stock Corporation Act.

In this connection, a notarised agreement was signed on 5 February 2014 for the sale of the main operating business of the aleo solar Group including the Prenzlau production site and the "aleo" brand to SCP Solar GmbH, Hamburg, subject to the conditions precedent of the approval of the antitrust authorities and the approval of the Extraordinary General Meeting, among other things. SCP Solar GmbH is the acquiring company for a consortium comprising Taiwan-based Sunrise Global Solar Energy Co. Ltd., CHOSHU Industry Co. Ltd. and Pan Asia Solar Ltd. The implementation of the agreement, which is subject to the required approvals, would take effect from 30 April 2014.

Under the purchase agreement, the buyer will pay EUR 1.00 to acquire all assets. Furthermore, aleo solar AG is required to pay the buyer a negative purchase price of EUR 10.0 million. This negative purchase price may change depending on the amount by which the value of the inventories determined on 30 April 2014 differs from the value of the inventories set out in the purchase agreement. Robert Bosch GmbH will pay compensation of EUR 31.0 million for this transaction.

After the sale of the main business including the production facility, continuing the existing business as a going concern would be impossible.

Accounting principles

The consolidated financial statements of aleo solar AG were prepared on the basis of a non-going concern assumption and constitute the net assets at 31 December 2013. Since the International Financial Reporting Standards (IFRSs) do not provide any specific guidance for sets of financial statements with negative going concern prognoses, the IFRSs and the interpretations of the IFRS Interpretations Committee (IFRIC) as endorsed by the European Union (EU) are applied only where these specifically apply to a transaction, other event or condition. In addition, accounting policies are applied that result in information that is relevant to the economic decision-making needs of users and is reliable.

The consolidated financial statements comply with the EU Consolidated Accounts Directive (Directive 83/349/EEC). As a large corporation domiciled in the Federal Republic of Germany, aleo solar AG is obliged to prepare consolidated financial statements that include its subsidiaries. aleo solar AG meets this obligation by applying section 315a(1) of the Handelsgesetzbuch (HGB - German Commercial Code).

The consolidated financial statements have been prepared in euros. Unless stated otherwise, all amounts are shown in thousands of euros (EUR thousand). Where permissible under the departure from the going concern assumptions, the consolidated financial statements are based on the historical cost convention, limited by the measurement of financial assets and financial liabilities at fair value through profit and loss. Other measures of value are applied in individual cases. In these financial statements, there is a deviation from the general measurement of property, plant and equipment at the reporting date in accordance with IAS 16 in conjunction with IAS 36 because fair value less costs to sell cannot be used in this case and liquidation values are carried instead. The consolidated financial statements have been prepared in accordance

with the consolidation methods and accounting policies set forth in the following. The consolidated statement of comprehensive income has been prepared using the nature of expense (total cost) method.

To enhance the clarity of presentation and decision-usefulness, individual items of the statement of comprehensive income and the balance sheet have been combined. These items are disclosed and explained separately in the notes. Preparation of consolidated financial statements in accordance with IFRSs requires the use of estimates. In addition, the application of company-wide accounting policies requires the exercise of management judgement. Areas with greater scope for interpretation where estimates and assumptions are of material significance for the consolidated financial statements are described in the explanations on "Estimates and assumptions".

In addition, EBITDA and EBIT are shown separately in the consolidated statement of comprehensive income to enhance presentation and clarity. EBITDA (Earnings before Interest, Taxes, Depreciation and Amortisation) is a measure of consolidated profit for the period before financial income and finance costs, income taxes, depreciation and goodwill amortisation or impairment.

By contrast, EBIT (Earnings before Interest and Taxes) is a measure of consolidated profit for the period before financial income and finance costs and income taxes.

Discontinued operation

The sale described under "Fundamental information" is a coordinated plan to dispose of a component of an entity. As a consequence of this disposal, the operating business of the aleo solar Group will be wound up completely. The part of the Company that is classified as held for sale represents a separate major line of business and therefore constitutes a discontinued operation as defined by IFRS 5.

As a rule, discontinued operations are presented separately in the balance sheet and the results of discontinued operations are presented separately in the statement of comprehensive income and the cash flow statement and explained. However, as in this specific case the operation is a significant part of the aleo solar Group and hence also a major line of business that influences almost exclusively the Company's results and cash flows, it is assumed to be a discontinued operation requiring comprehensive disclosure for the aleo solar Group.

Comprehensive disclosure in the balance sheet, the statement of comprehensive income and the cash flow statement results in greater transparency in this case. For this reason, the discontinued operation is not presented separately in accordance with IFRS 5 for this annual report, as a consequence of which there is no change in the type of presentation as compared with the previous year.

For a more detailed description of measurement as well as further information, we refer to the statements in the chapters "Accounting policies" and "Consolidated balance sheet disclosures".

New and amended International Financial Reporting Standards and interpretations

A number of new standards and amendments to existing standards and interpretations are effective for financial years beginning on or after 1 January 2013. Overall, the amendments have little or no effect on the accounting of aleo solar AG.

The amendments to IAS 1 "Presentation of Financial Standards" primarily entail changes in the presentation of income and expenses recognised directly in equity. Going forward, these must be presented separately as line items that will be reclassified subsequently to profit or loss (recycled) and will not be reclassified subsequently to profit or loss (not recycled).

IAS 12 "Deferred Tax: Recovery of Underlying Assets" provides guidance on the measurement of deferred taxes in connection with investment property measured at fair value.

The amendment of IAS 19 "Employee Benefits" gives rise to changes in the recognition and measurement of expense for defined benefit plans and termination benefits. There are also enhanced disclosure requirements for employee benefits. This does not give rise to any changes in the financial statements of aleo solar AG.

The amendments to IAS 36 "Impairment of Assets" specify the disclosures required when an asset is impaired plus the recoverable amount of the asset on the basis of its fair value less costs of disposal. The new guidance is effective for financial years beginning on or after 1 January 2014. The amendments to IFRS 7 "Financial Instruments: Disclosures" contain new disclosure requirements in connection with specific netting arrangements.

IFRS 13 "Fair Value Measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and an explanation of the methods used to calculate fair value for use across IFRSs. IFRS 13 also enhances the disclosures required in connection with a fair value measurement.

IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" concerns itself with the accounting for costs for removing waste materials during the development phase of a surface mine.

The standards and interpretations below to be applied in the future or amendments to existing standards and interpretations affect transactions of aleo solar AG in some cases. aleo solar AG is currently analysing the possible effects of implementing the standards or the changes on its financial reporting from 2014.

The amendment of IAS 19 "Employee Benefits" currently does not give rise to any changes at aleo solar AG with regard to the recognition of employee contributions to defined benefit plans. The new guidance requires a simplified method of accounting for employee contributions that is not dependent on the length of service. In this case, independent of the plan's benefit formula, the service cost may be reduced for the period in which the corresponding work is performed. The new guidance is effective for financial years beginning on or after 1 January 2014. The possible effects of the new guidance on the consolidated financial reporting are not relevant since the Company will not continue as a going concern.

The new version of IAS 27 "Separate Financial Statements" now includes only the unchanged provisions on IFRS separate financial statements. The new guidance is effective for financial years beginning on or after 1 January 2014 and will not affect the consolidated financial statements of aleo solar AG.

The new version of IAS 28 "Investments in Associates and Joint Ventures" sets out for the first time that in planned sales of a portion of an investment in an associate or a joint venture the portion held for sale must be accounted for in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" provided it meets the criteria to be classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. The new guidance is effective for financial years beginning on or after 1 January 2014. The possible effects of the new guidance on the consolidated financial reporting are not relevant since the Company will not continue as a going concern.

Amendments to IAS 32, "Financial Instruments: Presentation" includes additional application guidance for offsetting financial assets and financial liabilities. Here, it is emphasised that the entity must have an unconditional, legally enforceable right to set off the recognised amounts, even in the event of the insolvency of one of the parties. The new guidance is effective for financial years beginning on or after 1 January 2014. The possible effects of the new guidance on the consolidated financial reporting are not relevant since the Company will not continue as a going concern.The amendments to IAS 39 "Financial Instruments: Recognition and Measurement" contain simplification guidance providing that it is not necessary to terminate hedge accounting if the novation of a hedging instrument with a central counterparty meets certain criteria. The new guidance is effective for financial years beginning on or after 1 January 2014. The possible effects of the new guidance on the consolidated financial reporting are not relevant since the Company will not continue as a going concern.

The new IFRS 9 "Financial Instruments" contains simplified guidance on accounting for financial instruments. In future, it will provide for just two categories for the classification of financial assets – measurement at amortised cost and measurement at fair value. The differentiated classification and measurement model used in IAS 39 up to now will disappear. The new guidance is effective for financial years beginning on or after 1 January 2018 (subject to outstanding endorsement by the EU). The possible effects of the new guidance on the consolidated financial reporting are not relevant since the Company will not continue as a going concern.IFRS 10 "Consolidated Financial Statements" provides a uniform definition for the concept of control and thus a uniform basis for the existence of a parent-subsidiary relationship and the related delineation of the basis of consolidation. The new standard replaces IAS 27 (2008) "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities" that were relevant in the past. The new guidance is effective for financial years beginning on or after 1 January 2014 and will not affect the consolidated financial statements of aleo solar AG.

IFRS 11 "Joint Arrangements" establishes principles for financial reporting by entities that have joint control over a joint venture or a joint operation. The new standard replaces IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers", the guidance for questions about accounting for joint ventures applicable up to now. The new guidance is effective for financial years beginning on or after 1 January 2014 and will not affect the consolidated financial statements of aleo solar AG.

IFRS 12 "Disclosure of Interests in Other Entities" combines the revised disclosure requirements for IAS 27/IFRS 10, IAS 31/IFRS 11 and IAS 28 in a single standard. The new guidance is effective for financial years beginning on or after 1 January 2014. The possible effects of the new guidance on the consolidated financial reporting are not relevant since the Company will not continue as a going concern.

IFRIC 21 "Levies" clarifies for levies imposed by a government body and that are not covered by the scope of any other IFRS how and, in particular, when such obligations must be recognised as a liability in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".The new guidance is effective for financial years beginning on or after 1 January 2014 (subject to outstanding endorsement by the EU). The possible effects of the new guidance on the consolidated financial reporting are not relevant since the Company will not continue as a going concern. 2010-2012 and 2011-2013 Annual Improvements Cycles are collections of amendments to various IFRSs. They comprise changes to several IFRSs with an effect on the recognition, measurement and disclosure of business transactions, but also terminology or editorial

changes. The new guidance is effective for financial years beginning on or after 1 July 2014 (subject to outstanding endorsement by the EU). There are no other standards or interpretations that are not yet effective and would have a material impact on the Group.

Basis of consolidation

In addition to aleo solar AG, the subsidiaries included in the consolidated financial statements are generally those in which the Company has gained control in accordance with IAS 27.14. This is usually the case with subsidiaries in which aleo solar AG directly or indirectly holds a majority of voting rights, i.e. they are companies whose financial and operating policies the Group has the power to govern in accordance with IAS 27; such control is generally presumed to exist when the parent owns more than half of the voting power. Furthermore, the associated company LCX Solar Ltd., in which the aleo solar Group holds a 33.33 percent stake, is included in using the equity method. In addition to aleo solar AG, the consolidated financial statements include three German and seven foreign Group companies. The equity interest in the joint venture avim solar production Co. Ltd. was removed from the basis of consolidation in the third quarter of the 2013 financial year. The following companies were included in the consolidated group:

		Equity	**Profit/loss**
	Interest held	31.12.2013	2013
	%	EUR thousand	EUR thousand
aleo solar Deutschland GmbH			
Oldenburg	100	1,097	-1,424
aleo solar España SL			
Barcelona, Spain	100	1,108	147
aleo solar distribución España SL			
Barcelona, Spain	100	6	-2
aleo solar Dritte Produktion GmbH			
Prenzlau	100	-2,244	-3,281
aleo solar Italia S.r.l.			
Treviso, Italy	100	631	-273
aleo solar distribuzione Italia S.r.l.			
Milan, Italy	100	605	204
aleo solar North America Inc.			
Denver, USA	100	-1,085	-1,192
aleo solar Australia Pty Ltd.			
Clayton, Australia	100	-61	-225
LCX Solar Ltd.			
Shepperton, United Kingdom	33.3	-63	-23

aleo solar distribución España SL is not currently operational.aleo solar UK Ltd. was not included for reasons of immateriality. The full list of the Group's shareholdings has been attached to the notes as annex 2.

Consolidation methods

The consolidated financial statements for the period ended 31 December 2013 were prepared in accordance with IFRSs (as applicable) in euros, the functional currency of the aleo solar Group.

Subsidiaries

In accordance with IAS 27 (Consolidated and Separate Financial Statements), the financial statements of the subsidiaries included in the consolidated financial statements were prepared using uniform accounting policies. Subsidiaries acquired are accounted for using the purchase method. The acquisition costs correspond to the fair value of the assets given, the equity instruments issued and the liabilities incurred or assumed at the date of exchange, Plus the fair values of any assets or liabilities recognised as a result of a contingent payment arrangement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are accounted for as expenses. Identifiable assets, liabilities and contingent liabilities as part of a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the acquisition over the Group's interest in the fair value of the net assets acquired is recognised as goodwill. If the cost of acquisition is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Receivables and liabilities between companies included in the consolidated financial statements are eliminated in the consolidation of intercompany balances.

To eliminate intercompany profits, income included in inventories and non-current assets resulting from intragroup supplies of goods and services between affiliated companies is eliminated. Deferred taxes are recognised for differences resulting from consolidation adjustments recognised in profit or loss. Income and expenses arising from intercompany transactions, in particular from intragroup revenue, are eliminated in the income statement.

Associated companies

Associates are companies over which the Group has significant influence, but not control. This usually takes the form of a direct or indirect voting share of between 20 and 50 percent. Investments in associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group company's share of the profit or loss of the investee after the date of acquisition. The Group's share of the profit or loss of the investee is recognised in the Group's profit or loss. Goodwill that forms part of the carrying amount of an investment in an associate and that is reported on initial recognition of the investment is not amortised. Instead, the entire carrying amount of the investment is tested for impairment if there are indications that the investment may be impaired. Subsequent to the acquisition date, the Group’s share of the profit or loss of the associate is recognised in the profit or loss of the Group, while the Group’s share of changes recognised in other comprehensive income by the associate is recognised by the Group in other comprehensive income. These cumulative changes affect the carrying amount of the investment in the associate. However, if the Group’s share of losses of the associate exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless the Group company has incurred obligations or made payments on behalf of the associate. Significant events arising from business transactions between Group companies and the associate are eliminated in proportion to the Group’s share in the associate. Associates are accounted for in accordance with uniform Group accounting policies.

The Group assesses at each balance sheet date whether there are any indications that the investment in the associated company is impaired. If this is the case, the difference between the carrying amount and the recoverable amount is recognised as an impairment loss.

Functional currency and presentation currency

The items contained in the financial statements of each Group company are measured on the basis of the currency that corresponds to the currency of the primary economic environment in which the entity operates (functional currency). The reporting currency of the consolidated financial statements is the euro, which is the functional currency of the parent. The assets and liabilities of the Group’s foreign subsidiaries whose functional currency is not the euro are translated into euros using the middle rates at the balance sheet date, while the corresponding items in the consolidated statement of comprehensive income are translated using annual averages. Significant transactions by foreign Group entities are translated at the applicable transaction rate. Currency translation adjustments in the assets and liabilities compared with the previous year and translation differences between the consolidated statement of comprehensive income and the balance sheet are recognised in equity through "other comprehensive income" and accumulated in equity. If a foreign operation is sold, the exchange differences accumulated in equity are reclassified as profit or loss and recognised in the consolidated statement of comprehensive income.

Foreign currencies

Foreign currency transactions of the aleo solar Group are measured at the exchange rate prevailing at the entry date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at each balance sheet date. Any resulting translation differences and the effects on recognition are recognised in profit or loss and reported under other operating income or other operating expenses. Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, which are recognised in profit or loss, and other changes in the carrying amount of the security, which are recognised directly in equity.

Segment reporting

Under IFRS 8, aleo solar AG, Prenzlau, is required to include a segment report in the notes to its consolidated financial statements. Operating segments are components of an entity for which discrete financial information is available, and whose operating results are reviewed regularly by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance.

The aleo solar Group generates its revenue in the field of "Solar modules", which it also uses for internal reporting purposes. This comprises the production and marketing of solar modules under the Company's aleo brand, OEM production of solar modules and selling other equipment for solar modules (merchandise). The sale of merchandise is an ancillary business to the supply of solar modules.

The aleo solar Group's business activities are managed on a market-driven basis due to the internationalisation of its markets. Management has therefore divided the segment reporting by region. The aleo solar Group bases its reporting on three regions: Germany, Other Europe and Rest of World. This is also reflected in the structure of internal reporting. In addition to EBIT and revenue, the Company’s principal management tool is price per watt peak. The selling prices achieved in the regions are regularly compared and reconciled with the Group’s total expenses. Inter-segment revenue is calculated on an arm’s length basis. Revenue from external third parties is reported to corporate management using the same benchmarks as in the statement of comprehensive income.

The segment revenue reported to strategic corporate management is the revenue generated in the individual regions regardless of which national entity actually generates the revenue. This revenue is calculated in accordance with IFRSs but is not allocated on a national entity basis.

Reported EBIT is the EBIT of the individual national entities. There is therefore no reconciliation of revenue per segment to EBIT per segment because the basis for the allocation of revenue and the basis for the allocation of EBIT are different in the management reporting.

The risks arising from impairments and operating leases are spread equally among all segments.

Issues that concern more than one segment such as the property, plant and equipment of the production facilities, equity instruments or compliance are not included in the segment reporting and are therefore unable to cause distortion of segment earnings. Likewise, deferred taxes and pensions are not allocated to the segments.

Net finance costs, profit or loss from equity-accounted investments and impairment losses from equity-accounted investments and other financial assets are not part of the segment reporting because they are not reported to the decision-makers in the internal reporting.

Segment reporting (in EUR thousand)

Geographical segments	Germany		Other Europe		Other countries		Total	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
Revenue (external)	**50,523**	116,733	**53,075**	118,657	**21,270**	44,507	**124,868**	279,897
Revenue (internal, intersegment)	**48,488**	40,733	**1,354**	21,700	**4,357**	4	**54,199**	62,437
Operating profit/loss (EBIT)	**-112,628**	-71,785	**23,826**	-5,414	**-3,226**	163	**-92,028**	-77,036

Reconciliation

Revenue	**2013**	2012
Total segment revenue	**179,067**	342,334
Elimination of intersegment revenue	**-54,199**	-62,437
Consolidated revenue	**124,868**	279,897

EBIT		
Segment profit (EBIT)	**-92,028**	-77,036
Adjustment for non-attributable income and expense (Net finance costs and profit or loss/impairment loss from/on other financial assets and from equity-accounted investments)	**-2,615**	-7,531
Consolidated profit/loss before tax	**-94,643**	-84,567

aleo solar AG has classified its entire production as a discontinued operation. However, the discontinued operation is not presented separately in the segment reporting because this is not required by IFRS 8. In this case, separate disclosures are not required in accordance with IFRS 5.5B because these are not required by a different IFRS.

Accounting policies

Property, plant and equipment

As a rule, items of property, plant and equipment are carried at historical cost less depreciation and, where necessary, impairment losses. Cost includes expenses that are directly attributable to the acquisition. The aleo solar Group always starts to depreciate an item of property, plant and equipment when the asset is ready for use. Investment subsidies received as well as tax-free investment grants are recognised as deferred income from government grants and reversed to "other income" over the useful life of the non-current asset for which the assistance has been provided. Subsequent costs are only included in the cost of an asset if it appears likely that they will generate future economic benefits for the Group and the costs of the asset can be reliably measured. All other repair and maintenance expenditures are recognised as an expense in the income statement for the financial year in which they are incurred. Land is not depreciated. Items of property, plant and equipment are depreciated using only the straight-line method. Depreciation for the period from 1 January 2013 to 31 December 2013 is based on the following economic lives:

Buildings	20 to 33 years
External facilities	5 to 20 years
Technical equipment and machinery	3 to 25 years
Office equipment	3 to 25 years

The carrying amounts and economic lives are reviewed at each balance sheet date and adjusted where necessary. Items of property, plant and equipment are written down if there are indications of impairment and if the fair value less costs to sell is lower than amortised cost. Impairment losses are reversed if the reasons for them no longer apply. Gains and losses on the disposal of assets are measured as the difference between the disposal proceeds and the carrying amount and recognised in the income statement.

Following a decision to liquidate, the economic life of the assets will be adjusted to the still planned winding-up time.

A voluntary sale between market participants at arm's length cannot be assumed for the calculation of the figures disclosed for property, plant and equipment. Consequently, one of the main conditions for the existence of a fair value within the meaning of IFRS 13 is not met, which is why liquidation values are carried instead. This approach is based on the determination of the fair value within the meaning of IAS 36, though significantly higher risk premiums are applied.

The liquidation values for the plant and machinery was calculated by external experts on the basis of market data. The parameters for calculating this amount can be found, for example, in price indices for the products assessed as well as in the replacement values. In addition, internal and external databases are used to calculate these amounts. The valuation of the assets also make allowance for the fair value factor, which records the loss in value arising from the age of the corresponding assets and current market trends, as well as the used value factor, which records the use as well as any maintenance and repairs.

For the calculation of the liquidation values at the reporting date, the land is valued using the comparative value method based on indicative land values published by the Property Valuation Committee. On account of their ability to generate earnings, the properties are valued using the net income value method.

Discontinued operation

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A discontinued operation is a component of the Group's business whose operations and cash flows can be clearly distinguished from the rest of the Group.

Non-current assets or disposal groups are classified as a discontinued operation on their sale or as soon as the operation meets the criteria to be classified as held for sale, whichever occurs first. Furthermore, this requires the discontinued operation

- to represent a separate major line of business or geographical area of operations,
- to be part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- to be a subsidiary acquired exclusively with a view to resale.

One discontinued operation existed at the reporting date. This is not presented separately in the balance sheet and the statement of comprehensive income because comprehensive disclosure in the balance sheet and the statement of comprehensive income results in greater transparency. The application of IFRS 5 principally concerns the measurement of property, plant and equipment.

Immediately before their classification as a discontinued operation, the individual assets are measured in accordance with the relevant IFRS. IAS 16 in conjunction with IAS 36 is therefore initially applicable to the measurement of property, plant and equipment. IAS 2 is applicable to inventories (see the statements under "Property, plant and equipment" in the chapter entitled "Accounting policies"). Intangible assets and property, plant and equipment will no longer be amortised and depreciated after being classified as held for sale or held for distribution.

Subsequently, the fair value and the costs to sell must be determined for the entire discontinued operation so as to determine the fair value less costs to sell of the discontinued operation. Here, the carrying amount of the discontinued operation as a whole is determined as the balance of the assets and liabilities attributable to the discontinued operation (or the balance of these using updated carrying amounts). If the fair value less costs to sell is lower than the carrying amount of the discontinued operation, further impairment losses must be charged. As a rule, any impairment losses of a discontinued operation are initially allocated to any goodwill and on subsequent remeasurement allocated proportionately to the remaining assets and liabilities – assuming that no losses are allocated to any existing inventories, financial assets, deferred tax assets or assets arising from employee benefits, which continue to be measured in accordance with the relevant IFRSs. Impairment losses incurred for the first-time classification of assets as held for sale or held for distribution and gains and losses on subsequent remeasurement are recognised in profit or loss.

Intangible assets

In accordance with IAS 38.4, purchased software licences are recognised at acquisition cost plus the cost incurred to bring them to their working condition. They are reduced by straight-line amortisation over an estimated economic life of three to five years. Research and development costs are recognised as a current expense when they are incurred, unless the criteria for capitalisation pursuant to IAS 38 are met. Costs that are incurred directly in connection with the development of identifiable specific intangible assets (software products, development projects) that the Group can dispose of are carried as intangible assets insofar as it is likely that economic benefits will accrue to the Company from them over a period of more than one year and that such benefits will exceed the costs incurred. Directly attributable costs include employee expenses for employees engaged in development work as well as other costs that can be allocated directly to software development. Intangible assets with an indefinite useful life and goodwill are not amortised, but rather tested for impairment annually.

Finite-lived assets are tested for impairment if events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. An impairment loss is recognised in an amount corresponding to the excess of carrying amount over recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. An impairment loss is then recognised in the amount by which the carrying amount of an asset exceeds its recoverable amount, the latter being the higher of the asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped in cash-generating units (CGUs) representing the lowest level at which cash flows can be separately identified. The smallest separately identifiable CGUs in the period under review were the Germany, Other Europe and Rest of the World segments. No goodwill and no intangible assets with indefinite useful lives existed in the reporting period.

A voluntary sale between market participants at arm's length cannot be assumed for the calculation of the figures disclosed for intangible assets. Consequently, one of the main conditions for the existence of a fair value within the meaning of IFRS 13 is not met, which is why liquidation values are carried instead. This approach is based on the determination of the fair value within the meaning of IAS 36, though significantly higher risk premiums are applied.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised from the acquisition or commencement date until the asset is ready for its intended use or sale and then written down with the asset in question. In the case of borrowings made specifically for the purpose of acquiring a qualifying asset, the specific borrowing costs are recognised. In the case of borrowings not made specifically for the purpose of acquiring a qualifying asset, a uniform Group borrowing rate is taken as a basis for the year in question. Other borrowing costs are recognised as an expense. The Company did not recognise any borrowing costs in its balance sheet during the year.

Financial assets

Financial assets are generally classified into the following categories:

| financial assets at fair value through profit or loss

| loans and receivables

| financial assets held to maturity

| financial assets available for sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets upon initial recognition and reviews the classification at each reporting date.

All purchases and sales of financial assets are recognised at the trade date, i.e. the date on which the Group commits itself to purchase or sell an asset.

Financial assets that are not classified as at fair value through profit or loss are initially measured at their fair value plus transaction costs. Financial assets classified as at fair value through profit or loss are initially measured at their fair value; associated transaction costs are recognised in profit or loss. Financial assets are derecognised when the contractual rights to the cash flows from the investment expire or are transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets measured at fair value through profit or loss

This category has two sub-categories: financial assets that have been classified as held for trading from inception, and those that are designated upon initial recognition as at fair value through profit or loss. A financial asset is allocated to this category if it was acquired for the purpose of selling it in the near term or was designated as such by management. Derivatives are also classified as held for trading unless they qualify as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date. The aleo solar Group does not currently classify any financial instruments in this category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are created when the Group provides money, goods, or services directly to a debtor without the intention of trading in the receivables. They are included in current assets, apart from those that will not mature until 12 months or more after the balance sheet date, Which are presented as non-current assets. Loans and receivables are carried as trade receivables, other current assets and cash and cash equivalents in the balance sheet.

Loans and receivables are carried at amortised cost using the effective interest method. If their collectability is doubtful, the receivables are carried at the lower fair value (present value of expected future cash flows). When measuring the receivables at risk, receivables covered by credit insurance and value added tax are deducted. This category essentially comprises trade receivables as well as cash and cash equivalents.

Financial assets held to maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturities that Group management has the positive intention and ability to hold to maturity. The aleo solar Group does not currently classify any financial instruments in this category.

Available-for-sale financial assets

Financial assets available-for-sale are non-derivative financial assets that are either designated as available for sale or are not allocated to any of the other categories. They are generally measured at fair value. They are allocated to non-current assets unless management intends to sell them within 12 months of the balance sheet date. Gains and losses from subsequent fair value remeasurement are recognised in other comprehensive income. However, this does not apply to permanent or significant impairment losses and to changes in the fair value of debt instruments due to exchange rate movements, which are recognised in the statement of comprehensive income. The gains and losses from fair value measurement recognised in "other comprehensive income" and accumulated in equity are not recognised the statement of comprehensive income until the financial asset is disposed of. If the fair value of unlisted equity instruments cannot be estimated reliably, such shares are carried at cost (less any impairment losses).

Impairment of financial instruments

<u>a) Financial assets carried at amortised cost</u>

An impairment test is conducted at each reporting date to determine if there are objective indications that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset has been impaired may include the following: indications that a customer or group of customers is in financial difficulty, a breach of contract, such as a default or delinquency

in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows such as adverse changes in the payment status of borrowers or economic conditions that correlate with defaults on the assets. In the "loans and receivables" category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan, receivable or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group measures impairment of a financial asset carried at amortised cost on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

There was no need to adopt a different measurement method despite the departure from the going concern basis.

b) Financial assets classified as available for sale

An impairment test is conducted at each reporting date to determine if there are objective indications that a financial asset or group of financial assets is impaired. In case of debt instruments, the criteria listed under “(a)” are used. In case of equity instruments classified as available-for-sale financial assets, a material or ongoing decline in the fair value below cost is considered as an indicator that the equity instrument is impaired. If such an indication exists for available-for-sale assets, the cumulative loss – measured as the difference between the cost and the current fair value, less any impairment losses previously recognised for the given financial asset – is derecognised in equity and recognised in income. Once impairment losses of equity instruments have been recognised in the income statement, they are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be related to an event occurring after the impairment was recognised, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

Derecognition of financial assets

The aleo solar Group derecognises a financial asset only if contractual rights from cash flows from the financial asset expire or if it transfers the financial asset and essentially all risks and rewards arising from ownership of the asset to a third party. If the aleo solar Group does not transfer essentially all risks and rewards arising from ownership, nor retains and continues to control the right to dispose of the transferred asset, then the aleo solar Group recognises both its remaining share in the asset and a corresponding liability equivalent to the amounts that might have to be paid. In cases where the aleo solar Group essentially retains all risks and rewards arising from ownership of a transferred financial asset, it must continue to recognise the financial asset as well as a secured loan for the consideration received.

Leases

Leases under which substantially all the risks and rewards incidental to ownership of the leased asset remain with the lessor are classified as operating leases. The payments made in connection with an operating lease are recognised as an expense on a straight-line basis over the lease term. The aleo solar Group is not currently a party to any finance leases.

Inventories

Inventories are carried at the lower of cost and net realisable value. In addition to direct costs, which are generally measured as moving average costs, the production cost also includes indirect materials and labour costs as well as production-related depreciation and amortisation expenses that can be allocated directly to the production process. Administrative and social benefit costs are included where these can be allocated to the production function. Write-downs are recognised to reflect inventory risks resulting primarily from a lower net realisable value as well as from storage periods and shrinkage. The write-downs are reversed if the reasons for their original recognition no longer apply.

Owing to the departure from the going concern principle, the measurement of inventories was reviewed.

Even in the case of a departure from the going concern principle, inventories are not carried at more than their net realisable value. A distinction must be made as to whether it is assumed that materials and supplies will be consumed in the production process and the inventories in question will be sold in the ordinary course of business or whether it can be assumed that the inventories and end products will be sold in the ordinary course of business. If the inventories are already the subject of firm sales contracts, this is not critical. In such cases, the net realisable value is determined based on the contractual prices. If no firm sales contracts exist, the inventories are measured on the basis of market conditions at the reporting date.

On account of the non-going concern assumption, inventories that will not be sold in the ordinary course of business but rather as part of the disposal of the operation will be carried at the value ascribed to the inventories in question in the course of the final sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash and sight deposits with a term of no more than three months.

Current and deferred taxes

Tax expense for the period comprised current and deferred taxes. Taxes are recorded in the income statement unless they relate to items that were recognised directly in equity or in other comprehensive income, in which case the taxes are also recognised in equity or in other comprehensive income.

Deferred taxes are accounted for in accordance with IAS 12, under which deferred tax assets and liabilities are recognised for all temporary differences between the carrying amounts recognised in the consolidated financial statements and the tax base of assets and liabilities that are expected to reverse in future periods. A deferred tax liability is not carried when the temporary differences arise from goodwill or the initial recognition of other assets and liabilities in transactions which are not business combinations and affect neither accounting profit nor taxable profit (tax loss). Deferred taxes are measured using the tax rates (and tax laws) that are applicable or have been enacted at the balance sheet date and that are expected to apply to the period when the asset is realised or the liability is settled.
Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

IAS 12 also requires deferred tax assets to be recognised on unused tax losses and unused tax credits. Deferred tax assets are recognised when it is probable that taxable profits will be available against which the temporary differences and unused tax losses can be utilised. Business units are assessed individually to determine whether it is probable that a taxable profit will be available in future periods. When an entity has a history of recent losses, this is included in the analysis. The value of deferred taxes is reduced for the deferred tax assets to which these assumptions do not apply.

Deferred tax assets and deferred tax liabilities are offset if the entity has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, associates and joint ventures except to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Normally, the Group is unable to control the timing of the reversal at associates. Only in cases where it is stipulated by contract that the Group is able to control the timing of the reversal will the temporary differences not be carried.

Employee benefits

In the case of defined contribution plans, the Group makes contribution payments to public or private pension insurance plans on the basis of statutory or contractual obligations, or on a voluntary basis.

There are defined contribution pension plans in the Group. The plans are partially funded by payments to insurance companies or contractual trust arrangements. The amount of these payments is based on regularly updated actuarial calculations. A defined contribution plan is a pension plan under which the Group pays fixed contributions to an entity (fund) that is not a member of the Group. The Group has no legal or constructive obligations to make payments if the fund does not have sufficient assets to settle the pension claims of all employees from the current and previous financial years.

The Group has no payment obligations over and above the payment of the contributions. The contributions are recognised as employee expenses when they fall due.

In addition, a defined benefit pension plan was taken over from the Bosch Group in the previous year for employees working in the aleo solar Group. Defined benefit plans generally define the amount of benefits that an employee will receive on retirement. The aleo solar Group's defined benefit plan largely depends on factors such as the employee's gross wage, age and period of service.

The provision carried in the balance sheet for pensions and similar obligations is calculated as the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of the plan asset. The DBO is calculated once a year by an independent actuary using the projected unit credit method which takes expected increases in pensions and salaries into account, among other things.

Revaluations from pension plans resulting from empirical adjustments and changes in actuarial assumptions are recognised in other comprehensive income as incurred and accumulated in equity under retained earnings.

Benefits are not available to the beneficiaries until the end of their 63rd year, with exceptions for the severely disabled. There are also regulations for disability, as well as benefits for widows, widowers and orphans.

Other provisions

Provisions are recognised for present obligations to third parties arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits, and whose amount can be estimated reliably. Provisions are carried at their settlement amount. Non-current provisions are carried at their settlement amount discounted to the balance sheet date. Provisions are not offset against claims for reimbursement.

The recognition of settlement amounts and the terms of provisions take into account the departure from the going concern basis.

Financial liabilities

Financial liabilities are classified either as financial liabilities at fair value through profit or loss or as other financial liabilities.

Financial liabilities are classified as financial liabilities at fair value through profit or loss if they are either held for trading or were voluntarily designated as at fair value through profit or loss. A financial liability is classified as held for trading if it is incurred principally for the purpose of repurchasing it in the near term or if it is a derivative that is not a designated and effective hedging instrument. A financial liability held for purposes other than trading can be designated as at fair value through profit or loss at the time of initial recognition. Financial liabilities designated as at fair value through profit or loss are measured at fair value, with all gains or losses from the measurement recognised in profit or loss. The aleo solar Group did not have any financial liabilities measured at fair value through profit or loss at the reporting date.

Other financial liabilities including loans taken out are initially recognised at fair value less transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method whereby the interest expense is recorded using the effective interest rate. The effective interest method is a method for calculating the amortised cost of a financial liability and allocating interest expense to the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument, or a shorter period if applicable, to the net carrying amount of financial liability.

The aleo solar Group derecognises a financial liability when the Group's obligation is either discharged or cancelled or expires. The net profit or loss recognised in the consolidated statement of comprehensive income does not include the interest paid on the financial liability. In 2013, as in the previous year, the category "other financial liabilities" of the aleo solar Group mainly comprises financial liabilities and trade payables.

There was no need to adopt a different measurement method despite the departure from the going concern basis.

Financial guarantee contracts

Financial guarantee contracts, e.g. sureties, are recognised as financial instruments in accordance with IAS 39 and initially carried at fair value. They are subsequently recognised at the higher of the amount that would be recognised in accordance with IAS 37 (provisions for expected claims) and the amount initially recognised less cumulative amortisation recognised in accordance with IAS 18 (amortised cost). In the event that the premium payments are spread out in instalments over the term, the financial guarantee contract is recognised in the amount of zero because there is no initial cash flow. This results in a net presentation with respect to the premiums to be received in the future and the financial guarantee contract. As at the end of the financial year, there were no financial guarantees in place at the aleo solar Group.

Government grants

Government grants are only recognised if there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Investment subsidies received as well as tax-free investment grants are recognised as deferred income from government grants and reversed to other expenses over the useful life of the non-current asset for which the assistance has been provided. The deferred income corresponding to the asset for which assistance has been received is recognised as a non-current asset in the balance sheet. Government grants and subsidies are generally tied to compliance with certain covenants and conditions. Some of these conditions apply over several years. The corresponding risks are reflected in the balance sheet.

Recognition of income and expense

Revenue and other operating income is generally recognised when the services have been rendered or the goods or products have been delivered and the risk has thus passed. Operating expenses are recognised in the income statement at the time of performance or the time of their origination. Interest income and expenses are recognised ratably in the income statement using the effective interest method.

Estimates and assumptions

Preparation of the consolidated financial statements requires management to make certain assumptions and estimates that affect the presentation and amount of recognised assets, liabilities, income and expenses, as well as the disclosure and amount of contingent liabilities.

The underlying assumptions and estimates are based on the information available at the preparation date. In particular, the expected future business development was based on the circumstances prevailing at the time of preparation of the consolidated financial statements and a realistic assumption of the future development of the global and industry-related environment. Actual amounts may differ from the original estimates because of changes in this environment that differ from the assumptions and lie outside the control of management. If actual developments differ from expected developments, the assumptions and – if necessary – the carrying amounts of the assets and liabilities affected will be adjusted accordingly. The estimates and assumptions associated with a significant risk of triggering material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed in the following.

a) Impairment of assets

In order to review the carrying amounts of property, plant and equipment and intangible assets, the Group assesses once per year whether there is any indication of possible impairment. These indications concern many areas such as the market-related or technical environment, but also the physical conditions. If any such indication exists, management must determine the recoverable amount of the asset or cash-generating unit. To calculate the recoverable amount, which is either the value in use or the fair value less costs of disposal, the discounted future cash flows of the asset in question must be determined. Estimating the discounted future cash flows involves making fundamental assumptions concerning especially future selling prices and sales volumes, costs and discount rates. Detailed information on the assumptions made and the parameters used can be found in the section entitled "Property, plant and equipment and intangible assets" under "Consolidated balance sheet disclosures". Based on the liquidation request, the assets were measured at liquidation values as at year’s end to reflect the current nature of the sale.

In addition, important assumptions and estimates relate to the determination of economic lives as well as recoverable amounts of items of property, plant and equipment and intangible assets that are tested for impairment at least once per year.

b) Income taxes

Corporate income taxes must be estimated for every tax jurisdiction where the Group engages in business activities. This entails calculating the expected actual income tax for each taxpayer and the temporary differences from the divergent treatment of specific balance sheet items in the IFRS consolidated financial statements and the tax accounts.

(c) Provisions

Recognising and measuring provisions involves making assumptions regarding probability, maturity and risk level. Actuarial calculations are used to determine the obligations from defined-benefit pension commitments. These are essentially dependent on the life expectancies on which they are based, and the choice of discount rate which is redetermined every year. The discount rate is based on the interest rate paid on senior corporate bonds in that currency in which the benefits are paid and whose maturities correspond to the pension obligations. These actuarial assumptions may differ from actual developments due to changing market and economic conditions and therefore result in a significant change in post-employment benefit obligations and similar obligations. Detailed information is provided in the notes to the recognised pension provisions.

The Group also recognises provisions for future obligations under warranty claims. This provision is recognised for the up to ten-year product warranties for solar modules under the general warranty terms of the Group. The amount of the provisions depends on the outflows of assets expected by the Group and the interest rates used to discount the provision (see notes to the warranty provisions). Any difference between actual circumstanced and these estimates or any need to adjust these estimates in future periods could have negative effects on the Company's assets, liabilities, cash flows and profit or loss.

As a rule, provisions are recognised for present legal or constructive obligations to third parties of uncertain timing or amount. Provisions are also recognised if losses are anticipated from pending transactions, a loss is probable and such loss can be reliably determined. Here, the recognition and measurement of the provisions relies heavily on estimates made by the Group. Owing to the uncertainties arising from such assessments, actual losses might deviate from the provisions.

Financial risk management

Financial Controlling monitors and manages financial risks relating to the aleo solar Group's business areas by means of internal risk reporting that analyses risks according to their degree and extent. These risks include the market risk (including exchange rate risk and interest-related fair value risk), the counterparty credit risk, the net assets and the liquidity risk of all entities. The aleo solar Group attempts to minimise the effect of exchange rate risks and, if applicable, interest rate risks during the year using derivative financial instruments. Based on the going concern assumption, basic rules on the use of derivative and non-derivative financial transactions, the control of assets as well as the investment or raising of liquidity are laid down. The aleo solar Group neither enters into nor trades in financial instruments, including derivative financial instruments, for speculative purposes.

The aleo solar Group held no derivatives as at the end of the financial year.

a) Market risk

Exchange rate risk

The Group is active internationally and thus is exposed to foreign currency risks arising from changes in various exchange rates, primarily the US dollar. Foreign currency risks arise from expected future transactions, from assets and liabilities recognised as well as from net investments in foreign operations which are recognised in a currency that is not the Company's functional currency. On account of the small number of transactions executed in foreign currency, the corresponding risk is very low. The Group carried liabilities of EUR 27.4 thousand in US dollars, which means that there is a risk of approximately EUR 3.7 thousand.

The Group uses derivatives to limit risks from fluctuating exchange rates. The aleo solar Group held no derivatives as at the end of the financial year. The aleo solar Group's operating business is subject to exchange rate risks from purchases and sales not agreed in euros. Following the scaling back of operations in foreign currency, current risks are classified as low. It is the policy of aleo solar AG to use currency forwards during the year to cover all currency risks exceeding the materiality limit directly after entering into the transactions. Our business partners are exclusively German and foreign banks with a good credit rating, so that no significant counterparty credit risk exists for these financial instruments. All derivative financial transactions are subject to strict monitoring, which is ensured by the segregation of the trading, settlement and control functions.

In accordance with internal requirements, currency forwards are only entered into to hedge existing underlyings. Gains and losses resulting from changes in fair values are offset by the relevant countermovements of the underlyings relating to the operational business.

Currency forwards hedging receivables or liabilities are carried at fair value through profit or loss.

The Group has a 100 percent interest in a foreign operation in Australia whose net assets are subject to an exchange rate risk from the Australian dollar (AUD).

Until the third quarter of 2013, the Group held an equity interest in the joint venture avim solar production Co. Ltd., whose net assets in renminbis are subject to exchange rate risk. In addition, the Group has a very low exchange rate exposure relating to pound sterling (GBP) resulting from its investment in an associate.

Interest rate risks

A market value interest risk, i.e. the possible change in the fair value of a financial instrument based on changes in market interest rates, exists primarily for fixed-rate medium-term and non-current receivables and liabilities. As at 31 December 2013, however, the Group did not have any fixed-rate medium-term and non-current receivables and liabilities. The financial liabilities recognised during the financial year all had a fixed interest rate but were current liabilities. There are no more financial liabilities as at 31 December 2013. While it is also possible in principle that the fair value will change at short notice, because the financial liabilities were recognised at amortised cost rather than fair value, this does not have a direct effect on equity or on profit or loss.

Since there were no floating-rate financial instruments as at 31 December 2013, there is also no interest-rate-related cash flow risk arising from changes in floating interest rates.

b) Counterparty credit risk

Counterparty credit risk arises primarily from trade receivables as well as from other receivables including cash investments. Risk is mitigated using limits and ongoing monitoring of the individual receivables. There are no special credit default risks. Bad debts rose slightly compared with the previous year. The maximum counterparty credit risk that exists is generally the carrying amount. However, the Group has taken out commercial credit insurance that covers receivables from the delivery of goods and services, which reduces the maximum counterparty credit risk accordingly. Depending on the entity, the deductible is 20 or 30 percent and EUR 2,000 per loss event and 15 percent or 25 percent and EUR 1,000 per loss event. At 31 December 2013, the commercial credit insurance covered trade receivables of EUR 1,497 thousand. At the balance sheet date, the Company maintained time deposit accounts at German banks that are covered by the deposit protection fund. There is no significant credit default risk. The financial assets are not subject to a counterparty credit risk.

c) Liquidity risk

The liquidity risk for the Group lies in the fact that the Group may have insufficient funds at its disposal to meet existing or future payment obligations. Liquidity forecasts are prepared for the individual operating companies and combined for the Group. Management oversees the rolling advance planning of the Group's cash reserves to ensure that sufficient cash is available to cover operational requirements and there is sufficient leeway in the unused credit lines at all times so that the Group does not exceed the credit lines or infringe the loan agreements. As all existing loans extended by Robert Bosch GmbH were repaid in financial year 2013, there were no outstanding financial liabilities to the main shareholder at year end. aleo solar's financing remains secured through a Group credit facility granted by Robert Bosch GmbH. No covenants were agreed in connection with the loans. The trade payables are current.

Capital risk management

The Group's goals regarding capital management are, on the one hand, to secure the Company's continued existence and in an orderly liquidation with no or little liquidation loss from 2014 in order to provide shareholders with income or prevent them from incurring losses and provide other stakeholders with the services they are entitled to, and on the other to maintain an optimal capital structure to reduce capital costs. In this connection, the economic situation of the solar energy sector in general and the loan agreement with the parent company, Robert Bosch GmbH, must be taken into account. In line with industry standards, the Group monitors its capital on the basis of its gearing, calculated as the ratio of net debt to total capital. Net debt consists of total financial liabilities (including financial liabilities, trade payables and other liabilities reported in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as the consolidated balance sheet equity plus net debt. Gearing in 2013 amounted to 337.0 percent (previous year: 328.7 percent). Equity is comprised of issued shares, capital reserves, retained earnings and other reserves.

Financial instruments 2013

(in EUR thousand)	**Measurement category pursuant to IAS 39**	**Carrying amount 31.12.2013**	**Fair value 31.12.2013**
Assets			
Trade receivables	LAR	4,439	4,439
Creditors with debit balances	LAR	110	110
Receivables from an equity-accounted joint venture	LAR	0	0
Cash and cash equivalents	LAR	45,206	45,206
Liabilities			
Current financial liabilities	FLAC	0	0
Trade payables	FLAC	6,925	6,925
Liabilities to related entities	FLAC	116	116
Accounts receivable with a credit balance	FLAC	84	84
Of which aggregated by IAS 39 measurement category:			
Loans and receivables (LAR)		49,755	49,755
Financial liabilities at amortised cost (FLAC)		7,125	7,125

The financial instruments are carried at their respective fair values.

Financial instruments 2012

(in EUR thousand)	Measurement category pursuant to IAS 39	Carrying amount 31.12.2012	Fair value 31.12.2012
Assets			
Trade receivables	LAR	13,077	13,077
Creditors with debit balances	LAR	875	875
Receivables from an equity-accounted joint venture	LAR	195	195
Cash and cash equivalents	LAR	41,364	41,364
Liabilities			
Current financial liabilities	FLAC	66,000	66,000
Trade payables	FLAC	3,470	3,470
Liabilities to related entities	FLAC	3,191	3,191
Accounts receivable with a credit balance	FLAC	979	979
Of which aggregated by IAS 39 measurement category:			
Loans and receivables (LAR)		55,511	55,511
Financial liabilities at amortised cost (FLAC)		73,640	73,640

The carrying amounts of the financial instruments are a reasonable approximation of their fair values.

Net income and valuation allowances by measurement category

(in EUR thousand)	**31.12.2013**	31.12.2012
Loans and receivables	0	2,198
of which valuation allowances on receivables	*0*	*2,198*
	0	**2,198**

The net income does not include interest income and interest expense on financial instruments.

Parent's appropriation of loss for 2013 in accordance with German commercial law

The net loss for 2013 of EUR 129,288 thousand will be carried forward in full to new account.

Consolidated balance sheet disclosures

Due to the request from the main shareholder, Robert Bosch GmbH, in a letter dated 4 February 2014 to liquidate aleo solar AG, the assets are now carried at liquidation values rather than at going concern values and additional provisions for liquidation costs are recognised on the liabilities side of the balance sheet.

1 Property, plant and equipment and intangible assets

Changes in and the composition of property, plant and equipment and intangible assets are presented in annex 1 to these notes.

A land charge was registered on the land and buildings belonging to the Group to cover the Group's financial liabilities. The Group is not entitled to pledge these assets as security for other liabilities or to sell them to another company. In the course of the planned sale of the assets, the land charge will be repaid in advance and deleted from the land register.

In 2013, depreciation and amortisation of EUR 3,579 thousand and impairment losses of EUR 20,301 thousand were charged on property, plant and equipment and intangible assets, of which the lion's share of EUR 19,491 thousand is attributable to aleo solar AG. These impairment losses comprise impairments on the fair value less costs to sell charged during the year as well as the impairments on the liquidation values resulting from the departure from the going concern principle.The impairment losses as defined by IAS 36 are distributed as follows across the assets of aleo solar AG:

(in EUR thousand)	**31.12.2013**	**31.12.2013**	31.12.2012
	From impairment losses during the year	On liquidation values	
Impairment of intangible assets			
Industrial rights, software	103	117	87
Impairment of property, plant and equipment			
Land and buildings	464	10,675	5,363
Technical equipment and machinery	685	6,469	8,324
Other operating and office equipment	46	181	2,015
Prepayments and assets under construction	529	222	2,547
Total impairment losses on property, plant and equipment	**1,724**	**17,547**	**18,249**
Total impairment losses on fixed assets	**1,827**	**17,664**	**18,336**

IAS 36 requires an impairment test to be performed if there are indications at the end of the reporting period that an asset may be impaired. Owing to the difficult situation in the solar energy industry, this is the case. On the basis of this trigger, impairment tests in accordance with IAS 36 were conducted as early as during the year. IAS 36 sets out that the recoverable amount must be calculated; this is the higher of the asset’s fair value less costs to sell (net realisable value) and its value in use.

For the Spanish plant, the fair value less costs to sell is the recoverable amount. This figure is calculated on the basis of recent quotations for the marketing of the assets.

Due to the difficult market conditions for aleo solar, a negative value in use was calculated for the cash-generating units, which is why the fair value of the asset less costs to sell for buildings, land and machinery as well as intangible assets was calculated as the recoverable amount.

Due to the departure from the going concern principle, items of property, plant and equipment were measured at liquidation values at the reporting date (see "Accounting policies" for more information).

On account of their ability to generate earnings, the properties were valued using the net income value method. The main valuation parameters in the net income value method for the cash flows are presented below:

Income cost parameter valuation assumption

We used liquidation values (worst case scenario) for the valuation because we assume that the assets will cease to be used and that it will only be possible to sell the assets valued at a significant discount.

Name	Measurement unit	Parameter Liquidation value	Parameter Fair value
Valuation date	Year	2013	2012
Total useful life	Years	50	50
Remaining useful life	Years		
Rent			
Office, medium	€/sq.m.	5.00	6.00
Office, simple	€/sq.m.	4.00	4.50
Residential	€/sq.m.	4.00	5.00
Very simple logistics	€/sq.m.	0.50	0.50
Simple logistics	€/sq.m.	1.00	1.00
Medium logistics	€/sq.m.	1.75	3.00
Advanced logistics	€/sq.m.	2.25	4.00
Administration costs not allocable, p.a.			
Management	in %	1%	
Maintenance, high-bay warehouse	€/sq.m.	10.00	1%
High maintenance	€/sq.m.	8.00	10.00
Maintenance, office, new build	€/sq.m.	6.50	8.00
Maintenance, logistics	€/sq.m.	5.00	6.00
Maintenance, logistics, simple	€/sq.m.	4.00	5.00
Risk of loss of rent	in %	2%	4%
Other	in %	0.00%	0.5%
Property rate	%	8.5%	7.5 %

Assuming a change in the property rate, the buildings' net income value developed as follows:

Property rate	-0.50%	8.5%	+0.50%
Building's net income value in EUR thousand	2,359	2,005	1,684

Likewise, valuations for plants not considered in the expert opinion and for new additions in the fourth quarter were carried out using a similar method to the expert opinion. Accordingly, the impairment losses calculated were recognised at the end of financial year 2013.

The carrying amounts of property, plant and equipment and intangible assets changed in accordance with annex 1. The items were measured using comparative values, with current prices being taken as the basis for liquidation values. The impairment loss is recognised in the income statement under "Depreciation, amortisation and impairment losses".

Discontinued operation

The discontinued operation essentially comprises virtually all of the property, plant and equipment of aleo solar AG, especially movable and immovable property, inventories and intangible assets, the principal operating business of the aleo solar Group including the Prenzlau production site and the "aleo" brand sold to SCP Solar GmbH.

This mainly entails the assets of the Prenzlau production facility (see "Fundamental information" for more details) as listed below. These mainly concern the following assets in euros:

I. Property, plant and equipment	5,764,172.69
Land and buildings	3,581,299.69
Technical equipment and machinery	2,149,729.00
Other equipment as well as furniture and fixtures and office equipment	33,144.00
II. Intangible assets	3,710.00

In addition, the discontinued operation includes inventories with a value of EUR 11.5 million. If the value of the inventories determined on the settlement date (30 April 2014) differs from the value of the inventories set out in the purchase agreement, this will change the negative purchase price. It is assumed at the reporting date that the existing inventories will be sold in the ordinary course of business.

The discontinued operation is measured at the lower of the carrying amount and the fair value. In this specific case, however, the fair value of the discontinued operation is not lower than the sum of the individual carrying amounts of the disposal group (sum of the liquidation values). For this reason, no further impairment losses were recognised.

2 Investments accounted for using the equity method

On 22 February 2008, aleo solar AG signed a joint venture agreement with the listed company Sunvim Group Co. Ltd. (SZSE: 002083) for the construction of a solar module production plant in Gaomi (Shandong province, China). The agreement includes the establishment of avim solar production Co. Ltd., a joint venture in which each partner has a 50 percent interest. With the decision made on 17 May 2013 to liquidate the Company, the share of the equity of avim solar production Co. Ltd. was returned to aleo solar AG. Following the derecognition of the carrying amount of the investment of EUR 5.2 million calculated using the equity method as well as of the share of the currency reserves of EUR 1.5 million, a disposal gain of EUR 1.3 million was recorded.The provisions for warranties were taken over by the parent company aleo solar AG with a cash contribution of EUR 0.6 million. The carrying amount of the investment with a profit of EUR 1.2 million reported under financial income was reversed.

On 2 August 2011, aleo Solar Deutschland GmbH together with Low Carbon Exchange Ltd. and Tigo Energy, Inc. signed the contract on the formation of LCX Solar Ltd. All three parties have equal shares (33.33 percent) in LCX Solar Ltd. The purpose of this company is the sale and marketing of photovoltaic installations and related equipment in England and Wales. LCX Solar Ltd. has a different business year, ending on 31 March of each year, but the preparation of interim reports for each quarter ensures that the results are updated.

Investments accounted for using the equity method developed as follows:

(in EUR thousand)	**2013**	2012
1 January	**5,234**	**10,746**
Additions	0	0
Disposals	5,234	0
Share in (loss)/profit	0	271
Exchange differences	-1,533	271
Impairment	0	-6,054
31 December	**0**	**5,234**

3 Deferred tax assets

Deferred tax assets from the previous year of EUR 1,231 thousand were offset against the deferred tax liabilities. The surplus of deferred tax assets was written down.

4 Inventories

(in EUR thousand)	**31.12.2013**	31.12.2012
Raw materials	7,635	15,632
Consumables and supplies	1,158	1,175
Packaging material	199	108
Raw materials, consumables and supplies	**8,992**	**16,915**
Finished goods	4,722	11,627
Work in progress	542	331
Merchandise	582	7,162
Finished and unfinished goods and merchandise	**5,846**	**19,120**
Inventories	**14,838**	**36,035**

In the classification shown above, the solar modules manufactured in the Group are classified as finished goods. Merchandise refers to purchased solar modules as well as inverters and other photovoltaic system components.

Since it can be assumed that most of the inventories will be sold in the ordinary course of business, the inventories are likewise measured at sale prices irrespective of the departure from the going concern principle in the current annual report. Consequently, there are no additional write-downs on the inventories resulting from the departure from the going concern principle.

5 Trade receivables

(in EUR thousand)	**31.12.2013**	31.12.2012
Receivables from third parties	7,356	14,158
Less valuation allowances	-2,939	-1,872
Receivables from related entities	23	791
Total current receivables	**4,440**	**13,077**

The valuation allowances on receivables changed as follows:

(in EUR thousand)	**2013**	2012
Balance at 1 January	**1,872**	**1,211**
Additions to valuation allowances	1,367	2,198
Uncollectible receivables written off	-300	-1,537
Balance at 31 December	**2,939**	**1,872**

Specific valuation allowances were charged on receivables from third parties that found themselves in unexpected economic distress. The impairment losses were reported in the statement of comprehensive income under other operating expenses.

The receivables from third parties in the amount of EUR 7,356 thousand comprise receivables that are not due in the amount of EUR 762 thousand (previous year: EUR 9,568 thousand) and receivables that are past due in the amount of EUR 6,594 thousand. As in the previous year, the receivables that are not due do not contain any impaired receivables.

Overview of receivables past due and not impaired in EUR thousand:

Analysis of receivables	< 30 days	31 < 60 days	61 < 180 days	181 < 360 days	> 360 days	Total
Total 2013	**2,021**	**579**	**763**	**913**	**2,317**	**6,594**
Total 2012	2,961	205	600	640	975	5,381

6 Current income tax receivables

Current income tax receivables comprise the following items:

(in EUR thousand)	**31.12.2013**	31.12.2012
Corporation tax	376	155
Trade tax	0	38
Solidarity surcharge	0	3
Other income taxes	0	0
	376	**196**

The increase in corporate income tax in financial year 2013 was attributable to the international subsidiaries.

7 Other current assets and prepayments

(in EUR thousand)	**31.12.2013**	31.12.2012
Prepayments on inventories	1,147	1,377
Creditors with debit balances	110	875
Receivables from social insurance entities	169	340
VAT	1,933	120
Investment grants/subsidies	0	24
Other	652	576
	4,011	**3,312**

Prepayments mainly relate to advance payments made on solar cells.

8 Cash and cash equivalents

(in EUR thousand)	**31.12.2013**	31.12.2012
Bank	45,206	41,363
Cash in hand	0	1
Cash and cash equivalents reported in balance sheet	**45,206**	**41,364**

Bank balances at the balance sheet date relate to demand deposits at various credit institutions. The effective interest rates for short-term deposits with banks are standard market rates and differ depending on the type of deposit (current account or term deposits). All cash and cash equivalents are unrestricted. The amount of EUR 45,206 thousand (previous year: EUR 41,364 thousand) corresponds to the amount of cash and cash equivalents shown in the consolidated cash flow statement.

Of the cash amounting to EUR 45.2 million, EUR 10.0 million is already committed on account of the imminent disposal of a component of the entity as described under "Fundamental information".

9 Subscribed capital (share capital)

(in EUR thousand)	**31.12.2013**	31.12.2012
Subscribed capital	**13,030**	13,030

Subscribed capital corresponds to 13,030,400 no-par value shares outstanding and fully paid-up as at the reporting date. There are no conversion rights or options on shares at aleo solar AG (also see note 28). The powers of the Management Board, in particular concerning its authorisation to issue or repurchase shares are explained in detail in note 35, no. 7.

10 Capital reserves

(in EUR thousand)	**31.12.2013**	31.12.2012
Capital reserves	**144,723**	59,223

The capital reserves are composed of the share premium from the capital increase as part of the IPO in 2006.

Through waiver agreements and debt assumption agreements (EUR 66.0 million) and the payment of EUR 19.5 million into the capital reserves on 16 December 2013, the Robert Bosch Group increased the capital reserves by a total of EUR 85.5 million in financial year 2013.

11 Retained earnings

Retained earnings changed as follows:

(in EUR thousand)	**31.12.2013**	31.12.2012
Retained earnings	**24,693**	24,743

Retained earnings fell by EUR 50 thousand (previous year: EUR 475 thousand) on account of the actuarial losses from defined benefit pension plans recognised under other comprehensive income and charged against retained earnings as well as the corresponding deferred taxes.

12 Deferred income from government grants

The deferred income from government grants changed as follows:

(in EUR thousand)	**31.12.2013**	31.12.2012
Investment grants	561	3,291
Investment subsidies	763	4,472
	1,324	**7,763**

Government grants were obtained for the acquisition of items of property, plant and equipment. They are deferred in accordance with IAS 20 and reversed through profit or loss over the useful lives of the related non-current assets and over the expected repayment obligations. The resulting income is presented in other operating income. The reduction in deferred income from government grants correlates to the impairment losses recognised on fixed assets. Due to the remeasurement of fixed assets and the resulting write-downs, the deferred income from government grants had to be reversed through additional impairments.

13 Financial liabilities

(in EUR thousand)	**31.12.2013**	31.12.2012
Liabilities to banks	0	0
Bonds und other loans	0	66,000
Current	**0**	**66,000**
Liabilities to banks	0	0
Non-current	**0**	**0**
Financial liabilities	**0**	**66,000**

The financial liabilities existing at 31 December 2012 comprised short-term, fixed-interest loans granted by Robert Bosch GmbH that were waived in the reporting period through waiver agreements and debt assumption agreements dated 18 March 2013 (EUR 15 million), 28 June 2013 (EUR 15 million), 25 September 2013 (EUR 15 million) and 16 December 2013 (EUR 21 million).

14 Deferred tax liabilities

Deferred tax liabilities from the previous year of EUR 272 thousand were offset against the deferred tax assets of EUR 1,231 thousand. The resulting surplus of deferred tax assets was written down in full in financial year 2013.

(in EUR thousand)	**31.12.2013**		31.12.2012	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Assets				
Non-current assets				
Property, plant and equipment	8	274	21	272
Intangible assets	0	0	0	0
Loss carryforwards	0	0	0	0
Liabilities				
Non-current liabilities and deferred income				
Deferred income from government grants	31	0	33	0
Provision for warranties	70	0	106	0
Pension provision	314	0	504	0
Accrued liabilities	5,837	0	567	0
Deferred taxes before offsetting	6,260	274	1,231	272

15 Pensions and similar obligations

The defined benefit obligation changed as follows:

(in EUR thousand)	**2013**	2012
Balance at 1 January	**3,220**	**1,786**
Assumed / (transferred) obligations	-194	474
Revaluations due to changes in financial assumptions	122	717
Revaluations from experience adjustments	-54	-45
Past service cost	19	3
Interest expense	120	94
Current service cost	219	191
Balance at 31 December	**3,452**	**3,220**

No pension payments are expected for the following year. The weighted average duration of the obligations is 18 years.
The fair value of plan assets changed as follows:

(in EUR thousand)	**2013**	2012
Balance at 1 January	**220**	**132**
Interest income	9	7
Revaluations	-1	15
Additions to plan assets	30	29
Assumption / (Transfer) of plan assets	-54	37
Balance at 31 December	**204**	**220**

Plan assets exist in the form of shares in Bosch Pensionsfonds AG. Contributions of EUR 21 thousand are expected for the following year.

The pension provision changed as follows:

(in EUR thousand)	**2013**	2012
Balance at 1 January	**3,001**	**1,654**
Assumed / (transferred) obligations	-140	437
Revaluations	69	657
Past service cost	19	3
Net interest expense	111	87
Current service cost	218	191
Additions to plan assets	-30	-29
Balance at 31 December	**3,248**	**3,001**

In financial year 2012, the aleo solar Group assumed pension obligations for individual former employees of the Robert Bosch Group from this group, for which it received financial compensation. This constitutes a defined benefit pension plan financed by provisions.

The Bosch company pension scheme is a defined contribution plan with salary-based contributions that are part-financed by Bosch Pensionsfonds AG. During the vesting period, both employer and employee contributions are added to the assets of Bosch Pensionsfonds AG up to the tax-allowed limit for contributions; amounts in excess of that are transferred to the direct benefit scheme. The amount of the entitlement rises in line with the performance of Bosch Pensionsfonds. The vested entitlements are paid out on retirement, a reduction in earning capacity or death in the form of one-off payments, instalments or a lifelong pension. The pension scheme is subject to actuarial risks such as longevity risk, interest rate risk and capital market risk.

These pension obligations are calculated in accordance with IAS 19 using the projected unit credit method. The future benefit obligations are measured using actuarial methods on the basis of a realistic estimate of the relevant parameters. Benefits expected to be payable after retirement are spread over each employees' entire period of employment. The following actuarial assumptions were made:

Actuarial interest rate	3.50 percent (previous year: 3.75 percent)
Expected return on plan assets	5.00 percent (previous year: 5.00 percent)
Average development of income	3.00 percent (previous year: 3.00 percent)
Pension development	1.00 percent or 1.75 percent (previous year: 1.00 percent or 1.75 percent)
Average employee turnover	2.00 percent (previous year: 2.00 percent)
Increase in the contribution assessment ceiling	3.00 percent (previous year: 3.00 percent)

To calculate the discount rate in the euro zone, bonds awarded an AA rating at least once in the reporting year were taken into account.The calculation of disability and mortality is based on Dr. Klaus Heubeck's standard mortality tables 2005 G.

Sensitivity analysis

If the actuarial interest rate changes by +/- 0.5 percentage points, the pension obligation at year end will decrease/increase by -8.1 percent/+9.2 percent.The sensitivity analyses of the defined contribution obligation for the relevant actuarial assumptions are based on the same method used to calculate the obligations arising from termination benefits reported in the balance sheet (projected unit credit method). In each case, the change in an assumption was carried, while the remaining assumptions were left unchanged. Possible correlation effects were therefore not taken into account.

16 Warranty provision

The warranty provision changed as follows:

(in EUR thousand)	**2013**	2012
Balance at 1 January	**4,978**	**5,635**
Utilisation	305	423
Addition	565	450
Reversal	349	824
Interest cost added back/effect of interest rate changes	96	140
Balance at 31 December	**4,985**	**4,978**

The warranty provision takes account of all identifiable risks and uncertain obligations. It is recognised at the present value of the expected outflow of resources embodying economic benefits. The discount rate applied to the warranty provision in the reporting year was calculated on the basis of a risk-free interest rate (1.6 percent) on German government bonds that is commensurate with their maturity, because the risk is recognised through the addition to the provision (0.4 percent of revenue). An interest rate of 1.3 percent was applied in the previous year. This provision is recognised for the up to ten-year product warranties for solar modules under the general warranty terms of the Group. Allocations are mostly based on past experience to date. It is assumed that a utilisation will occur progressively over the warranty period.

17 Other provisions

The other provisions have developed as follows:

(in EUR thousand)	**2013**	2012
Balance at 1 January	**4,080**	**2,395**
Utilisation	2,000	0
Addition	33,926	2,061
Reversal	61	376
Balance at 31 December	**35,945**	**4,080**

Provisions were recognised for possible obligations arising from onerous contracts as well as obligations arising in connection with the planned liquidation of the aleo solar Group.

The allocation to provisions of EUR 15.9 million relates to restructuring measures for the 742 employees at 31 December 2013. This item also includes costs to be incurred in connection with the liquidation of the Company, mainly with the sale of the Prenzlau production facility. For this, the Management Board of aleo solar AG negotiated a social compensation plan with the Works Council in each of the two operating facilities, aleo solar Oldenburg and Prenzlau.

Another allocation to provisions was made on account of the expected losses from executory contracts. These relate to purchase commitments to suppliers of EUR 18 million that aleo is required to fulfil. The amount disclosed does not include any estimation uncertainties because there will be no change to the amounts after the reporting date.

All of the provisions must be utilised in the near term during financial year 2014 or reversed if appropriate.

18 Trade payables and other liabilities as well as accrued liabilities

In addition to trade payables, this item also includes accruals:

(in EUR thousand)	**31.12.2013**	31.12.2012
Trade payables	3,596	6,661
Liabilities from other taxes	2,500	891
Liabilities to joint ventures	0	0
Prepayments received	200	223
Social security liabilities	613	379
Other	16	1,580
Sum total of trade payables and other liabilities	**6,925**	**9,734**
Accrued liabilities	**4,796**	**3,322**

The carrying amounts of the trade payables correspond to their fair values. There are small amounts of liabilities in foreign currencies. Trade payables have decreased on account of the declining operating business. Liabilities from other taxes are temporarily affected by the import sales tax charged in December 2013.

19 Current income tax payables

Current income tax payables comprise the following items:

(in EUR thousand)	**31.12.2013**	31.12.2012
Corporation tax	652	489
Trade tax	0	36
Solidarity surcharge	0	2
Other income taxes	0	4
	652	**531**

Statement of comprehensive income disclosures

On account of the acquisition agreement dated 5 February 2014, the statement of comprehensive income is presented with a departure from the going concern principle under the assumption of discontinued activity.

20 Revenue

Revenue is generated from the sale of solar modules and is composed of the following items:

(in EUR thousand)	**2013**	2012
Solar modules	124,868	269,922
OEM production	0	9,975
	124,868	**279,897**

Solar module revenue also includes the sale of inverters, assembly units and other equipment.

21 Other income

Other income comprises the following items:

(in EUR thousand)	**2013**	2012
Reversal of deferred investment grant and subsidy	6,439	5,368
Foreign currency gains	3,714	1,200
Income from disposal of fixed assets	2,119	9
Prior-period income	900	632
Income from the reversal of warranty provisions	391	824
Insurance compensation payments	246	130
Revenue - payment-in-kind - automobiles	222	272
Income from feed-in tariffs	45	45
Other reintegration grants from BfA and BG	2	4
Other	1,707	1,771
	15,785	**10,255**

The increase in other income is largely attributable to the increase in foreign currency gains resulting from the dissolution of the interest in the avim solar production Co. Ltd. joint venture and the income from the disposal of items of fixed assets.

22 Cost of materials

Cost of materials comprises the following items:

(in EUR thousand)	**2013**	2012
Cost of raw materials, consumables and supplies, and of purchased merchandise	121,586	252,105
Cost of purchased services	1,595	4,726
	123,181	**256,831**

The cost of materials decreased sharply year-on-year as a consequence of falling demand and a related adjustment in production output.

23 Employee benefit expenses

Employee benefit expenses comprise the following:

(in EUR thousand)	**2013**	2012
Wages and salaries	26,088	31,850
Expenses for defined contribution pension plans	139	138
Current service cost	219	191
Other social security contributions	4487	5,400
of which statutory pension insurance	*1,600*	*1,949*
	30,933	**37,579**

The number of employees in the Group changed as follows:

	Annual average		Year-end	
	2013	2012	**2013**	2012
Salaried employees	332	410	280	394
Hourly workers	500	588	462	526
	832	**998**	**742**	**920**

24 Other expenses

Other expenses relate primarily to selling and marketing expenses, in particular for advertising and entertainment, as well as incidental distribution expenses. Specifically, these relate to the following items:

(in EUR thousand)	**2013**	2012
Expenses for executory contracts	18,000	4,064
Termination benefits	15,900	0
Packaging and transport costs	4,127	7,129
Legal, consulting and audit costs	3,858	4,753
Currency losses	3,061	1,868
Valuation allowances on receivables	2,423	3,001
Cost of purchased services	1,526	1,130
Occupancy costs	1,371	1,026
Maintenance costs	1,313	2,001
Advertising and entertainment	932	2,186
Travel costs	893	1,387
Expenses relating to other periods	681	806
Insurance	377	595
Other rental and lease expenses	268	514
Other taxes and fees	274	762
Costs of closing the Spanish plant	0	1,930
Miscellaneous other operating expenses	4,937	1,825
	59,941	**34,977**

The item “Miscellaneous other operating expenses” mainly comprises certification costs of EUR 0.5 million and IT material and software of EUR 0.6 million. Research and development costs were recognised under other operating expenses.

25 Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment expenses are as follows:

(in EUR thousand)	**2013**	2012
Depreciation of property, plant and equipment And amortisation of intangible assets	3,579	6,364
Impairment losses	20,301	23,258
	23,880	**29,622**

The impairment losses were determined based on an impairment test (see note 1).

26 Net finance costs

Net finance costs are broken down as follows:

(in EUR thousand)	**2013**	2012
Financial income	10	23
Finance costs	-2,625	-7,825
of which from financial instruments in the IAS 39 measurement category		
Loans and receivables	10	23
Financial liabilities measured at amortised cost	0	-1,432
Measurement of provisions (unwinding of discounts)	-216	-49
Impairment loss on other financial assets	-0	-290
Impairment loss from equity-accounted investments	0	-6,055

Finance costs principally comprised interest expense payable to affiliates in the amount of EUR 2.3 million and remaining expenses of EUR 0.3 million.

27 Income tax expense

The income tax expense includes income taxes paid or owed and deferred taxes.

(in EUR thousand)	**2013**	2012
Corporation tax	928	177
Trade tax	50	58
Solidarity surcharge	4	-3
Withholding tax on investment income	0	1
Other income taxes	585	398
	1,522	**631**
Deferred taxes	1,017	-809
	2,539	**-178**

A reconciliation from the nominal tax rate to the effective tax rate of the aleo solar Group was not performed on account of the losses incurred that will not be able to be offset by profits in the foreseeable future and will thus generate a negative tax expense.

(in EUR thousand)	**2013**	2012
Earnings before taxes (EBT)	-94,643	-84,567
Applicable tax rate	27.20%	27.20%
Anticipated tax expense/income	- 25,743	-23,002
Tax-exempt income	-521	-827
Tax additions and valuation allowances on loss carryforwards	27,872	23,319
of which from temporary differences in carrying amounts	*5,986*	*959*
Prior-period taxes	931	135
Other	0	197
Tax expense	2,539	-178

28 Earnings per share

Earnings per share disclosed for the period 1 January to 31 December 2013 relate to both diluted and basic earnings for 13,030,400 shares. Basic earnings per share are calculated as the profit attributable to equity holders of the parent divided by the average number of shares in issue during the financial year, net of any treasury shares held by the Company.

	2013	2012
Consolidated net profit/loss for the period attributable to equity providers (in EUR thousand)	-97,182	-84,389
Average number of shares issued (in thousands)	13,030	13,030
Diluted / basicEarnings per share	-7.46	-6.48

Diluted earnings per share are calculated by increasing the average number of shares outstanding by all potential shares from conversion rights and options. There are no conversion rights or options on shares at aleo solar AG, so there is no difference between diluted and basic earnings per share.

No dividends were paid in 2013 for the preceding financial year 2012.

Other disclosures

29 Other financial obligations and contingent liabilities

The aleo solar Group discloses the following other financial obligations and contingent liabilities:

(in EUR thousand)	**31.12.2013**	31.12.2012
Operating leases excl. rental agreements	254	263
Obligations under rental agreements	1,153	1,533

Future payment obligations under rental agreements for office premises and from non-cancellable operating leases (excluding rental agreements) as at 31 December 2013 are classified as follows:

(in EUR thousand)	Remaining term < 1 year	Remaining term > 1 to 5 years	Remaining term > 5 years
Operating leases excl. rental agreements	137	117	0
Rental agreements	605	548	0

No future rental income from subleases is anticipated on the basis of their contractual terms (2012: EUR 126 thousand).

The aleo solar Group has entered into lease agreements for various vehicles and for colour copying machines. These lease agreements have terms of between three and five years and do not generally include an extension option. No obligations are imposed on the lessee on signature of these leases. Expenses from operating leases in the amount of EUR 161 thousand (2012: EUR 327 thousand) were recognised in financial year 2013.

Purchase obligation for items of property, plant and equipment and intangible assets: The aleo solar Group has obligations from outstanding orders in the amount of EUR 43 thousand as at the reporting date (2012: EUR 115 thousand).

30 Other events

There are no other events.

31 Events after the reporting period

On 5 February, 2014, aleo solar AG entered into an agreement to sell the aleo solar Group's material operating business, including the production site in Prenzlau and the aleo brand to SCP Solar GmbH, Hamburg. SCP Solar GmbH is the acquiring company for a consortium comprising Taiwan-based Sunrise Global Solar Energy Co. Ltd., CHOSHU Industry Co. Ltd. and Pan Asia Solar Ltd.

SCP Solar GmbH intends to offer jobs to approximately 200 aleo solar Group employees in production and sales. aleo solar AG has agreed framework social plans with the works councils in Oldenburg and Prenzlau.

The purchase agreement results in a negative contribution to earnings at aleo solar AG. The buyer pays a purchase price of EUR 1.00 for the production facility in Prenzlau including fixed assets, inventories, industrial rights and equity investments in one subsidiary of the aleo solar Group. For its part, aleo solar AG agrees to pay to the purchaser SCP Solar GmbH a negative purchase price of EUR 10.0 million.

The shareholder Robert Bosch GmbH has agreed pay a transaction compensation of EUR 31.0 million to aleo solar AG in connection with the sale of the operating business.

The execution of the purchase agreement on 30 April 2014 is subject, among others, to the conditions precedent of the approval of the antitrust authorities and the approval of the extraordinary general meeting of aleo solar AG, which was convened for 15 April 2014.

On 4 February 2014, Robert Bosch GmbH informed the Management Board of aleo solar AG that, as a shareholder, it will also seek the liquidation of aleo solar AG at the extraordinary general meeting. Robert Bosch GmbH has committed to providing additional funds to aleo solar AG in the course of liquidation if there is a concrete need for liquidity in order to enable orderly liquidation without filing for insolvency. If the Company's liquidation is resolved, the Management Board currently expects to post at most a negligible liquidation profit, if any, once the liquidation has been concluded.

For this reason, the annual financial statements as at 31 December 2013 were no longer prepared on a going concern basis.

32 Related party disclosures

Individuals or entities that control or have significant influence over the Company are related parties within the meaning of IAS 24. The aleo solar Group has been controlled by the Robert Bosch Group since 3 November 2009; it holds 90.7 percent of the shares of aleo solar AG. The remaining shares are classified as free float.

The individuals and entities below are defined as related parties for the purposes of the following presentation of transactions by companies of the aleo solar Group with related parties:

1. Current and former members of the Management Board or the Supervisory Board of aleo solar AG and the parent company.
2. Close members of the families of the individuals covered by 1. above (those family members who may be expected to influence, or be influenced by, members of the Management Board or the Supervisory Board in their dealings with the Company).
3. Entities in which one of the individuals covered by 1. or 2. above directly or indirectly has a controlling interest or significant influence, or had a controlling interest or significant influence at the time a transaction with a company of the aleo solar Group was entered into.
4. Entities at which one of the individuals covered by 1. or 2. above is a member of an executive body, or was a member of an executive body at the time a transaction with a company of the aleo solar Group was entered into.
5. Entities of the Robert Bosch Group.
6. Irrespective of the definitions given above, all related party transactions as defined by IAS 24 are presented in the following.

The Company believes that all transactions presented in the following were effected on an arm's length basis. With the adoption of IAS 24 (revised) and the revision of the relevant disclosures, the figures for 2011 were restated accordingly.

		Services and products provided		Services and products received
(in EUR thousand)	**2013**	2012	**2013**	2012
Robert Bosch GmbH	**0**	0	**701**	1,796
Entities of the Robert Bosch Group	**1,670**	16,571	**4,285**	33,506
Joint ventures/associates	**330**	31,032	**107**	47,070

		Trade receivables from		Trade payables to
(in EUR thousand)	**2013**	2012	**2013**	2012
Robert Bosch GmbH	**0**	10	**0**	1,200
Entities of the Robert Bosch Group	**23**	614	**116**	1,983
Joint ventures/associates	**0**	195	**0**	24

The transactions described above concern the purchase and sale of goods and services. Robert Bosch GmbH also granted aleo solar AG short-term loans, which were fully waived by the Robert Bosch Group as at 31 December 2013 by way of waivers of receivables and debt assumption agreements. In its capacity as the major shareholder, Robert Bosch GmbH ensures the aleo solar Group's solvency by furnishing funds as part of its business planning.

A detailed presentation of the remuneration of the Management Board and the Supervisory Board can be found in the remuneration report that is contained in the management report.

33 Declaration in accordance with section 161 of the Aktiengesetz (AktG - German Stock Corporation Act) on the German Corporate Governance Code

The Management Board and the Supervisory Board of aleo solar AG have issued the declaration required by section 161 of the Aktiengesetz (AktG - German Stock Corporation Act) and have made this declaration and the Declaration of Conformity from previous years accessible to the shareholders on aleo solar AG's website.

34 Auditors' fees

(in EUR thousand)	**2013**	2012
Audits of financial statements	213	164
Other assurance services	126	61
Tax advisory services	578	133
Other services	195	208
	1,112	**566**

35 Disclosures in accordance with section 160(1) of the AktG and section 315(4) sentence 2 of the HGB

7. The share capital is composed of 13,030,400 registered no-par value shares. No different classes of share exist. Each share carries full voting and dividend rights. Each share grants the holder one vote at the Annual General Meeting.
8. The Management Board is unaware of any limitations concerning voting shares or the transfer of shares.
9. Direct or indirect interests in the share capital exceeding 10 percent of the voting rights (the indirect interest was determined in accordance with the attribution criteria of the Wertpapierhandelsgesetz (WpHG - German Securities Trading Act):

Robert Bosch GmbH

11,440,061	87.80%	Direct
380,000	2.92 %	Indirect due to allocation pursuant to section 22 of the WpHG
11,820,061	**90.71 %**	**Shares held directly and indirectly**

Robert Bosch Industrietreuhand KG

11,820,061	**90.71 %**	**Shares held indirectly due to allocation pursuant to section 22 of the WpHG**

10. There are no shares with special rights conveying powers of control.
11. No control of voting rights is exercised by employees who are shareholders.
12. Members of the Management Board are appointed and dismissed in accordance with the statutory provisions of sections 84 and 85 of the AktG; with the exception of the substitute members appointed by the court, the Supervisory Board appoints the members of the Management Board and is entitled to dismiss them for cause.
13. In accordance with Article 23 of the Articles of Association of aleo solar AG, the Supervisory Board is authorised to make amendments to the Articles of Association that only relate to the formal wording. The provisions of section 119(1) no. 5, section 133 and section 179(1) and (2) AktG also apply.
14. In accordance with section 4 (4) of the Articles of Association and the resolution adopted by the Annual General Meeting on 17 June 2010, the Management Board is authorised to increase the Company's share capital on one or more occasions in the period up to 16 June 2015, with the approval of the Supervisory Board, by up to a total of EUR 6,515,200.00 by issuing up to 6,515,200 new no-par value shares against cash or non-cash contributions. Ordinary shares and/or non-voting preferred shares may be issued in each case. The Management Board is also authorised to disapply the shareholders' pre-emptive rights, with the approval of the Supervisory Board. However, any exclusion of shareholders' subscription right shall be permissible only in certain cases specified in the Articles of Association.
15. There are no key agreements in place that provide for a change of control following a takeover bid.

16. The company did not conclude any agreements with the members of the Management Board or employees to compensate them in the event of a takeover offer.

17. aleo solar AG has been notified of the following equity investments:

Notifications concerning Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany

| Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, notified us on 06 August 2009 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 3 August 2009 had exceeded the thresholds of 3 and 5 percent of the voting shares and as of that date was 5.55 percent (723,448 voting shares).

Of these, 2.92 percent (380,000 voting shares) are attributable to Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

| Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, notified us on 10 August 2009 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 10 August 2009 had exceeded the threshold of 10 percent of the voting shares and as of that date was 12.42 percent (1,618,186 voting shares).

Of these, 2.92 percent (380,000 voting shares) are attributable to Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

| Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, notified us on 18 August 2009 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 18 August 2009 had exceeded the threshold of 15 percent of the voting shares and as of that date was 15.02 percent (1,956,635 voting shares).

Of these, 2.92 percent (380,000 voting shares) are attributable to Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

| Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, notified us on 28 September 2009 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 23 September 2009 had exceeded the thresholds of 20, 25, 30 and 50 percent of the voting shares and as of that date was 56.05 percent (7,303,069 voting shares).

Of these, 2.92 percent (380,000 voting shares) are attributable to Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

Of the following shareholders, whose voting share in aleo solar AG is at least 3 percent in each case, 39.43 percent (5,137,575 voting shares) are attributable to Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 5 of the WpHG.

- Mr Marius Eriksen

- Eriksen-Grensing-Stiftung

- S.M.D. Beteiligungsgesellschaft mbH

- Dr. Ing. Helmut Vogt und Partner Gesellschaft mit beschränkter Haftung

- Mr Helmut Bögershausen

| Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, notified us on 01 October 2009 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 25 September 2009 had fallen below the thresholds of 50, 30, 25 and 20 percent of the voting shares and as of that date was 16.62 percent (2,165,494 voting shares).

Of these, 2.92 percent (380,000 voting shares) are attributable to Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

| Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, notified us on 15 October 2009 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 13 October 2009 had exceeded the thresholds of 20, 25, 30 and 50 percent of the voting shares and as of that date was 56.48 percent (7,359,751 voting shares).

Of these, 2.92 percent (380,000 voting shares) are attributable to Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

Of the following shareholders, whose voting share in aleo solar AG is at least 3 percent in each case, 39.43 percent (5,137,575 voting shares) are attributable to Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 5 of the WpHG.

- Mr Marius Eriksen

- Eriksen-Grensing-Stiftung

- S.M.D. Beteiligungsgesellschaft mbH

- Dr. Ing. Helmut Vogt und Partner Gesellschaft mit beschränkter Haftung

- Mr Helmut Bögershausen

| Robert Bosch GmbH, Stuttgart, Germany, notified us on 04 March 2011 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 28 February 2011 had exceeded the threshold of 75 percent of the voting shares and as of that date was 83.58 percent (10,890,952 voting shares).

Of these, 2.92 percent (380,000 voting shares) are attributable to Robert Bosch GmbH, Stuttgart, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

Notifications concerning Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany

| Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, notified us on 06 August 2009 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 3 August 2009 had exceeded the thresholds of 3 and 5 percent of the voting shares and as of that date was 5.55 percent (723,448 voting shares).

These voting shares are fully attributable to Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, via Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

| Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, notified us on 10 August 2009 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 10 August 2009 had exceeded the threshold of 10 percent of the voting shares and as of that date was 12.42 percent (1,618,186 voting shares).

These voting shares are fully attributable to Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, via Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

| Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, notified us on 18 August 2009 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 18 August 2009 had exceeded the threshold of 15 percent of the voting shares and as of that date was 15.02 percent (1,956,635 voting shares).

These voting shares are fully attributable to Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, via Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

| Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, notified us on 28 September 2009 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 23 September 2009 had exceeded the thresholds of 20, 25, 30 and 50 percent of the voting shares and as of that date was 56.05 percent (7,303,069 voting shares).

Of these, 16.62 percent (2,165,494 voting shares) are attributable to Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, via Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

Of the following shareholders, whose voting share in aleo solar AG is at least 3 percent in each case, 39.43 percent (5,137,575 voting shares) are attributable to Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 5 in conjunction with sentence 2 of the WpHG.

- Mr Marius Eriksen

- Eriksen-Grensing-Stiftung

- S.M.D. Beteiligungsgesellschaft mbH

- Dr. Ing. Helmut Vogt und Partner Gesellschaft mit beschränkter Haftung

- Mr Helmut Bögershausen

| Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, notified us on 1 October 2009 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 25 September 2009 had fallen below the thresholds of 50, 30, 25 and 20 percent of the voting shares and as of that date was 16.62 percent (2,165,494 voting shares).

Of these, 16.62 percent (2,165,494 voting shares) are attributable to Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, via Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

| Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, notified us on 15 October 2009 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 13 October 2009 had exceeded the thresholds of 20, 25, 30 and 50 percent of the voting shares and as of that date was 56.48 percent (7,359,751 voting shares).

Of these, 17.05 percent (2,222,176 voting shares) are attributable to Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, via Robert Bosch GmbH, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

Of the following shareholders, whose voting share in aleo solar AG is at least 3 percent in each case, 39.43 percent (5,137,575 voting shares) are attributable to Robert Bosch Industrietreuhand KG, Gerlingen-Schillerhöhe, Germany, in accordance with section 22(1) sentence 1 number 5 in conjunction with sentence 2 of the WpHG.

- Mr Marius Eriksen

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- S.M.D. Beteiligungsgesellschaft mbH

- Dr. Ing. Helmut Vogt und Partner Gesellschaft mit beschränkter Haftung

- Mr Helmut Bögershausen

| Robert Bosch Industrietreuhand KG, Stuttgart, Germany, notified us on 4 March 2011 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 28 February 2011 had exceeded the threshold of 75 percent of the voting shares and as of that date was 83.58 percent (10,890,952 voting shares).

Of these, 83.58 percent (10,890,952 voting shares) are attributable to Robert Bosch Industrietreuhand KG, Stuttgart, Germany, via Robert Bosch GmbH, Stuttgart, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

Notification regarding Deutsche Balaton Aktiengesellschaft, Heidelberg, Germany

| Deutsche Balaton Aktiengesellschaft, Heidelberg, Germany, notified us on 13 May 2013 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 9 May 2013 had exceeded the threshold of 3 percent of the voting shares and as of that date was 3.13 percent (407,947 voting shares).

Of these, 0.28 percent (36,408 voting shares) are attributable to Deutsche Balaton Aktiengesellschaft, Heidelberg, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

Notification regarding VV Beteiligungen Aktiengesellschaft, Heidelberg, Germany

| VV Beteiligungen Aktiengesellschaft, Heidelberg, Germany, notified us on 13 May 2013 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 9 May 2013 had exceeded the threshold of 3 percent of the voting shares and as of that date was 3.13 percent (407,947 voting shares).

Of these, 3.13 percent (407,947 voting shares) are attributable to VV Beteiligungen Aktiengesellschaft, Heidelberg, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

Notification regarding Delphi Unternehmensberatung Aktiengesellschaft, Heidelberg, Germany

| Delphi Unternehmensberatung Aktiengesellschaft, Heidelberg, Germany, notified us on 13 May 2013 in accordance with section 21(1) of the WpHG that its voting share in aleo solar AG on 9 May 2013 had exceeded the threshold of 3 percent of the voting shares and as of that date was 4.27 percent (556,459 voting shares).

Of these, 3.13 percent (407,947 voting shares) are attributable to Delphi Unternehmensberatung Aktiengesellschaft, Heidelberg, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

Notification regarding Mr Wilhelm Konrad Thomas Zours, Germany

| Mr Wilhelm Konrad Thomas Zours, Germany, notified us on 13 May 2013 in accordance with section 21(1) of the WpHG that his voting share in aleo solar AG on 9 May 2013 had exceeded the threshold of 3 percent of the voting shares and as of that date was 4.27 percent (556,459 voting shares).

Of these, 4.27 percent (556,459 voting shares) are attributable to Mr Wilhelm Konrad Thomas Zours, Germany, in accordance with section 22(1) sentence 1 number 1 of the WpHG.

Oldenburg, 3 April 2014

York zu Putlitz Günter Schulze

Annex 1 to the notes (consolidated balance sheet disclosures, item 1) Property, plant and equipment and intangible assets

Changes in, and the composition of property, plant and equipment and intangible assets as compared to the previous year are presented in the following tables:

(in EUR thousand)	Cost					Amortisation/depreciation/write-downs						Carrying amounts	
	01.01.13	Addition	Disposal	Transfers	31.12.13	01.01.13	Addition	Impair-ment	Disposal	Transfers	31.12.13	31.12.13	31.12.12
Property, plant and equipment													
Land and buildings	26,745	12	765	160	26,152	11,317	742	11,139	757	130	22,571	3,581	15,428
Technical equipment and machinery	46,413	615	7,756	2,862	42,134	35,743	2,310	7,435	7,322	1,819	39,985	2,149	10,670
Other operating and office equipment	9,541	86	1,485	65	8,207	8,111	339	615	1,357	59	7,767	440	1,430
Prepayments and assets under construction	3,102	437	344	-3,087	108	1,578	0	779	241	-2,008	108	0	1,524
	85,801	**1,150**	**10,350**	**0**	**76,601**	**56,749**	**3,391**	**19,968**	**9,677**	**0**	**70,431**	**6,170**	**29,052**
Intangible assets													
Software	1,545	15	11	0	1,549	1,035	184	333	12	0	1,540	9	510
	87,346	**1,165**	**10,361**	**0**	**78,150**	**57,784**	**3,575**	**20,301**	**9,689**	**0**	**71,971**	**6,179**	**29,562**

(in EUR thousand)	Cost					Amortisation/depreciation/write-downs						Carrying amounts	
	01.01.12	Addition	Disposal	Transfers	31.12.12	01.01.12	Addition	Impair-ment	Disposal	Transfers	31.12.12	31.12.12	31.12.11
Property, plant and equipment													
Land and buildings	26,414	85	0	246	26,745	4,175	782	6,359	0	1	11,317	15,428	22,239
Technical equipment and machinery	42,783	1,881	387	2,136	46,413	18,895	4,438	11,714	249	945	35,743	10,670	23,889
Other operating and office equipment	8,893	752	167	63	9,541	4,719	941	2,520	117	48	8,111	1,430	4,176
Prepayments and assets under construction	3,954	1,593	0	-2,445	3,102	0	0	2,572	0	-994	1,578	1,524	3,954
	82,044	**4,311**	**554**	**0**	**85,801**	**27,789**	**6,161**	**23,165**	**366**	**0**	**56,749**	**29,052**	**54,258**
Intangible assets													
Software	1,277	268	0	0	1,545	739	203	93	0	0	1,035	510	538
	83,321	**4,579**	**554**	**0**	**87,346**	**28,528**	**6,364**	**23,258**	**366**	**0**	**57,784**	**29,562**	**54,796**

Annex 2 to the notes

List of shareholdings

		Equity	Profit/loss
	Interest held	31.12.2013	2013
	%	EUR thousand	EUR thousand
aleo solar Deutschland GmbH			
Oldenburg	100	1,097	-1,424
aleo solar España SL			
Barcelona, Spain	100	1,108	147
aleo solar distribución España SL			
Barcelona, Spain	100	6	-2
aleo solar Dritte Produktion GmbH			
Prenzlau	100	-2,244	-3,281
aleo solar Italia S.r.l.			
Treviso, Italy	100	631	-273
aleo solar distribuzione Italia S.r.l.			
Milan, Italy	100	605	204
aleo solar North America Inc.			
Denver, USA	100	-1,085	-1,192
aleo solar Australia Pty Ltd.			
Clayton, Australia	100	-61	-225
aleo solar UK Ltd.			
Newhaven, United Kingdom	100	0	0
LCX Solar Ltd.			
Shepperton, United Kingdom	33.3	-63	-23

Auditor's report

"We have audited the consolidated financial statements - comprising the balance sheet, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the notes - as well as the Group management report prepared by aleo solar Aktiengesellschaft, Prenzlau, for the financial year from 1 January to 31 December 2013. The preparation of the consolidated financial statements and the Group management report in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the supplementary provisions of German commercial law required to be applied under section 315a (1) of the German Commercial Code (Handelsgesetzbuch) is the responsibility of the Management Board. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting standards and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the determination of the companies to be included in the consolidated financial statements, the accounting and consolidation principles used and significant estimates made by the Management Board as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU and the supplementary provisions of German commercial law required to be applied under section 315a(1) of the HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements, as a whole provides a suitable understanding of the Group's position and suitably presents the opportunities and risks of future development.

Without qualifying this opinion, we refer to the statements under "Accounting principles" in the notes to the consolidated financial statements and to the report on post-balance sheet date events in the Group management report that, following the legally effective execution of the contract concluded on 5 February 2014 concerning a sale of all of the assets allocable to the business operations of the Company and its subsidiaries to a syndicate of companies, the business operations of the Company and its subsidiaries will be discontinued and there are plans to dissolve and liquidate the Company and its subsidiaries. The annual financial statements were therefore prepared in a departure from the going concern principle.

Oldenburg, 8 April 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Thomas Dräger
Wirtschaftsprüfer (German Public Auditor)

ppa. Dr Thomas Ull
Wirtschaftsprüfer (German Public Auditor)

Responsibility statement

'To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.“

Oldenburg, 3 April 2014

York zu Putlitz

Günter Schulze

Important notice:

This Annual Report contains forward-looking statements that are based on estimates and assumptions made by the Management Board of aleo solar AG. Although the Management Board believes that such estimates and assumptions are accurate, actual future developments and events may differ substantially from these estimates and assumptions due to a wide range of factors. These factors include changes in the macroeconomic situation, exchange rates and interest rates, as well as changes in the photovoltaic industry and the legal environment. aleo solar AG does not give any assurance or assume any liability that future developments and actual future results will match the estimates and assumptions contained in this Annual Report. Your attention is drawn to the fact that aleo solar AG neither intends, nor gives any specific undertaking, to update the estimates and assumptions contained in this Annual Report so as to adjust them to future events or developments that materialise after publication of this Annual Report.

Financial statements of aleo solar AG (excerpt)

Balance sheet of aleo solar AG as at 31 December 2013

Assets

	31.12.2013	31.12.2012
	EUR	EUR
A. Fixed assets		
I. Intangible fixed assets		
1. Purchased licences, software	3,710.00	338,481.00
II. Property, plant and equipment		
1. Land and buildings	3,399,548.68	15,039,604.28
2. Technical equipment and machinery		
3. Other equipment, furniture and fixtures and office equipment	2,149,719.00	9,581,514.37
	31,588.00	274,311.00
4. Prepayments and assets under construction	0.00	1,494,165.45
	5,580,855.68	26,389,595.10
III. Long-term financial assets		
1. Shares in affiliated companies	0.00	314,430.76
2. Loans to affiliated companies	0.00	31,489.44
3. Other long-term equity investments	0.00	5,234,268.26
	0.00	5,580,188.46
	5,584,565.68	**32,308,264.56**
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	8,898,489.11	16,888,165.35
2. Work in progress	541,544.88	331,311.97
3. Finished goods and merchandise	4,913,085.05	6,379,373.00
4. Prepayments	1,147,283.65	694,666.29
	15,500,402.69	24,293,516.61
II. Receivables and other assets		
1. Trade receivables	622,820.83	113,339.92
2. Receivables from affiliated companies	13,220,507.16	27,647,803.44
3. Receivables from other long-term investees and investors	0.00	21,738.19
4. Other assets	2,578,395.05	989,809.99
	16,421,723.04	28,772,691.54
III. Cash in hand, bank balances	30,618,445.89	29,362,500.76
	62,540,571.62	**82,428,708.91**
	18,293.99	**46,201.05**
C. Deferred income		
D. Deficit not covered by equity	**18,151,193.85**	**0.00**
	86,294,625.14	**114,783,174.52**

Liabilities

	31.12.2013	31.12.2012
	EUR	EUR
A. Equity		
I. Subscribed capital	13,030,400.00	13,030,400.00
II. Capital reserves	146,377,630.99	60,837,630.99
III. Revenue reserves		
1. Other revenue reserves	27,118,567.60	27,118,567.60
IV. Net accumulated losses covered by equity (see also item D under "Assets")	-186,486,598.59	-75,350,269.48
	0.00	**25,636,329.11**
B. Special reserve for investment subsidies and grants for fixed assets	**336,000.00**	**6,550,582.71**
C. Provisions		
1. Provisions for pensions and similar obligations	2,341,418.00	2,157,222.00
2. Provision for taxes	371,216.00	230,808.00
3. Other provisions	72,249,819.44	9,850,329.70
	74,962,453.44	**12,238,359.70**
D. Liabilities		
1. Trade payables	2,682,731.84	1,466,966.24
2. Liabilities to affiliated companies	6,050,904.05	68,061,007.23
3. Liabilities to other long-term investees and investors	0.00	23,568.79
4. Other liabilities	2,262,535.81	806,360.74
	10,996,171.70	**70,357,903.00**
	86,294,625.14	**114,783,174.52**

Income statement
of aleo solar AG for the period from 1 January to 31 December 2013

	2013	2012
	EUR	EUR
1. Revenue	82,801,431.81	243,801,653.15
2. Changes in inventories of finished goods and work in progress	3,481,973.82	-5,321,618.67
3. Other operating income (of which from currency translation € 346,638.10; previous year € 309,906.20)	8,463,670.05	11,426,336.29
4. Cost of materials		
a) Cost of raw materials, consumables and supplies, and of purchased merchandise	100,194,475.41	236,872,370.03
b) Cost of purchased services	5,505,906.75	9,104,198.79
	105,700,382.16	245,976,568.82
5. Personnel expenses		
a) Wages and salaries	12,763,017.34	13,751,913.19
b) Social security, post-employment and other employee benefit costs (of which post-employment benefits € 211,939.13; previous year € 98,133.53)	2,376,542.36	2,301,800.59
	15,139,559.70	16,053,713.78
6. Amortization and		
a) write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets (of which write-downs in the previous year: € 17,758,592.40)	3,474,776.33	23,081,516.41
	3,474,776.33	23,081,516.41
Other operating expenses 7. (of which from currency translation € 1,120,572.55; previous year € 743,858.95)	36,885,489.98	25,749,374.84
Other interest and similar income	3,679.87	155,709.04
8. Impairment losses on financial assets	514,430.76	0.00
9. Interest and similar expenses 10. (of which from the discounting of provisions € 126,462.74; previous year € 142,727.59)	2,684,351.30	10,297,337.66
Result from ordinary activities	**-69,648,234.68**	**-71,096,431.70**
11. 12. Extraordinary income	2,749,401.31	0.00
13. Extraordinary expenses	61,372,672.66	0.00
14. Extraordinary result	**-58,623,271.35**	**0.00**
15. Taxes on income and earnings	930,625.43	158,192.65
16. Other taxes	85,391.50	640,403.52
17. Net loss for the financial year	**-129,287,522.96**	**-71,895,027.87**
18. Accumulated losses brought forward	-75,350,269.48	-3,455,241.61
19. Net accumulated losses	**-204,637,792.44**	**-75,350,269.48**

Financial calendar

15 April 2014

Extraordinary General Meeting

27 May 2014

Interim Report for the period 1 January – 31 March 2014

5 June 2014

Annual General Meeting

Contact details

Investor Relations

Osterstrasse 15

26122 Oldenburg, Germany

T + 49 (0)441 21988 – 770

F + 49 (0)441 21988 – 690

invest@aleo-solar.de

Press

Dr Hermann Iding

Osterstrasse 15

26122 Oldenburg, Germany

T + 49 (0)441 21988 – 390

F + 49 (0)441 21988 – 120

hermann.iding@aleo-solar.de

aleo solar AG
Gewerbegebiet Nord | Marius-Eriksen-Strasse 1
17291 Prenzlau | Germany
info@aleo-solar.de | **www.aleo-solar.de**